SKANSKA

Annual and Sustainability Report 2023

Group overview
This is Skanska
2023 in brief
CEO statement
Targets and outcome
Global trends
Strategy
Business model
Our responsible investment story
Funding
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information

Download PDF for print

Content

Group overview ●
This is Skanska ... 4
2023 in brief ... 6
Comments by the President and CEO ... 8
Targets and outcome ... 10
Global trends ... 12
Strategy ... 15
Business model ... 16
Our responsible investment story ... 18
Funding ... 20

Operations ●
Our business streams ... 23
Construction ... 24
Residential Development ... 28
Commercial Property Development ... 32
Investment Properties ... 36

Sustainability report
Sustainability highlights ... 41
Our sustainable impact areas ... 42
Focusing on most material topics ... 43
Our global commitments ... 44
Climate ... 46
Resilience ... 54
Responsibility ... 60
Sustainability information ... 66
GRI index ... 215

Corporate governance
Corporate governance report ... 80
Board of Directors ... 90
Group Leadership Team ... 92

Remuneration report
Remuneration report ... 94

Risk and opportunity management
Risk and opportunity management ... 99

Financial information
Financial analysis ... 107
Consolidated income statement ... 113
Consolidated statement of comprehensive income ... 113
Consolidated statement of financial position ... 114
Consolidated statement of changes in equity ... 115
Consolidated cash flow statement ... 116
Consolidated cash flow statement, specification ... 117
Parent company income statement ... 118
Parent company balance sheet ... 119
Parent company statement of changes in equity ... 120
Parent company cash flow statement ... 120
Notes including accounting and valuation principles ... 121
– Note 67 Allocation of earnings ... 207
Auditor's report ... 209
Auditor's Sustainability report ... 214
Quarterly information ... 219
Share data ... 221
AGM ... 223
Investor calendar and Addresses ... 224

● Refer to segment reporting

Segment and IFRS reporting
Skanska's business streams – Construction, Residential Development, Commercial Property Development and Investment Properties – represent the Group's operating segments. The point at which revenue is recognized differs between segment and IFRS reporting for Residential Development and Commercial Property Development. In this report, revenues and earnings for these business streams on pages 4–39 refer to segment reporting, unless stated otherwise. The financial reports, including the statement of financial position and cash flow, have been prepared in accordance with IFRS unless stated otherwise.

About this report
The Annual and Sustainability Report 2023 is submitted by the Board of Directors and the President and CEO of Skanska AB (publ) to describe the operations of both the company and the Group. The statutory annual report consists of the Board of Directors' Report and the financial reports on pages 16, 48, 61, 63–93 and 99–208. Skanska's external auditors have audited the statutory annual report consisting of the Board of Directors' Report and the financial reports excluding the statutory sustainability report according to the opinion on page 209. Skanska's external auditors have also issued a limited assurance report on Skanska AB's greenhouse gases, health and safety, energy and waste reporting. Pages 16, 48, 61, 63–78, 99–105 and 130–133 (note 4 Operating segments) include Skanska's statutory sustainability report, according to the Swedish Annual Accounts Act. Skanska is reporting in accordance with the Global Reporting Initiative's (GRI) Standards. Skanska aims to ensure that all information and data is relevant, transparent, consistent, accurate and complete and that it provides an objective picture of the Group's operations, but can provide no assurance that we will at all times be fully compliant. Further information about Skanska's sustainability efforts can be found at: group.skanska.com/sustainability.

This is a copy of the original version of the Annual and Sustainability Report 2023, which is prepared in Swedish in the European single electronic format (Esef).

This document is in all respects a translation of the Swedish original Annual and Sustainability Report 2023. In the event of any differences between this translation and the Swedish original, the latter shall prevail.

Skanska AB, Swedish corporate identity number 556000-4615.

Cover: George Washington Bridge, New York and New Jersey, USA

Board of Directors' report includes the following pages:
16, 48, 61, 63–93, 99–112, 130–133 (note 4 Operating segment), 207 (note 67 Allocation of earnings)

Skanska statutory sustainability report is included in the Board of Directors' report and includes the following pages:
16, 48, 61, 63–78, 99–105, 130–133 (note 4 Operating segment)

Group overview
- This is Skanska
- 2023 in brief
- CEO statement
- Targets and outcome
- Global trends
- Strategy
- Business model
- Our responsible investment story
- Funding

Operations

Sustainability report

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

Our projects shape the way the people live, work and connect. The pages 'In focus', offers an insight into some of the most exciting projects we worked on during the year.

Portland International Airport, Oregon, USA
A mass-timber marvel.
Page 21

IIJA, USA
Investment act strengthening US infrastructure.
Page 13

Lynnwood Link Extension, Seattle, USA
A smoother journey for commuters – and fish.
Page 27

Powerhouse Lade, Trondheim, Norway
Turning homes into Powerhouses.
Page 31

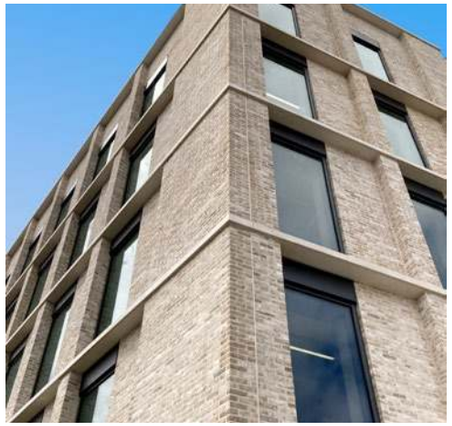
H2Offices, Budapest, Hungary
Business hub more than an office.
Page 35

Hyllie Terrass, Malmö, Sweden
Combining forces to cut climate impact.
Page 39

Interview with Therese Tegner, EVP Human Resources
People want to make an impact.
Page 17

Merkuria, Prague, Czechia
The complex path to circularity.
Page 53

CLIMB
Understanding our impact on biodiversity.
Page 57



Norton Folgate, London, UK
Innovating to retain a slice of London's rich history.
Page 45

Slussen, Stockholm, Sweden
A 400-year-old landmark, remade for a new era.
Page 59

Download PDF for print

Group overview
- **This is Skanska**
- 2023 in brief
- CEO statement
- Targets and outcome
- Market and trends
- Strategy
- Business model
- Our responsible investment story
- Funding

Operations

Sustainability report

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

We build for a better society

We are one of the world's largest project development and construction companies, operating across select home markets in the Nordics, Europe and the USA.

A unique combination of global experience, local expertise and financial strength empowers us to take on the most complex construction projects in the world. Our ability to understand the need of local communities makes us a trusted partner for large commercial and residential projects that require our presence across the whole value chain, from project development and construction to property asset management.

With a focus on strengthening our leadership in sustainable solutions together with our knowledge and foresight, we build for a better and more resilient society. And as we do so, we build long-term value for our customers and shareholders.

City Library Stockholm Sweden

Download PDF for print

Group overview
This is Skanska
2023 in brief
CEO statement
Targets and outcome
Global trends
Strategy
Business model
Our responsible investment story
Funding
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information

Global experience, local expertise

With the expertise of our 27,000 employees, and together with our customers and partners, we create innovative solutions that support sustainable living beyond our lifetime.

USA	Nordics	Europe
40%	42%	18%

Share of revenue per market based on a 3-year average.

Revenue, 2021–2023 average

Operating income, 2021–2023 average

Construction

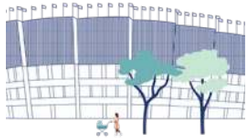
Build sustainable buildings and infrastructure.

Page 24

Residential Development

Develop and build attractive and energy-efficient homes.

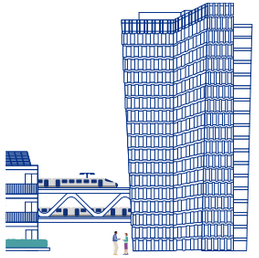
Page 28



Commercial Property Development

Shape sustainable and more energy-efficient places where people can connect.

Page 32



Investment Properties

Actively manage a high-quality property portfolio in Sweden.

Page 36

Group overview
This is Skanska
2023 in brief
CEO statement
Targets and outcome
Global trends
Strategy
Business model
Our responsible investment story
Funding
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information

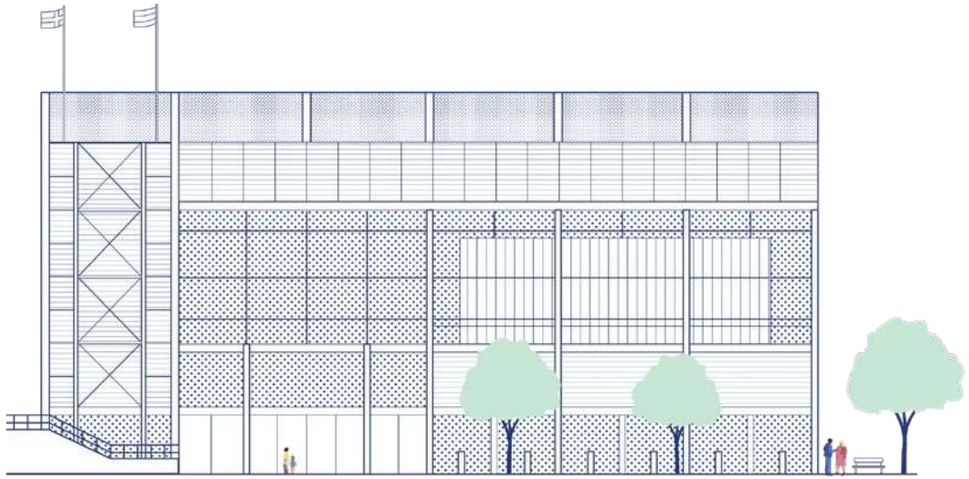
2023 in brief

Construction
- Solid performance in our Construction operations with robust order bookings and an operating margin in line with our long-term target.

Property businesses
- Performance in our property businesses (Residential Development, Commercial Property Development and Investment Properties) was significantly impacted by lower sales volumes, asset impairment charges and changes in fair market values due to weaker property markets.

Solid financial position
- We maintained a solid financial position.
- The Board of Directors proposes a dividend of SEK 5.50 per share.

Sustainability development
- 60 percent reduction of carbon emissions from our own operations (scope 1 and 2) compared to our base year of 2015.



Key ratios (SEK M, unless otherwise stated)	2023	2022
Revenue	157,052	161,602
Operating income	3,231	9,297
Profit for the period	3,272	7,702
Earnings per share, SEK	7.89	18.62
Operating cash flow from operations	1,148	-2,263
Adjusted interest-bearing net receivables(+)/net debt(-)	10,363	12,130
Operating margin, Construction, %	3.5	3.7
ROCE in Project Development, %	-3.7	11.8
ROCE in Investment Properties, %	-1.6	13.6
Return on equity, %	5.8	20.0
Order bookings, SEK bn	165.8	162.7
Order backlog, SEK bn	229.6	229.8
Average number of employees	27,256	28,380

Revenue 2023, SEK M
157,052

Average number of employees
27,256

Reduction of carbon emissions[1], %
-60

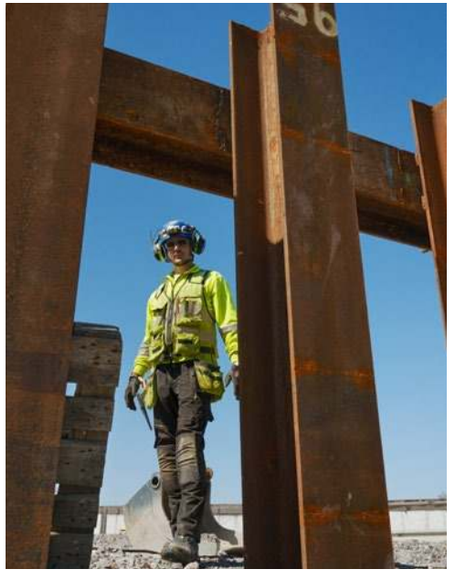
1 Reduction of carbon emissions from our own operations (scope 1 and 2) since 2015.

Group overview
This is Skanska
2023 in brief
CEO statement
Targets and outcome
Global trends
Strategy
Business model
Our responsible investment story
Funding
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information

Highlights of the year

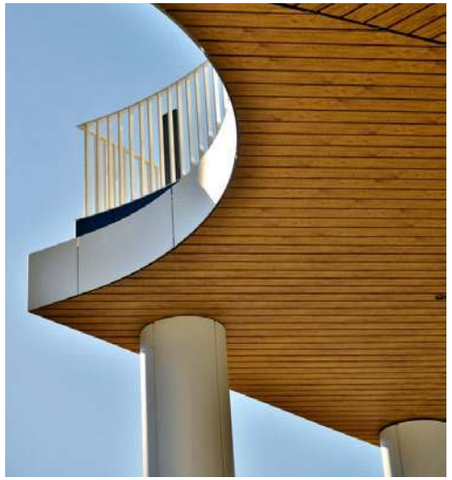
Global leader

Named by Forbes Magazine as one of the World's Best Employers, based on employee assessments.



SEK 4.6 billion

We issued new green bonds to finance the development of sustainable commercial real estate projects.



Divestment of H2Offices

Divestment of the first phase of H2Offices in Budapest, Hungary, for SEK 1.2 billion. For 2023, seven properties were divested in Commercial Property Development.

Climate leadership

We were named "Climate Leader in Europe" in the prestigious Financial Times ranking, for the second consecutive year.

SEK 230 billion

Order backlog remains high as a result of a strong order intake during 2023, especially in Norway and the USA with several new large civil projects.

Divested ownership of LaGuardia

We divested our ownership (32 percent) of LaGuardia Terminal B in New York, USA, for USD 115 M, about SEK 1.2 billion. The buyers are existing partners MI LaGuardia CTB, LLC and Vantage Airport Group (New York) LLC.

Growing Investment Properties portfolio

Office buildings Sthlm04 in Stockholm and Hyllie Terrass in Malmö were acquired by the Investment Properties business stream in 2023.

Group overview
This is Skanska
2023 in brief
CEO statement
Targets and outcome
Global trends
Strategy
Business model
Our responsible investment story
Funding
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information

Strong player along the entire value chain

For Skanska, 2023 was characterized by strong delivery in our Construction business stream and impact of weak property markets on our Project Development business streams. We are maintaining our financial strength. I am convinced that our focus on sustainability and digitalization will continue to set us apart and create value for our shareholders, customers and business partners.

Yet another strong year for Construction
We have proven our dedication to strong and stable performance in Construction with another year of solid margins and good order intake. A balanced portfolio of projects with exposure to various geographies, segments and sectors provides stability to our Construction operations. Over the past year, we have experienced weaker markets in Europe, while the US market has been strong. The civil segment is stronger than building in most markets, which has been reflected in the order intake. We expect to see some of these trends continue in 2024. We will stay selective and focus on picking projects that suit our experience and competence, prioritizing strong delivery so that we can exceed our customers' expectations.

Weak property markets
Within Project Development, the sharp increase in interest rates resulted in low divestment activity and made it more difficult to assess the market values of both residential and commercial property assets. While our growth strategy for these businesses is on hold, we continue to focus on sales and leasing activities to ensure that we have an attractive offering to the market once activity increases. There is long-term demand for quality, flexible and energy-efficient properties in both the residential and commercial segments.

In Investment Properties, our newest business stream, we are building a portfolio of the most attractive office properties in Sweden's largest cities. We continued to grow the portfolio and by the end of 2023, we held five high-quality office properties in Stockholm and Malmö.

Group overview
This is Skanska
2023 in brief
CEO statement
Targets and outcome
Global trends
Strategy
Business model
Our responsible investment story
Funding
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information

"We are maintaining our financial strength."

The year in brief
Group operating income amounted to SEK 3.2 billion (9.3). In Construction the operating margin was in line with the long-term target at 3.5 percent (3.7). Return on capital employed in Project Development and Investment Properties were both negative, -3.7 percent (8.1) and -1.6 percent (13.6), explained by weak property markets. Return on equity was 5.8 percent (15.3), below our target of at least 18 percent. At year-end, our financial position was robust and adjusted net cash was SEK 10.4 billion (12.1), compared to our SEK -10 billion limit of adjusted net debt. Our Board of Directors' proposes a dividend of SEK 5.50 per share (7.50).

Sustainability and digitalization
We continued to make progress on our sustainability targets in 2023. Carbon emissions in our own operations, scope 1 and 2, decreased: by the end of the year they were 60 percent lower than in our base year 2015. The progress in 2023 was mostly explained by increased purchase of renewable energy and use of biofuels. Increased efficiency and further use of electric machinery and biofuels together with knowledge transfer will be important to our continued progress. Our value chain emissions in Project Development, scope 3, dropped significantly in 2023. The change is however largely driven by low transaction activity in these business streams.

As a responsible business, our work is aligned with the UN Sustainable Development Goals, and we remain committed to the universal sustainability principles defined by the UN Global Compact. Our industry is associated with accidents and lasting health problems, and safety is therefore a top priority. We apply industry-leading safety standards and solutions, foster an inclusive culture, and focus on systematic high-impact targeted actions. We cannot rest in this effort, but I am pleased that the Group Lost Time Accident Rate for 2023 decreased to 2.6 (2.9) and that we did not have any fatalities on our project sites. We remain committed to ensuring safe and healthy workplaces for all our employees and subcontractors.

In 2023 we have further developed our climate transition plan focusing on climate adaptation and mitigation and identified business opportunities in these areas. Key focus areas are decarbonized materials and energy, circular solutions, and usage of smart devices to increase resource and energy efficiency in both the construction and operations phases. We expect demand for sustainable and climate-resilient solutions and products for the built environment will continue to increase. We also see opportunities in advancing our digital transformation. Technologies and tools, such as drones, robots, and image and video recognition, are already being tested on projects with the potential of being scaled across our units. Looking ahead, generative AI and machine learning have the potential to make large amounts of data available for improved decision making and increased efficiency.

Unique offering
At Skanska, we have a unique offering in the market. We are a strong player along the entire value chain, with opportunities to share knowledge, improve and innovate. We have an organization with highly skilled and dedicated people. Our financial strength makes us a reliable business partner and means that we own our own decisions in all market phases.

I would like to thank our shareholders, customers, business partners and employees for enabling our achievements over the past year, and I look forward to continuing to work with you. A clear commercial direction, financial strength, and committed and skilled people will empower us to deliver on our strategy now and into the future.

Anders Danielsson
President & CEO

Earnings per share

7.89 SEK

Operating margin – Construction

3.5%

ROCE – Project Development

-3.7%

ROCE – Investment Properties

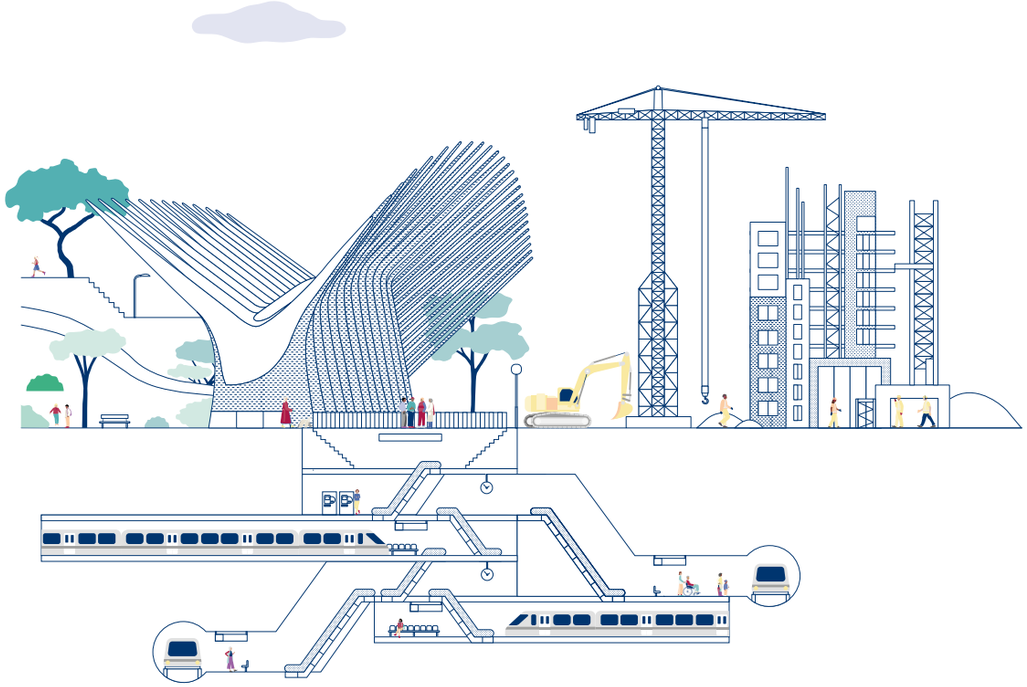
-1.6%

THE GLOBAL COMPACT
WE SUPPORT

Group overview
This is Skanska
2023 in brief
CEO statement
Targets and outcome
Global trends
Strategy
Business model
Our responsible investment story
Funding
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information

Skanska's targets and outcome

Our targets reflect our ambition to remain an industry leader – operationally, financially and within sustainability.

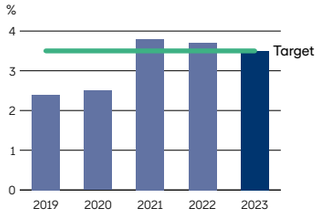


Operating margin – Construction

Target
≥3.5%

Outcome 2023
3.5%

Profitability in our Construction operations was strong, with robust performance in the Nordics and strong delivery from our US operations. Operating margin for 2023 was in line with our long-term target. Order bookings were strong during the year and the order backlog remained high.

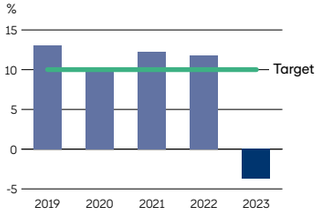


Return on capital employed[1] – Project Development

Target
≥10%

Outcome 2023
-4%

Performance in Project Development was impacted by weak property markets, lower-than-normal sales volumes in most markets and impairment charges resulting in a negative return on capital employed.

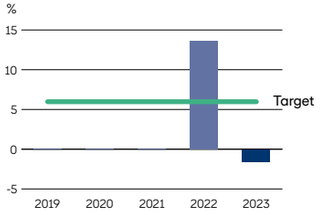


Return on capital employed[1] – Investment Properties

Target
≥6%

Outcome 2023
-2%

Investment Properties was launched in 2022, targeting a portfolio of high-quality office buildings in Sweden. Performance in 2023 was impacted by a reduction of fair market values due to weak property markets. During the year, the business stream acquired two office properties from our Commercial Property Development business stream and at year-end, the portfolio consisted of five office properties with a total property value of SEK 5.1 billion.



1 According to segment reporting.

Group overview
This is Skanska
2023 in brief
CEO statement
Targets and outcome
Global trends
Strategy
Business model
Our responsible investment story
Funding
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information

Adjusted net debt(-)/net cash(+)[1]

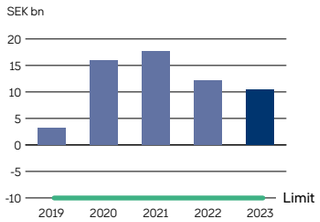
Limit

-10 SEK bn

Outcome 2023

+10 SEK bn

We maintain a robust financial position and adjusted net cash was SEK 10 billion at the end of 2023, compared to our adjusted net debt limit of SEK -10 billion.



Return on equity[2]

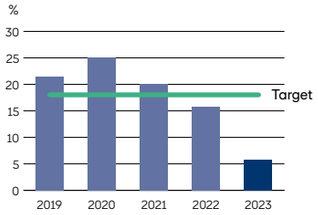
Target

≥18%

Outcome 2023

6%

Weak property markets resulted in a return on equity outcome in 2023, below our long-term target.



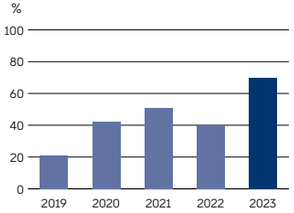
Pay-out ratio

40–70%

Outcome 2023

70%

The Board of Directors proposes a dividend of SEK 5.50 (7.50) per share, corresponding to a pay-out ratio of 70 percent.



Climate target – Skanska's own emissions

Target 2030

-70%

Outcome 2023

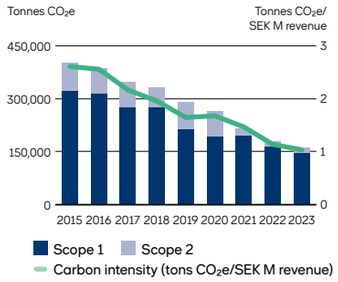
-60%

Target 2045

Net-zero

Since 2015 we have reduced our own carbon emissions (scope 1 and 2) by 60 percent and improved our carbon intensity to 1.03 from 2.60.

> Read more on page 49.



Climate target – Skanska's value chain emissions[3]

Target 2030

-50%

Outcome 2023

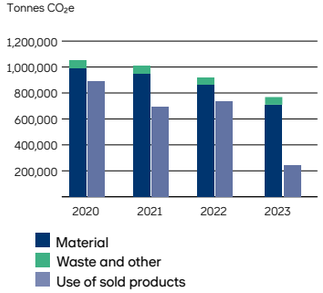
-48%

Target 2045

Net-zero

Compared to 2020, we have reduced emissions in the value chain by 48 percent. Fewer started and sold projects in our Project Development streams explains the large reduction in 2023. The outcome in a specific period will vary with the development activity in Project Development.

> Read more on page 49.



1 Interest-bearing net receivables/net debt excluding restricted cash, lease liabilities and interest-bearing net pension liabilities.
2 According to segment reporting.
3 See definition and limitation on pages 67 and 78.

Group overview
This is Skanska
2023 in brief
CEO statement
Targets and outcome
Global trends
Strategy
Business model
Our responsible investment story
Funding
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information

Global trends

For more than a century, we have delivered better housing, smarter offices and commercial spaces, and more resilient infrastructure. Megatrends such as urbanization and increased focus on low-carbon solutions are driving forces in our business. Digitalization and smarter technologies allow us to be more efficient and increase productivity.

Urbanization and the reshaping of cities
Urbanization requires continued investments in infrastructure, healthcare, housing, offices and education. The need for infrastructure renewal in the USA and Europe requires stimulus in both regions, which in turn strengthens the outlook in civil construction.

Demand for efficient and flexible transportation is increasing. Substantial investments are being made in mass transit, energy and water systems and other civil infrastructure, as well as in social infrastructure such as universities, schools and hospitals.

We play an important role in building resilient urban communities that are sustainable, healthy and inclusive. Our diversification across segments and markets enables us to contribute to the reshaping of cities, ranging from community-oriented residential areas, flexible offices and social infrastructure to complex, large-scale infrastructure projects.

Climate change and the need for transition
The built environment stands for around 40 percent of energy-related carbon emissions, according to the International Energy Agency (IEA). Climate change is and will be a key business-defining factor in the coming decades. There is a strong focus in our industry on reducing carbon emissions.

It is also evident that many buildings and public spaces were not designed for the kind of environmental challenges we are experiencing, such as extreme weather conditions, energy shortages and water scarcity. Climate change has exposed a need to address and improve the climate resilience of urban areas.

Legislation across the USA and Europe are increasingly being written with this in mind, stimulating a transition to lower-emission construction. This creates business opportunities that allow us to contribute to climate adaptation and mitigation. Several of the key solutions that are needed to handle the climate transition are within infrastructure and buildings.

Addressing climate change involves scaling innovations in decarbonized construction and digital solutions . Through strategic partnerships, we collaborate to exchange knowledge and insights, and to innovate

net-zero solutions for the built environment. We see an increased need for climate adaptation solutions to safeguard the built environment against climate-related events.

Improving performance using smarter technologies
Smarter technologies allow us to rethink how we work, from operations, compliance, safety and communication, through to disclosure and finance. In procurement and design of new projects, for example, a smarter use of digital environmental product declarations opens the way for calculating and reporting the carbon impact of projects. Ultimately, implementing new technologies and tools creates opportunities to increase productivity, enhance cost efficiency and reduce carbon emissions.

Group overview
This is Skanska
2023 in brief
CEO statement
Targets and outcome
Global trends
Strategy
Business model
Our responsible investment story
Funding
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information

IN FOCUS IIJA, USA

Investment act strengthening US infrastructure

The bipartisan Infrastructure Investment Jobs Act (IIJA) has underpinned a vital increase in infrastructure investment across the United States since it was signed in 2021. The legislation, at USD 1.2 trillion (SEK 12.5 trillion), is the largest infrastructure investment authorized in US history and represents an increase of around 38 percent in funding compared with the years just before the IIJA was passed.

We operate in many US markets whose aging infrastructure is in need of repair, replacement and upgrades to meet current demands. These regions are also densely populated and require state-of-the-art infrastructure. We are well positioned to act on the government in its plan to upgrade the nation's network of roads, bridges and railways.

The IIJA came at a crucial moment. The Covid-19 pandemic added uncertainty to infrastructure funding. Transport, traffic and transit agencies rely on toll and passenger revenue, and federal and state gas taxes, to cover operating expenses and future projects. Declines in passenger numbers, plus social distancing, staff shortages and other operational challenges also weighed on revenues.

The legislation secured funding for agencies to plan long-term through guaranteed formula funding, with additional funding also available through competitive grants. It has also created more job opportunities in construction. Funding is allocated to highways, bridges, rail, ports and waterways, airports, waterworks, broadband and other projects that boost the nation's competitiveness and resilience.

Our geographic footprint and core competencies, combined with a consistent selective bidding strategy, position us for success in the current market. Federal funding is stable over the mid-term, and we continue to foster strong relationships with our customers and partners that allow us to win and deliver on contracts.

Group overview
This is Skanska
2023 in brief
CEO statement
Targets and outcome
Global trends
Strategy
Business model
Our responsible investment story
Funding
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information

I-405, Brickyard to SR 527 Improvement Project, Seattle, Washington
Our construction of a dual express toll lane from the I-405/SR 522 interchange to the I-405/SR 527 interchange in Washington State will increase capacity, traffic flow and connectivity, all of which will cut delays and congestion.

Three new Stride bus rapid-transit stations, including two elevated stations, form a core part of the project. Construction of the stations will use an overhead conveyor system to transport materials to the median, eliminating more than 1,750 truck trips that would otherwise interact with public traffic. The project will target Envision Platinum certification.

Portal North Bridge, Kearny and Secaucus, New Jersey
We are demolishing and replacing a bridge over the Hackensack River between Kearny and Secaucus, as part of a joint venture with Traylor Brothers.

The existing century-old, two-track 'movable' railroad swing-bridge is a consistent source of rail traffic disruption on the Northeast Corridor, the busiest rail corridor in the USA.

The entire project includes a 1,115-meter-long (3,600-foot) approach span located on the west side of the river, a 775-meter (2,540-foot) approach span on the eastside of the river and a 365-meter (1,200-foot) center span crossing directly over the Hackensack River. Railroad embankment sections will be constructed on both sides of the river to support the new tracks, as well as the construction of a new bridge over the Newark/Jersey City Turnpike.

JFK Airport Roadways Utilities and GTC, Queens, New York
We have been appointed by the Port Authority of New York and New Jersey to carry out the USD 1.24 billion (SEK 14 billion) design and construction of its on-airport roadway transportation network, as part of a joint venture with Halmar, at John F. Kennedy International Airport.

The project will improve user connectivity and access to the air terminals through roadway reconfiguration, installation of intuitive way-finding and enhanced traffic technologies, plus retaining walls and bridges.

The project also includes the design and construction of a modern Ground Transportation Center, featuring a 1,950-space multilevel vehicle parking facility equipped with electric vehicle charging stations and a timber façade.

Portsmouth Marine Terminal. Staging Port for Offshore Wind Power, Portsmouth Virginia
We are redeveloping almost a quarter of the 116-hectare (287 acre) Portsmouth Marine Terminal into a staging port for offshore wind power generation.

The terminal features 1,078 meters (3,540 feet) of wharf and three berths. Sections of the wharf are being demolished and replaced. Existing concrete piles are being cut off at the mudline and replaced with new concrete piles. The uplands area is to be cleared, with the existing pavement stripped to the base before being replaced with geogrid used to reinforce soils and similar materials.

Our team will install new power to support wind turbine nacelles and high mast lighting, as well as stormwater system improvements to support offshore wind operations.

Group overview
This is Skanska
2023 in brief
CEO statement
Targets and outcome
Global trends
Strategy
Business model
Our responsible investment story
Funding
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information

Our strategy

We have been shaping societies around the world for more than a century. Our reputation as a trusted partner is built on our experience and knowledge. Our Group strategy – our blueprint – is guiding us to create long-term value for customers, shareholders and society.

Our strategy, and the way we conduct business, remains firmly grounded in our values. To drive our business forward, we focus on four key enablers that harness our strengths into long-term, sustainable business opportunities that generate growth, customer success and long-term value for our shareholders.

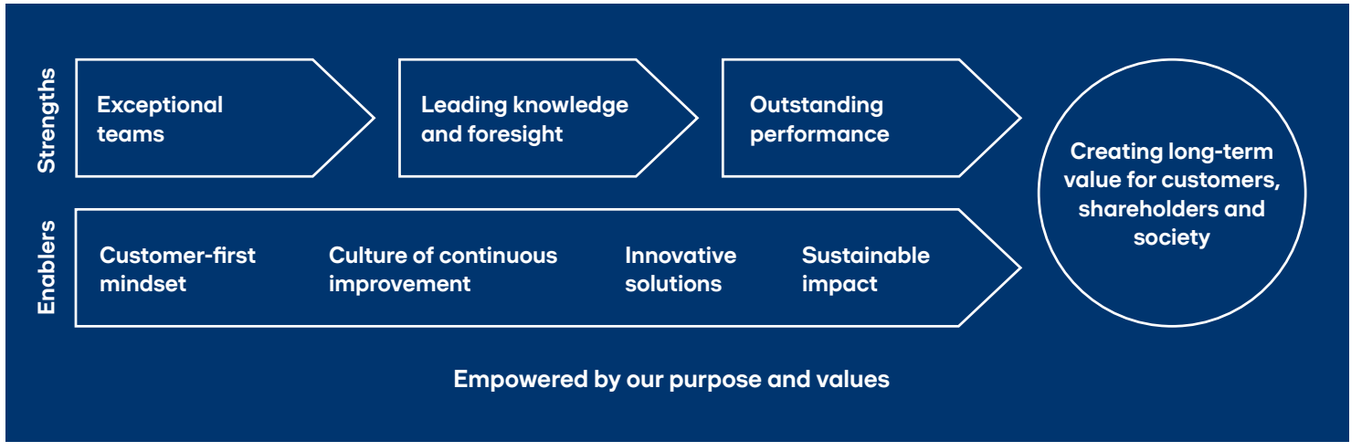
Reinforcing our competitive edge
We make the most of our strengths as a business: developing our people to their fullest potential, deepening our knowledge and foresight, and continuously improving performance. Our strengths build on each other, driving continuous progress and commercial advantage. Together, they form a solid foundation for sustainable business opportunities, customer success and shareholder value.

Strengthening our value proposition
With a customer-first mindset, incorporating our knowledge and expertise in close collaboration with our customers, we continuously improve our product offering and our commercial value proposition.

To scale up innovations, we focus on strengthening our leadership in sustainable solutions. We are using our experience and insights to strengthen our customer offering. This includes harnessing data and digitalization capabilities to increase productivity and resource efficiency.

Clear commercial direction to create value
Within each business stream, we have clearly defined commercial directions to maximize value creation and adapt our products and services to market drivers, industry and market trends as well as local market characteristics and competition. This approach allows us to deliver profitability and create long-term value. Read more about each business stream's commercial direction on pages 24–38.

Managing risks and opportunities
To achieve our strategy, it is crucial we manage the associated risks. Proactive and structured risk management at all levels increases our resilience to risks and enhances our ability to capture opportunities. The overall purpose of our risk management is to ensure risk is managed systematically and efficiently, and that we set the right priorities to help us achieve our business objectives and goals. To read more about our risk management, see pages 99–105.



Group overview
This is Skanska
2023 in brief
CEO statement
Targets and outcome
Global trends
Strategy
Business model
Our responsible investment story
Funding
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information

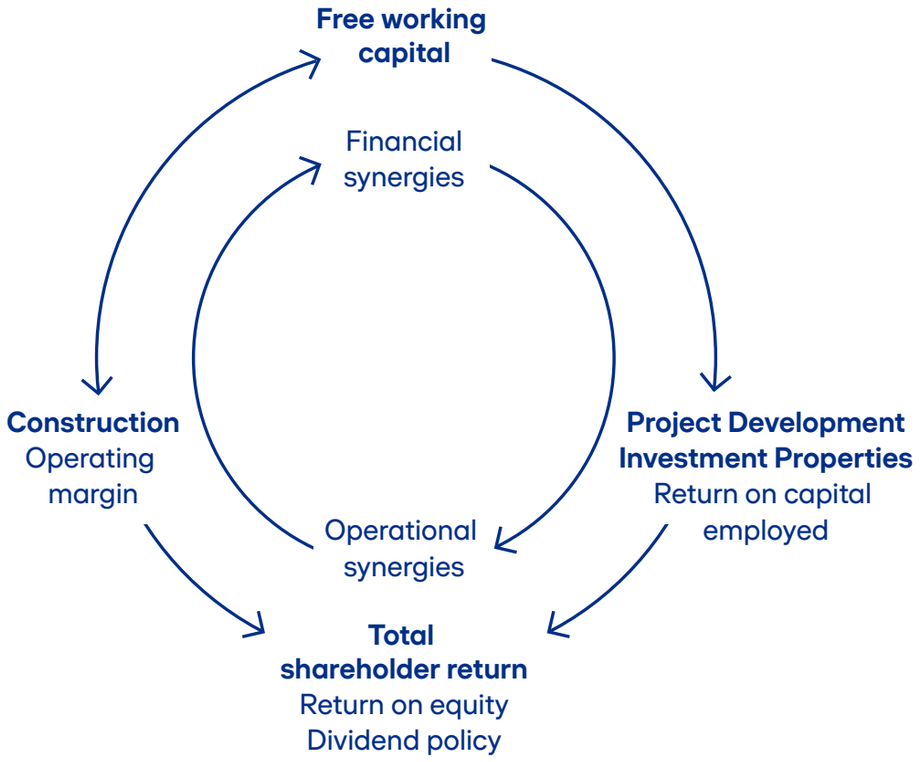
Skanska's business model

Our business model is based on making the best use of financial and operational synergies created in a large multinational business that operates across the value chain. Synergies allow us to deliver on our strategy, drive our business forward to generate value for our customers and shareholders over time.

We deliver knowledge and expertise along the entire value chain, something that sets us apart from many of our peers. Our four business streams cover property development (both residential and commercial), construction operations in both the building and civil segments, and long-term asset management in Investment Properties. A diversified business in terms of sectors, segments and geographies provides stability to the Group.

Global reach and local understanding
Competence and knowledge transfer between our business streams, combined with global reach and local understanding, all reinforce our competitive advantage.

Strong financial position creates flexibility
Another strength that sets us apart in our industry is our financial position. Our Construction business has several thousand projects that generate stable profit and positive cash flow which can be invested in the Property Development and Investment Properties businesses. Growing Investment Properties will provide the Group with another business stream that generates stable cash flow. Our financial strength, and the stability that it brings, makes us a reliable business partner and ensures that we own our own decisions in all market scenarios.



Group overview
This is Skanska
2023 in brief
CEO statement
Targets and outcome
Global trends
Strategy
Business model
Our responsible investment story
Funding
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information

Download PDF for print

IN FOCUS

People want to make an impact

A workplace where our people can develop lets us offer our customers the best teams in the business. Therese Tegner, Executive Vice President for Human Resources, says our learning and development culture gives us a competitive advantage in the job market.

Therese Tegner
Executive Vice President for Human Resources

"We have extensive opportunities for people to learn and develop within Skanska. Building a career doesn't have to be about taking over your manager's job."

Therese Tegner is clear: in an international company as diverse as Skanska, there is no single path to career advancement but rather a variety of routes to long-term success.

"For many people, a dynamic CV is more important than climbing a ladder. Our programs such as Skanska Scale and Skanska Unlimited allow people to work in new areas with other units and in other geographies, enriching their experience and strengthening our business. The way our teams mix established and newer colleagues means our people are learning from the best.

"I also know that the landmark projects we develop and build are attractive for people who want to make a mark on their communities, and they look great on CVs."

In an external ranking by Forbes Magazine, Skanska was ranked as one of the World's Best Employers. "This was not something we sought, but rather was based on employees' responses. It is a great tribute to the work we do on leadership and culture, purpose and values. It's hard work but it pays off."

Our annual employee survey, Your Voice Our Success (YVOS), also showed good overall results in 2023, with a high score in the Excellent Leadership Index, and both engagement and enablement up slightly on 2022. Follow-up work allows each unit to identify actions to improve its performance and address any issues.

Competitive advantage
Therese says that being an attractive employer is an advantage in a competitive job market. That is why it is integrated into the Group's long-term approach. "We keep doing proper workforce planning, ensuring we are an attractive employer, that there is a good work-life balance wherever possible, and that people can develop and work with cool projects in great teams."

The nature of our work at Skanska, shaping a sustainable society for everyone, appeals to many prospective employees who want their work to have a positive impact. "It is great to be part of what we accomplish, helping societies to prosper sustainably. This is the biggest motivating factor for many."

Maintaining an inclusive culture
Every unit works on maintaining an inclusive leadership and culture, to ensure we can recruit from the widest possible field of candidates. It also ensures that people can be themselves and want to stay with us.

Market changes during 2023 led to an overall drop in voluntary turnover levels. "People are looking for more of the stability and breadth of opportunity you get from a large, established company like Skanska," Therese says.

In some markets, however, adjustments to staffing levels were necessary in 2023 to ensure long-term strength. "We need to adjust the organization at times to keep the company healthy, strong and stable. We are confident in our direction and need to ensure we can grow again when the time is right."

A looming demographic shift poses a challenge for the industry, Therese says, which is why we work systematically with our employer value proposition. "Statistics show that a large proportion of construction workers will have retired in ten years' time, with the industry facing competition from other sectors. The broad variety of career paths available at Skanska allows people to learn, grow and truly make a difference."

Competence focus areas for 2024
Focus areas for competence development over the coming year include climate and sustainability, artificial intelligence, use of robotics and other advanced technology including aspects such as digitalization. We will also invest in leadership skills, change management and leading in a changing world.

Group overview
This is Skanska
2023 in brief
CEO statement
Targets and outcome
Global trends
Strategy
Business model
Our responsible investment story
Funding
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information

Our responsible investment story

We are creating long-term value for our shareholders, customers and society at large. By using our global reach and the expertise gained by working across the value chain, we deliver attractive and sustainable buildings and infrastructure that contribute to a better society for current and future generations.

The strength of our business

With global experience, financial strength and local expertise, we develop high-quality properties and deliver complex construction projects. We prioritize collaboration and understanding of the needs of our customers and local communities to ensure a strong offering. We are maintaining solid profitability, financial strength and diversification in our operations.

We are committed to creating a low-impact built environment and driving positive change towards construction with higher resource and energy efficiency. Our 27,000 employees together with our partners create innovative, digital and sustainable solutions for our customers.

Investing in Skanska →

Group overview
This is Skanska
2023 in brief
CEO statement
Targets and outcome
Global trends
Strategy
Business model
Our responsible investment story
Funding
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information

Investing in Skanska

Investing in Skanska makes you an owner of a global leader in project development and construction. We benefit from long-term trends such as urbanization and the shift towards a more sustainable built environment. We hold a solid financial position and our customer offering is strong, integrating the entire value chain through our four business streams.

Global leader
We are a global leader in project development and construction, operating in stable home markets across the Nordics, Europe and the USA. We benefit from long-term trends such as urbanization and the transformation to a more sustainably built environment, which supports demand for our products and services over time.

Strong financial position
We are maintaining a solid financial position. This makes us a reliable and attractive partner for customers, sub-contractors, suppliers and other business partners, and enables us to take action on market opportunities when they arise.

Customer offering
We have a unique offering, integrating the entire value chain from project development to construction and property asset management. Together with a multi-national footprint, this creates a strong opportunity to learn and share knowledge internally in order to stay relevant and attractive for our customers.

Creation of shareholder value
We generate shareholder value by building a strong, high-performance company based on:

- Stable performance and profit generation in Construction
- Developing the most attractive and sought-after commercial and residential properties on the market
- Generating a stable cash flow and learning from active property asset management

Our business streams

Construction
→ Page 24

Residential Development
→ Page 28

Commercial Property Development
→ Page 32

Investment Properties
→ Page 36

Our sustainable impact

Responsibility
A responsible business for people and planet.
→ Page 60

Climate
Transformative solutions for a low-carbon built environment.
→ Page 46

Resilience
Healthy, resilient places for all.
→ Page 54

Group overview
This is Skanska
2023 in brief
CEO statement
Targets and outcome
Global trends
Strategy
Business model
Our responsible investment story
Funding
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information

A strong financial position supports capital commitments

A strong balance sheet makes us an attractive business partner. It enables us to take on large construction projects, bring our own development projects to the market at our own pace and capitalize on new business opportunities.

We have several funding programs – committed bank credit facilities as well as market funding programs – which provide good flexibility for temporary fluctuations in liquidity and help to ensure long-term financing.

Our central debt portfolio amounted to SEK 8.8 billion at year-end, consisting of SEK 4.6 billion in Medium-Term Notes (MTN) with an average maturity of 3.4 years and SEK 4.1 billion in bilateral loans with an average maturity of 2.7 years. Unutilized credit facilities amounted to SEK 9.9 billion. The central loan portfolio, including unutilized credit facilities, had an average maturity of 3.4 years. At year-end, cash, cash equivalents and committed unutilized credit facilities amounted to SEK 27.8 billion, which ensures that we have sufficient financial capacity to fulfill our capital commitments. Read more about our funding in Note 6 on pages 134–142.

All external funding is procured by a central support function, Skanska Financial Services (SFS), which is responsible for managing all external debt and for the Group's cash management.

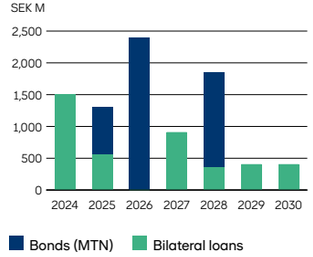
In 2023, we procured revolving credit facilities to a value of SEK 2.8 billion. Maturing long-term bilateral loans in USD and EUR were refinanced and increased by USD 100 M.

Issuance of new green bonds
In 2023, we issued new green bonds worth SEK 4.6 billion. The issue generated substantial interest, attracting bids from around 40 investors. At the issuance on November 15, the bond was divided into three maturities: SEK 750 million in 2 years, SEK 2.4 billion in 3 years and SEK 1.5 billion in 5 years. The bonds are listed on the Nasdaq Sustainable Bond Market.

Green Bond Framework updated to support journey towards net-zero
During 2023, we updated our Green Bond Framework to include criteria from the EU taxonomy for sustainable activities and broaden the scope to include additional activities that are needed in our journey towards our long-term climate targets. The framework is aligned with the 2021 ICMA Green Bond Principles. S&P Global Ratings has provided a second opinion with Medium Green shading. Svenska Handelsbanken acted as adviser in updating the framework. We established our first Green Bond Framework in 2014.

Full details on our Green Bond Framework and the Second Party Opinion can be found here: group.skanska.com/investors/funding/skanska-financial-services-ab/

Maturity structure



Central funding, SEK 8.8 bn

Bonds (MTN), 53%
Bilateral loans, 47%

Group overview
This is Skanska
2023 in brief
CEO statement
Targets and outcome
Global trends
Strategy
Business model
Our responsible investment story
Funding
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information

IN FOCUS Portland International Airport, Oregon, USA

A mass-timber marvel

Airports can be stressful. But travelers passing through the soon-to-be-completed Portland International Airport upgrade in Oregon, USA, can expect a different experience. An extraordinary mass-timber roof produced by a Skanska joint venture delivers a sense of tranquility using locally sourced timber.

Portland International Airport authorities had a challenge. With passenger numbers trending upwards, they needed to create more space within the airport's core for activities such as security, ticketing and retail. However, with millions of passengers passing through annually, disrupting day-to-day operations wasn't an option.

A solution came in the form of an ambitious concept to build a huge 37,000 square meter (almost 400,000 square foot) roof over the existing facilities, doubling floor space while allowing airport activities to continue uninterrupted during construction.

Early on in the timeline, a Skanska joint venture with Portland firm Hoffman was appointed general contractor/construction manager on the project, known as TCORE. Under the project model, we contributed to the discussion around roof materials and how we could carry out the extraordinary logistics operation required. The decision was taken to build the roof structure predominantly from mass timber, a material that would result in lower carbon emissions than steel and pay tribute to the timber industry around Portland.

Extraordinary structure
Under a plan devised by our joint venture, the roof was prefabricated at a site about 1.5 kilometer (one mile) away, on the far side of the runway, and transferred carefully in sections. Some 790,000 meter of timber board (2.6 million feet) was converted to glued, laminated timber products, known as glulam, which were used to create 27 meter-long curved members. These were used to form 18 roof modules, which were successfully installed over the existing airport core. This extraordinary structure is supported by 34 steel columns, with the roof designed to move in one fixed plane in the event of a major seismic event. The project has been delivered without major disruption to airport operation.

A reduction in carbon emissions was a key aspect of the approach. By limiting the use of steel only to where necessary and selecting mass timber as the principal material, the embodied carbon was reduced by 3,900 metric tons compared with calculations for an all-steel structure.

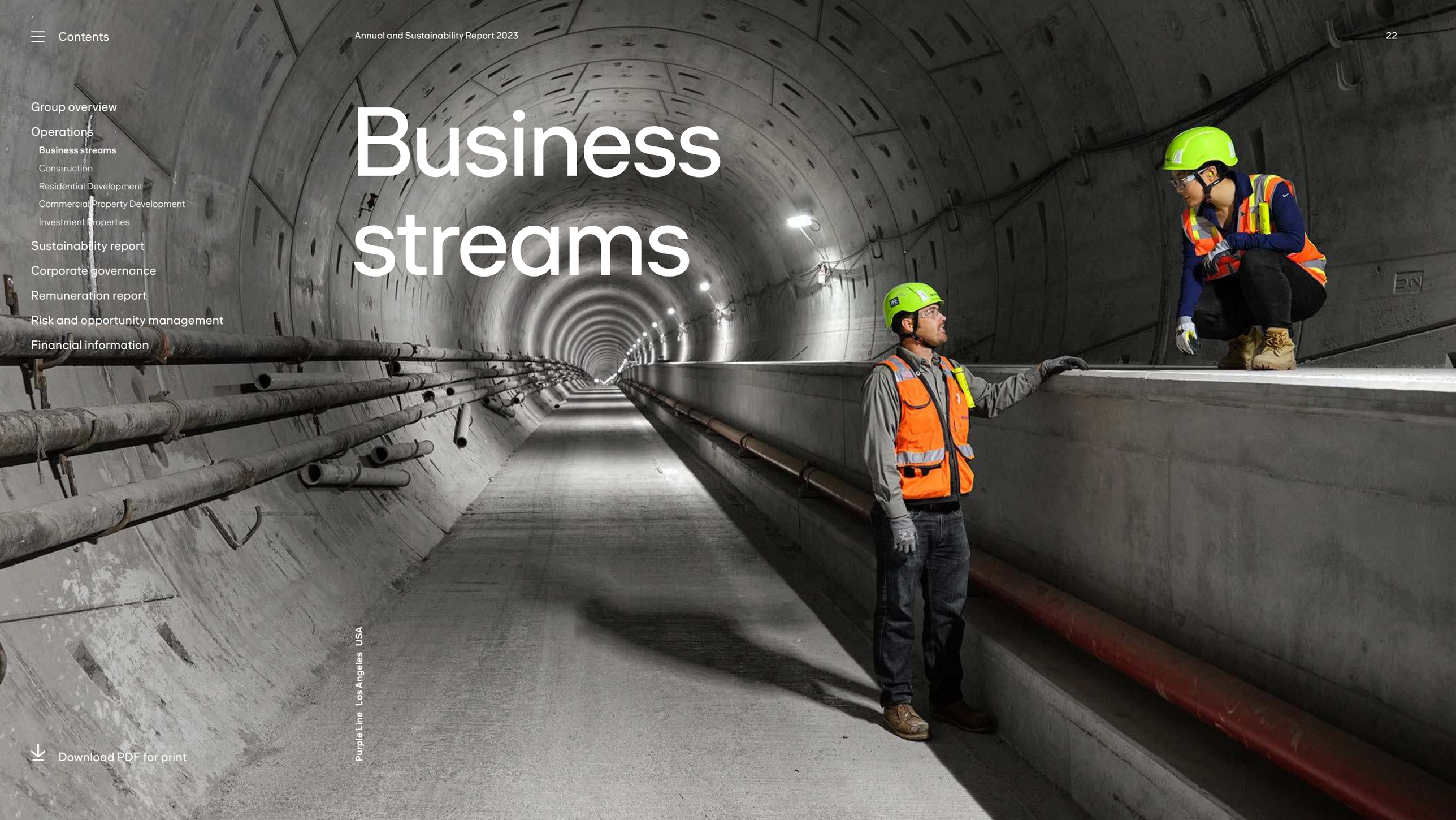
Locally sourced timber
All the timber used was sourced from either Portland's home state of Oregon or nearby Washington State. A lot of effort went into ensuring the wood used in the roof, predominantly Douglas fir, came from a diverse range of working (commercial) forests, including family-owned forests, publicly owned lands and indigenous-owned lands. Timbers from the different sources were kept separate at the sawmill so that provenance could be tracked.

We also used an innovative form of sheathing, known as mass plywood, on top of the roof. Developed in Oregon, the product is made from 2 millimeter thick veneers which are formed into 63 millimeter thick plywood panels that can be cut and shaped to fit curved surfaces.

Once we complete the final stages of the airport's new core, it won't just be the outstanding timber roof that provides travelers with a sense of calm. 'Biophilic' design features that mimic nature, such as living groves of trees, are intended to give people the feeling they are walking through a forest rather than rushing for a plane.

Group overview
Operations
Business streams
Construction
Residential Development
Commercial Property Development
Investment Properties
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information

Business streams



Purple Line Los Angeles USA

Download PDF for print

Group overview

Operations

Business streams

Construction

Residential Development

Commercial Property Development

Investment Properties

Sustainability report

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

Our business streams

Our operations are focused in four business streams: Construction, Residential Development, Commercial Property Development and Investment Properties. Competence and knowledge transfer across business streams and home markets reinforces our competitive advantage and creates synergies for our operations.

Construction

Sustainable buildings and infrastructure.

Residential Development

Attractive homes across our markets.

Commercial Property Development

Healthy spaces that boost business.

Investment Properties

Managing high-quality sustainable real estate.

Group overview
Operations
Business streams
Construction
Residential Development
Commercial Property Development
Investment Properties
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information

Construction

We build sustainable buildings and infrastructure, shaping inclusive, healthy spaces for working, living and connecting. The projects we deliver range from public and commercial premises, housing and offices to infrastructure for travel and transport.

Project Oas Malmö Sweden

Download PDF for print

Group overview

Operations

Business streams

Construction

Residential Development

Commercial Property Development

Investment Properties

Sustainability report

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

Construction

The Construction business stream had a strong year, with robust operating margin and a solid order intake. Operating margin was 3.5 percent (3.7), in line with our long-term target, with robust performance in the Nordics and strong delivery from our US operations.

Performance 2023
Revenue in the Construction business stream increased by 3 percent and amounted to SEK 160.6 billion (156.0); adjusted for currency effects the revenue was unchanged. Operating income decreased by 2 percent and amounted to SEK 5,632 M (5,770); adjusted for currency effects, operating income decreased by 5 percent. Order bookings were solid and amounted to SEK 165.8 billion (162.7); adjusted for currency effects, order bookings increased 1 percent, mainly driven by strong order bookings in the USA and Norway. The order backlog remained high with a good book-to-build ratio of 103 percent for the year.

Market outlook 2024
Our market view for the construction business is defined by a strong outlook for the US market and a more cautious assessment of the European and the Nordic markets. The building segment in Europe and the Nordics is characterized by lower activity than normal and increased competition, while the civil segment is mostly stable. Our US operations are well positioned within segments and sectors that are expected to continue to stay strong. Federal funding programs support important investments in infrastructure, and activity in many sectors of the building market remains strong.

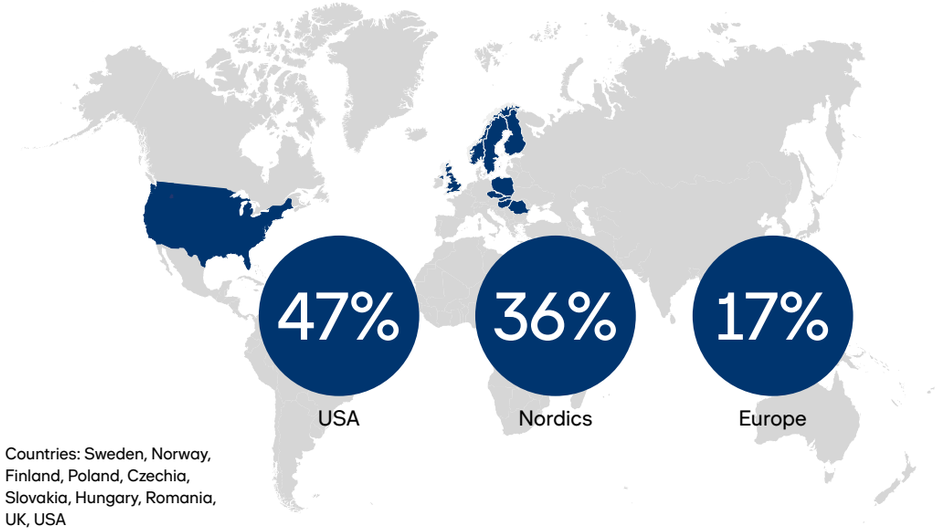
Commercial direction

- Selective bidding, prioritizing profits before volume
- Grow responsibly
- Seize opportunities in the transition to a sustainably built environment
- Increase our strategic focus on digitalization and new technology to improve productivity
- Sharpen our offering and solutions to meet customer needs of tomorrow

Key data

SEK M (unless otherwise stated)	2023	2022	2021	2020	2019
Revenue	160,636	156,004	132,587	140,483	159,579
Operating income	5,632	5,770	5,013	3,528	3,772
Operating margin, %	3.5	3.7	3.8	2.5	2.4
Free working capital, SEK bn	29.1	28.9	29.1	25.7	26.4
Operating cash flow	6,653	4,871	7,022	6,451	4,849
Order bookings, SEK bn	165.8	162.7	153.6	149.8	145.8
Order backlog, SEK bn	229.6	229.8	207.0	178.9	185.4
Number of employees	25,826	26,892	28,557	30,944	33,225

Revenue, total SEK 161 bn



Countries: Sweden, Norway, Finland, Poland, Czechia, Slovakia, Hungary, Romania, UK, USA

Group overview

Operations

Business streams

Construction

Residential Development

Commercial Property Development

Investment Properties

Sustainability report

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

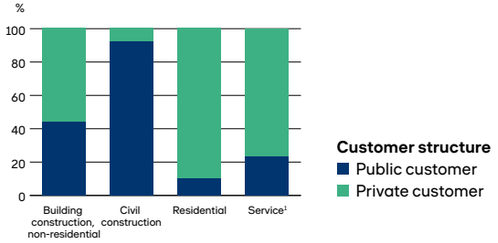
Order backlog, total SEK 230 bn

Type of product
- Civil construction, 50%
- Building construction, non-residential, 46%
- Building construction, residential, 3%
- Service[1], 1%

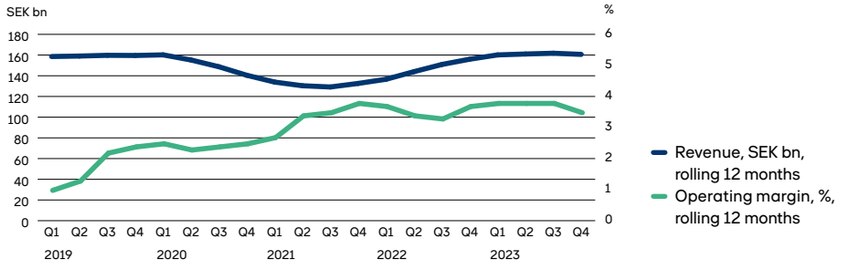
Order backlog, total SEK 230 bn

Project size
- SEK > 1,000 M, 74%
- SEK 501 – 1,000 M, 11%
- SEK 0 – 500 M, 15%

Customer structure



Revenue and operating margin



1 Facilities management or maintenance contract.

Value creation in Construction

Construction – our largest business stream in terms of revenue and people – builds and renovates buildings, industrial facilities, infrastructure and homes. We hold a balanced portfolio of construction projects with operations in a broad array of segments, sectors and geographies. We have a diverse customer base with both public and private customers.

In keeping with our business model, Construction also takes on contracting assignments for our own Project Development operations – a collaboration that generates synergies, and drives innovative solutions and product development within the Group.

Selective bidding, a clear focus on commercial management and cost efficiency are the main drivers for maintaining solid profitability. We aim to further improve operational and resource efficiencies, safety and the sustainable solutions in our customer offering. To do this, we share knowledge and expertise, develop innovative solutions and explore the benefits of digitalization.

Products and services:
- Social infrastructure such as schools, hospitals, healthcare and life science
- Mass transit such as rail, subways and airports
- Infrastructure such as highways, bridges and tunnels
- Offices
- Homes

Market drivers:
- GDP growth
- Public investments in infrastructure
- Urbanization

Industry/market trends:
- Focus on climate and safeguarding the environment, and increasing awareness of the need to build with reduced climate impact
- Digitalization and technology development to improve productivity and increase efficiency
- Increased industrialization and automation

Market characteristics/competition:
Nordics: Consolidated markets with a small number of large domestic players in each country

Europe: Highly fragmented market with fierce competition from domestic and international players

USA: Very fragmented market with strong local and national competition.

Group overview

Operations

Business streams

Construction

Residential Development

Commercial Property Development

Investment Properties

Sustainability report

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

IN FOCUS L300: Lynnwood Link Extension, Seattle, USA

A smoother journey for commuters – and fish

Nobody likes sitting in traffic jams. In Seattle, Washington State in the USA, we're helping to deliver a light rail extension that will take cars off the road with benefits for both commuters and the environment.

L300 Washington State USA

When residents of urban centers on Seattle's northern fringe need to travel downtown, the trip typically involves a car journey on congested highways. Growing populations and limited public transport options mean that going to work, school, a ball game, or even the supermarket in Seattle can be a frustrating hour-long crawl in traffic.

That's all about to change when a new light rail extension, completed in part by Skanska, opens in 2024. Linking to the city's existing light rail network at the Northgate Transit Center, the project promises to deliver passengers from Lynnwood in the north to Westlake in Seattle's downtown in around 28 minutes.

We are responsible for a section of the project delivering 6 kilometers (3.8 miles) of light rail guideway that will link the cities of Shoreline, Mountlake Terrace and Lynnwood to the north of Seattle. The project, for customer Sound Transit, is known as the L300: Lynnwood Link Extension and is being delivered jointly by Skanska USA Civil and Skanska USA Building under a general contractor/construction manager model. Although we are not responsible for the overall design, the model empowered us to participate as an adviser from early in the design process.

Navigating challenges

In addition to constructing 3.7 kilometers of elevated guideway and 2.3 kilometers at ground level, we built two elevated stations and a five-story parking garage at the Lynnwood Transit Center.

Work on the L300 project commenced in 2019 and substantial completion was achieved in late 2023. The project is remarkable for the logistical challenges solved, the close collaboration with the customer and the focus on the environment. One of the biggest logistical challenges was constructing a section of the guideway over the extremely busy Interstate 5 highway running north from Seattle.

Through careful pre-planning and engineering, we were able to erect the required supporting framework over two weekend closures. Once work was completed, the framework was removed over the same period – far less time than had been allocated by the customer.

Working closely with the customer also led to many positive environmental outcomes for biodiversity. Washington State is known for its fishing and streams, but development of the road network over the years had led to many fish habitats being choked off.

Part of our remit was to rehabilitate and open waterways, and enlarge passages under the rails that allow salmon to spawn upstream.

Smaller footprint

Additionally, the customer's designer originally proposed using a temporary embankment to construct the light rail guideway through the sensitive McAleer Creek wetland. Looking to reduce impacts, we devised a soldier pile method that allowed work to be carried out efficiently with a much smaller environmental footprint.

The L300: Lynnwood Link Extension created a state-of-the-art public transit solution for the greater Puget Sound region, with collaborative construction solutions to get the job done safely, on-time and within budget.

Group overview
Operations
Business streams
Construction
Residential Development
Commercial Property Development
Investment Properties
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information

Residential Development

We develop and build attractive, inclusive and energy-efficient homes, with a focus on shaping homes and urban neighborhoods where people can meet and connect.

Urbani Gothenburg Sweden

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Group overview

Operations

Business streams

Construction

Residential Development

Commercial Property Development

Investment Properties

Sustainability report

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

Residential Development

Weaker property markets have impacted performance for the year, with lower-than-normal sales volumes in all markets except in Central Europe.

Performance 2023

Revenue amounted to SEK 5,013 M (8,751). Homebuyers remain hesitant following interest rate rises and overall macroeconomic uncertainty. Our Central European operations were stable and delivered healthy results for the year, while our other operations adapt to lower volumes. Operating income amounted to SEK -1,262 M (891). Property asset and goodwill impairment charges totaling SEK -1.1 billion negatively impacted the result.

In 2023, the number of sold homes was 1,136 (2,052) and construction started on 868 homes (2,805). At the end of the year, 4,341 homes were under construction, of which 52 percent were sold. The number of completed unsold homes was 549, of which unsold homes in BoKlok totaled 275. Sales activities target completed homes or homes near completion as buyer interest is focused on homes that are ready to move into, allowing them to buy and sell in the same market.

Market outlook 2024

Activity in the Nordic housing market has been low in 2023. We expect market activity to remain subdued as homebuyers adapt to higher costs of living following increased interest rates and inflation. Interest-rate cuts over the coming 12 months could however stimulate the market. For Central Europe, the market is expected to remain stable with solid activity among homebuyers.

Commercial direction

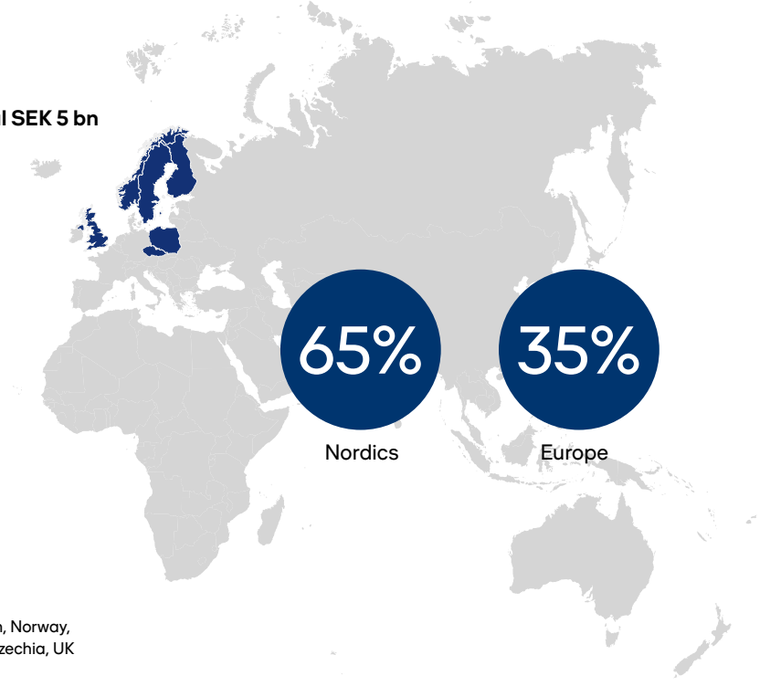
- Focus on sales
- Reduce sales and administration costs to adapt to market conditions
- Selected project starts in right locations
- High focus on capital efficiency and capital employed
- Look for cost reduction synergies with Construction business stream
- Further develop concepts around energy efficient and sustainable residential projects

Key data[1]

SEK M (unless otherwise stated)	2023	2022	2021	2020	2019
Revenue	5,013	8,751	13,351	13,070	12,483
Operating income	-1,262	891	1,866	1,543	1,195
Operating margin, %	-25.2	10.2	14.0	11.8	9.6
Investments	-9,038	-10,615	-10,296	-10,420	-9,437
Divestments	11,442	9,349	10,023	11,710	11,793
Operating cash flow from business operations[2]	1,296	-1,540	1,198	164	2,707
Capital employed, average, SEK bn	14.4	16.3	13.0	13.6	13.0
Return on capital employed[3], %	-7.0	6.8	14.2	12.8	9.8
Homes started	868	2,805	4,047	2,977	2,992
Homes sold	1,136	2,052	3,750	3,316	3,436
Number of employees	524	565	564	571	548

1 Starting 2023, all residential rental projects are reported in the Commercial Property Development stream. Comparable figures for 2021–2022 have been restated to reflect this reallocation.
2 Before taxes, financing activities and dividends.
3 A definition is provided in Note 43.

Revenue, total SEK 5 bn



Countries: Sweden, Norway, Finland, Poland, Czechia, UK

Group overview

Operations

Business streams

Construction

Residential Development

Commercial Property Development

Investment Properties

Sustainability report

Corporate governance

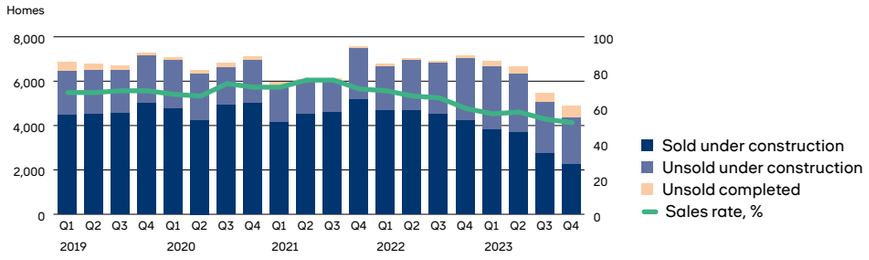
Remuneration report

Risk and opportunity management

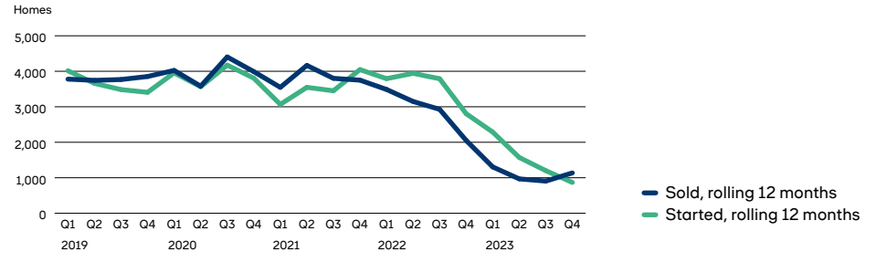
Financial information

Residential Development

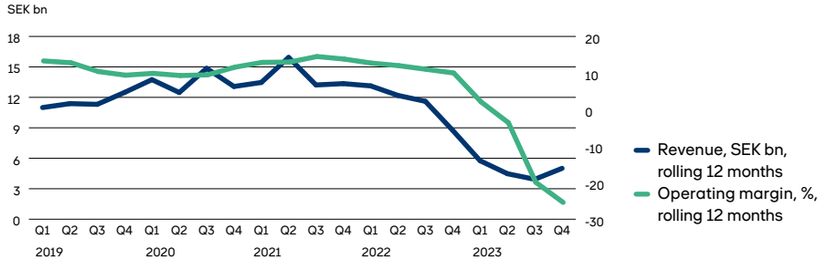
Homes under construction and unsold completed



Homes sold and started



Revenue and operating margin



Value creation in Residential Development

Our Residential Development business buys land, takes it through design and zoning, and develops and builds attractive and energy-efficient homes. We create homes and residential neighborhoods that promote well-being and strong communities. Our business units within Residential Development are responsible for planning and selling the homes, while the construction assignments are performed by our Construction business units in each respective market.

We operate in the Nordic countries Sweden, Finland and Norway. In Europe we have operations in Poland and Czechia. We also have a small start-up business in the UK for the BoKlok concept. BoKlok, a residential housing concept jointly owned by Skanska and IKEA, builds single and multifamily homes with attractive design, function and quality for a broad customer base.

Products and services:
- Multifamily and single homes, either owner-occupied or for housing associations

Market drivers:
- Household finances and consumer confidence
- Urbanization and shortage of housing
- Demand for affordable housing
- Increased interest in energy-smart and sustainable buildings
- Demand for prime locations and product offerings

Industry/market trends:
- Increased interest in energy efficiency, sustainability, and timber for building
- Digital and technology development to improve efficiency in construction and operation

Market characteristics/competition:
Nordics: Market characterized by both national and local players, with fierce competition

UK: Market characterized by large domestic players. Limited use of modular construction

Central Europe: Fragmented market in Poland with many domestic players and fierce competition. In Czechia, the market is characterized by several local players.

Group overview

Operations

Business streams

Construction

Residential Development

Commercial Property Development

Investment Properties

Sustainability report

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

IN FOCUS Powerhouse Lade, Trondheim, Norway

Turning homes into Powerhouses

Just 300 kilometers south of the Arctic Circle, Trondheim in Norway is at the forefront of an energy revolution. With Powerhouse Lade, we are expanding the successful Powerhouse concept into energy-positive homes.

Phase 1 of the development features 97 energy-positive apartments, which will produce more energy than they consume over their expected lifetime of 60 years. "Applying a carbon budget during construction keeps their carbon footprints to a minimum," says Kim Bundgård, Residential Project Manager with Skanska Norway.

Powerhouse began in 2011 as a collaboration between five companies including Skanska. The four Powerhouse buildings produced since then have been commercial, and include the landmark Powerhouse Brattørkaia in Trondheim. By the end of 2023, 82 percent of the apartments at Powerhouse Lade were sold, ahead of completion in spring 2024.

Careful selection of materials

The carbon budget includes emissions from materials, construction, the complex's operating life, and eventual demolition and disposal. Emissions are tied closely to energy consumption, and the project uses innovative features and approaches to reduce both.

To cut carbon in construction, less steel has been used, and roof and wall insulation has been selected to minimize the carbon footprint. Low-carbon concrete has been used throughout, including one type with emissions 60 percent lower than the Norwegian industry reference standard. Overall, the target is a 65 percent reduction in carbon emissions compared with the reference standard.

On the energy side, the complex has been designed both to generate electricity and to be as energy-efficient as possible. It uses heat pumps and energy sources including thermal wells, which extract natural thermal energy from the ground, and both solar and solar-hybrid panels. As well as generating electricity, solar-hybrid panels also warm water for use in the heating system.

The cool climate in Trondheim actually improves the utilization of solar energy, with lower temperatures increasing thermal efficiency. Most of the year, the solar panels generate electricity, with the surplus sold back to the grid. The complex is forecast to generate an excess of 5-6 kWh per square meter over a year, improving predictability in energy costs.

Optimizing every part of the system

In winter, heat is fed from the thermal wells to the heat pumps. LowEx, an innovative system stemming from Skanska-led research, provides a high-efficiency thermal energy supply. It does this by optimizing every part of the system, from the thermal wells to underfloor heating, to provide the necessary warmth using water at as low a temperature as possible. Wood flooring with lower-than-normal thermal resistance is glued to the concrete below, to allow heat to radiate more easily.

Other features encourage energy saving: an app shows residents how much they are using, while a switch near the front door turns off all lighting and sets the ventilation to minimum. A monitor at the entrance to each building also displays production and consumption levels.

Why has it taken so long to develop Powerhouse homes, when the offices have been a success for years? Because it is harder to predict how people use energy at home: how often they open the fridge, what temperature they want in the shower, whether they turn off the lights. By encouraging better use of energy, and with their energy-efficient design and features, these new Powerhouse homes set a new standard in residential development, and are guiding the way to net-zero living.

Group overview
Operations
Business streams
Construction
Residential Development
Commercial Property Development
Investment Properties
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information

Commercial Property Development

We shape sustainable and energy-efficient places that create a positive impact for people and society, where people can live, work and connect.

Skanska HQ Stockholm Sweden

Group overview

Operations

Business streams

Construction

Residential Development

Commercial Property Development

Investment Properties

Sustainability report

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

Commercial Property Development

In 2023, fewer properties were divested compared to previous years following weak markets. Leasing strengthened, which is important to prepare properties for divestment once the market activity comes back.

Performance 2023

Divestments worth SEK 4.5 billion (13.6) were made in 2023, of which SEK 1.5 billion were to our own Investment Properties business stream. Revenue amounted to SEK 5,331 M (14,276). Operating income amounted to SEK -1,365 M (3,023), including gains from property divestments totaling SEK 1,014 M (3,839). Operating income includes property asset impairments of SEK -1.7 billion due to weaker property markets. During the year, new leases were signed for 213,000 square meters (146,000), strengthened by improved activity in Central Europe.

By the end of the year, we had 23 ongoing projects with a leasable area of 499,000 square meters, of which 17 were commercial office properties and six were residential rental. In 2023, we started five projects. The portfolio of completed projects includes 22 properties with a total leasable area of 406,000 square meters. The portfolio was 74 percent leased.

Market outlook 2024

The real estate investor market has been hesitant. Activity is expected to remain lower than historic averages as the market adapts to a higher interest rate environment. During 2023, leasing market activity has increased in Central Europe, where a gap in supply for new-built offices in attractive locations has started to emerge. The Nordic market is stable while the US continues to observe a lower return-to-office rate. Flight to quality is a clear trend supporting demand for new-built offices. Tenants are focusing on flexible, sustainable premises with attractive amenities and in good locations that help attract and retain employees.

Commercial direction

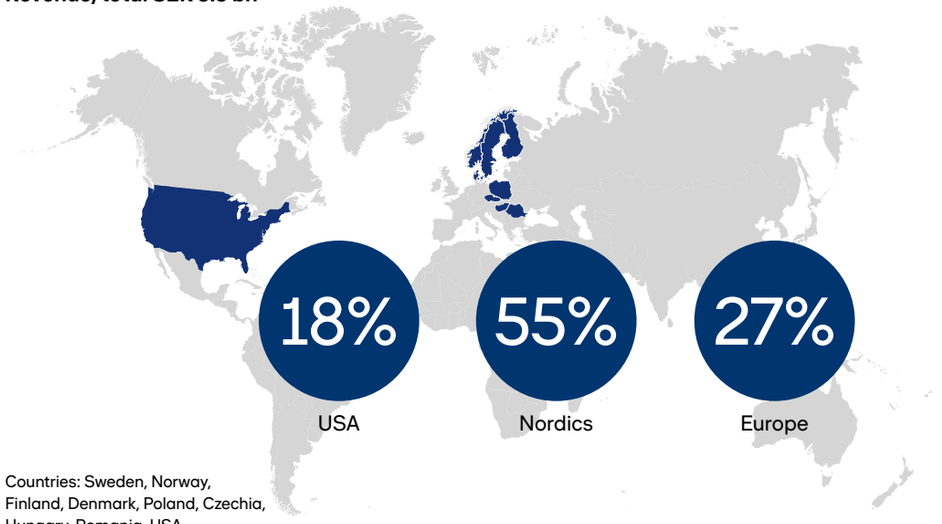
- Focus on leasing
- Capital efficiency and active divestment strategy
- Selective project starts
- Develop future pipeline
- Increased diversification of asset types
- Strong customer offering including sustainability and innovation
- Capture synergies with Investment Properties

Key data[1]

SEK M (unless otherwise stated)	2023	2022	2021	2020	2019
Revenue	5,331	14,276	12,128	14,983	17,850
Operating income	-1,365	3,023	3,378	3,897	3,287
of which, gains from divestments of properties[2]	1,014	3,839	4,079	4,750	4,275
2 Additional gains included in Eliminations were	108	112	239	359	240
Investments	-10,668	-12,294	-8,536	-9,777	-12,946
Divestments	7,999	14,389	10,704	16,988	13,713
Operating cash flow from business operations[3]	-3,705	1,267	1,688	5,281	1,063
Capital employed, SEK bn	40.8	38.5	34.1	30.9	34.5
Return on capital employed, %[4]	-2.6	8.7	10.8	11.9	10.5
Number of employees	428	437	449	445	427

1 Starting 2023, all residential rental projects are reported in the Commercial Property Development stream. Comparable figures for 2021–2022 have been restated to reflect this reallocation.
3 Before taxes, financial activities and dividends.
4 A definition is provided in Note 43.

Revenue, total SEK 5.3 bn



Countries: Sweden, Norway, Finland, Denmark, Poland, Czechia, Hungary, Romania, USA

Group overview

Operations

Business streams

Construction

Residential Development

Commercial Property Development

Investment Properties

Sustainability report

Corporate governance

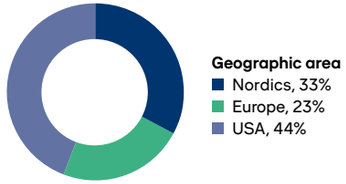
Remuneration report

Risk and opportunity management

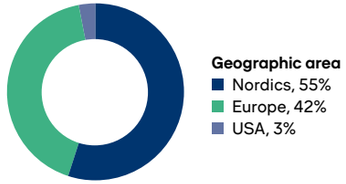
Financial information

Commercial Property Development

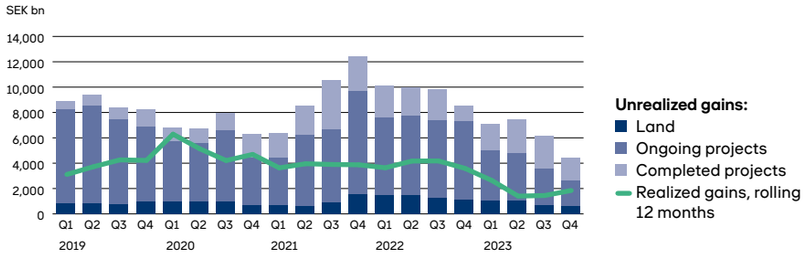
Capital employed, total SEK 41 bn



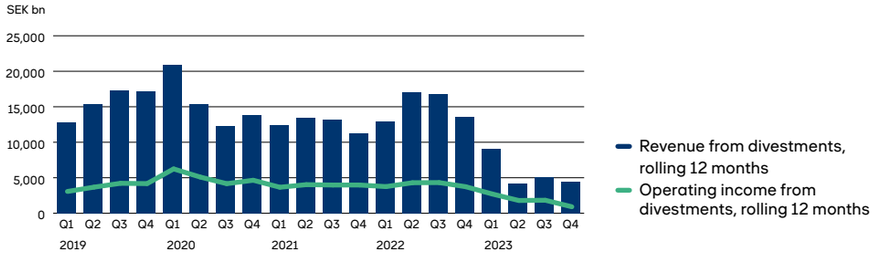
Leasing, total 213,000 sq m



Unrealized and realized gains



Revenue and earnings from property divestments



Value creation in Commercial Property Development

Commercial Property Development initiates, develops, leases and divests commercial and residential rental properties built by our Construction business stream. We focus on sustainable, modern premises where people can work and connect.

Our capacity to invest in new land is key. Our local footprint allows us to identify areas with strong development potential. We develop dynamic neighborhoods by investing in and developing mixed areas with both workspaces and high-quality residential properties.

Our portfolio consist of offices, residental rentals, logistics and life-science. We are gradually increasing the diversification of our portfolio by increasing the share of residential rental properties in the USA and Denmark and life-science properties in the USA.

Products and services:
- Offices
- Residential rental
- Life science in the USA
- Logistics and other commercial warehouses in Sweden

Market drivers:
- Economic growth
- Urbanization
- Increased demand for attractive workplaces in core locations
- Sustainability

Industry/market trends:
- Flight to quality – increased interest in modern, sustainable and flexible premises with a focus on wellness and amenities
- Continued polarization between highly attractive offices and less modern stock, both on leasing and investor markets
- Tenants demand increased flexibility in product and leasing terms

Market characteristics/competition:
Nordics: All Nordic markets are mature. Competition is mostly local

Central Europe: Mainly local competition, targeting capitals and Poland's largest regional cities

USA: Mature markets, both local and national competition.

Group overview

Operations

Business streams

Construction

Residential Development

Commercial Property Development

Investment Properties

Sustainability report

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

IN FOCUS H2Offices, Budapest, Hungary

Business hub more than an office

Modern offices need to be more than just a place to work. They need to be attractive meeting places that consider both the well-being of occupants and the impact they have on the environment. In Hungary, our H2Offices development has found commercial success by doing just that.

When we acquired the site for a major office development in Budapest, we became only the second owners of the land in recorded history. The location in the popular Váci Corridor had been owned by the Budapest Water Authority since the 1700s, first as a workshop and a pumping station and then later as its headquarters.

It seemed only fitting then that our new development – which will feature 5,000 square meters of gardens with ponds and water features – should have a name referencing water. The name H2Offices was chosen.

Phase 1 divested

The H2Offices complex is being delivered across three phases and will provide 67,000 square meters of space over three buildings. Construction on Phase 1 of the project was commenced in 2020 and the building opened for tenants in February 2023. It provides nearly 26,000 square meters (280,000 square feet) of space over eight above-ground floors and three underground parking levels.

In September 2023, we divested Phase 1 to ERSTE Open-Ended Real Estate Investment Fund for SEK 1.2 billion, exceeding market expectations. Just after divestment, the building boasted an occupancy rate of 81 percent.

Both Phase 1 and the overall development are remarkable for their emphasis on the tenant experience, environmental credentials and high-quality materials and execution.

A sophisticated energy management system helps minimize energy and heat consumption. Fresh air is supplied on demand and regulated by CO_2 sensors that ensure air is pumped only where it's needed. A similar approach minimizes the unnecessary use of lighting.

We put a lot of thought into the experience of tenants not just while at work, but while commuting to the office and taking breaks. The building has a double-height Scandinavian-inspired lobby and is located just a few steps away from the subway station. Facilities such as bike storage, lockers and showers encourage sustainable commuting, and chargers are available for electric cars and e-bikes.

The rooftop terrace provides a running track surrounded by greenery and with breathtaking views across Budapest.

Aligned with EU taxonomy

Phase 1 is aligned with the EU taxonomy, and received LEED Platinum Core and Shell v4 certification, with the highest score yet in Hungary. It is aiming for WELL Core & Shell v2 and WELL Health & Safety certifications. It also achieved Access4You Gold certification.

The project was awarded Green Building of the Year in Budapest's property development awards and also won Most Sustainable Building at the International Real Estate Federation FIABCI awards for 2023.

Group overview
Operations
Business streams
Construction
Residential Development
Commercial Property Development
Investment Properties
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information

Investment Properties

We are building up and actively managing a portfolio of high-quality Swedish office properties with high environmental standards in attractive locations.

Sthlm04 Stockholm Sweden

Download PDF for print

Group overview

Operations

Business streams

Construction

Residential Development

Commercial Property Development

Investment Properties

Sustainability report

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

Investment Properties

Investment Properties acquired two office properties with a value totaling SEK 1.6 billion during the year, Sthlm04 in Stockholm and Hyllie Terrass in Malmö. The properties are, on average, leased to 87 percent and have achieved LEED Platinum, the highest level of the LEED sustainability certification.

Performance 2023

Revenue amounted to SEK 186 M (40). Operating income amounted to SEK -62 M (140), impacted by changes in fair market values of SEK -190 M due to weaker property markets. Average valuation yield in the portfolio at year-end was 4.5 percent. At the end of the year, the portfolio held five high-quality office properties with a property value totaling SEK 5.1 billion. Net leasing was SEK 16 M. The economic occupancy rate in the portfolio remained high at 91 percent.

Market outlook 2024

For the Swedish office market, occupier demand remains polarized. We observe stronger demand for top-quality space in buildings with high sustainability standards compared to older stock. Tenants are prioritizing attractive locations, flexibility and move-in-ready offices. The leasing market remains competitive, but rents in Sweden's three largest cities are expected to remain mostly stable.

Commercial direction

- Continue to grow the portfolio, targeting a total value of SEK 12–18 billion
- Active asset management
- Future value generation
- Sustainability and innovation in focus
- Capture synergies with Commercial Property Development

Key data[1]

SEK M (unless otherwise stated)	2023	2022[1]
Revenue	186	40
Operating net	137	30
Operating income	-62	140
Investments	-1,575	-3,668
Divestments	0	0
Capital employed, average, SEK bn	5,076	3,733
Property value	5,141	3,758
Return on capital employed, %[2]	-1.6	13.6
Net leasing	16	0
Economic occupancy rate, %[2]	91	86
Surplus ratio, %[2]	74	75

1 Investment Properties business stream was launched in 2022.
2 A definition is provided in Note 43.

Properties	Leasable area, sq m	Annual rental value SEK M	Economic occupancy rate, %	Property value SEK M	Environmental certification, %
Malmö	38,543	134	92	2,095	100
Stockholm	42,962	187	91	3,046	100
Total	**81,505**	**321**	**91**	**5,141**	**100**

Read more about Investment Properties in Note 40.

Group overview

Operations

Business streams

Construction

Residential Development

Commercial Property Development

Investment Properties

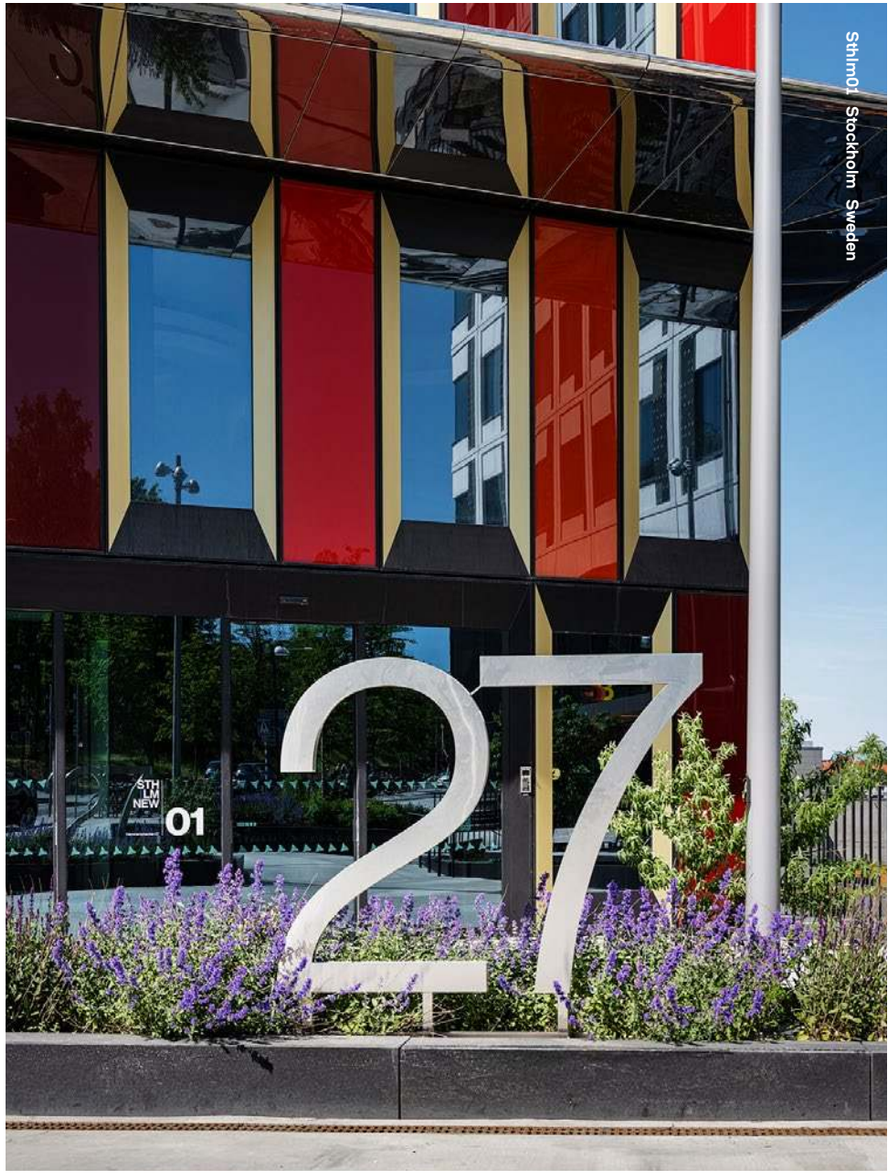
Sustainability report

Corporate governance

Remuneration report

Risk and opportunity management

Financial information



Sthlm01 Stockholm Sweden

Value creation in Investment Properties

We launched the Investment Properties business stream in 2022 with the aim of providing stable cash flows and creating value through long-term asset management of Skanska-developed office properties.

Some of the properties developed by Commercial Property Development will be divested to Investment Properties. Internal transfer is determined on a property by property basis when the project is ready for divestment from Commercial Property Development. Internal transfer requires that the property fulfills a set number of criteria. Investment Properties will seek to acquire multi-tenant office projects that are at least 80 percent leased, in attractive locations and with the highest levels of sustainability certification. Our aim is to establish and own a portfolio of quality assets in prime locations in Stockholm, Gothenburg and Malmö, creating an additional source of stable cash flow from rental income and value increase over time. Managing a top-quality portfolio allows us to test innovations that will strengthen our competitiveness as a Group.

With Investment Properties, the Group plays a more active role in the whole value chain, and will be a long-term partner for local municipalities through our solid commitment to the areas we build. This is important in our dialogs with key stakeholders, such as municipalities and other public entities, as we explore new areas of land and prospects for project development.

As a real estate investor, we broaden our business scope, improving our customer offering and attractiveness as a brand.

Market drivers:
- Economic growth
- Urbanization
- Increased demand for attractive workplaces in core locations
- Sustainability

Industry/market trends:
- Increased interest in modern, sustainable and flexible premises with an increased focus on wellness and amenities
- Continued polarization between highly attractive offices and less modern stock, both on leasing and investor markets
- Tenants demand increased flexibility in product and leasing terms

Market characteristics/competition:
Competition is mostly local.

Group overview

Operations

Business streams

Construction

Residential Development

Commercial Property Development

Investment Properties

Sustainability report

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

IN FOCUS Hyllie Terrass, Malmö, Sweden

Combining forces to cut climate impact

To deliver our industry-leading office building Hyllie Terrass in Sweden, we sought out individuals and businesses who shared our vision for creating more sustainable and livable commercial spaces.

How do you create one of the most sustainable office buildings in Sweden? For the Skanska team behind the Hyllie Terrass development in Malmö, a key part of the process was analyzing the materials needed for construction – and pinpointing the contributors to embodied carbon. They then sourced cost-effective, low-carbon alternatives.

The approach has paid off. The EU taxonomy-aligned development is aiming for LEED Platinum certification and has received pre-certification – and is aiming for full certification – under the Sweden Green Building Council's pioneering NollCO2 scheme. NollCO2 certification requires that the climate impact of a building's entire life cycle be accounted for and balanced with production of renewable energy over the building's lifetime.

Opened in 2023, Hyllie Terrass features 14,000 square meters (150,000 square feet) of leasable space over 12 floors. The upper levels gradually step back to create a series of attractive green terraces facing south, where tenants can relax and enjoy the view.

A standout feature of the building is the way it manages heavy rainfall. Rather than going directly to the local wastewater system, rainwater is channeled down from one terrace to the next in a series of hidden waterfalls. On the way down, it passes through biochar and vegetation, which cleanses it, before finally entering the waste system on the lowest terrace. This reduces peak flows to the wastewater system, removes impurities and provides an attractive feature for tenants and biodiversity.

Collaboration at every level

By the end of 2023, the development was 85-percent leased, with tenants including the local Skanska office.

Collaboration played a critical role in Hyllie Terrass achieving its aims. To improve energy efficiency, a key to lowering climate impact, our team worked with energy company E.ON to source 100-percent renewable energy for the building. This is supplemented by rooftop solar panels and a storage battery.

The overall design for the building was provided by Danish architecture firm Cobe, which shares our vision for developing spaces that improve lives and reduce climate impact.

After scoping out many concrete-sourcing options, we worked closely with concrete provider UPB to help them fabricate low-carbon precast concrete façade elements for the project. The foundations were created using Skanska-produced low-carbon concrete. And by replacing a high-carbon coloring agent with micro silica, we were able to significantly reduce embodied carbon in the façade.

Total carbon savings were around 3,000 metric tons, compared with the design before the many emissions-reduction measures.

We also collaborated with Swedish furniture firm Swedese and interior designer Louise Hederström to make use of on-site waste materials to produce furniture and fittings for the lobby. Waste from Swedese's furniture manufacturing business was combined with elements such as discarded protective wooden coverings and beams to create items including sofas, tables and a reception desk.

In November, Hyllie Terrass was aquired by Skanska Investment Properties, the fifth property in our growing portfolio of high-quality office properties in Sweden.

Group overview
Operations
Sustainability report
Highlights 2023
Climate
Resilience
Responsibility
Sustainability information
GRI index
Corporate governance
Remuneration report
Risk and opportunity management
Financial information

Sustainability report

H2Offices Budapest Hungary

Download PDF for print

Group overview
Operations
Sustainability report
Highlights 2023
Climate
Resilience
Responsibility
Sustainability information
GRI index
Corporate governance
Remuneration report
Risk and opportunity management
Financial information

Sustainability highlights

-60%

Reduction of carbon emissions from our own operations (scope 1 and 2) since 2015.

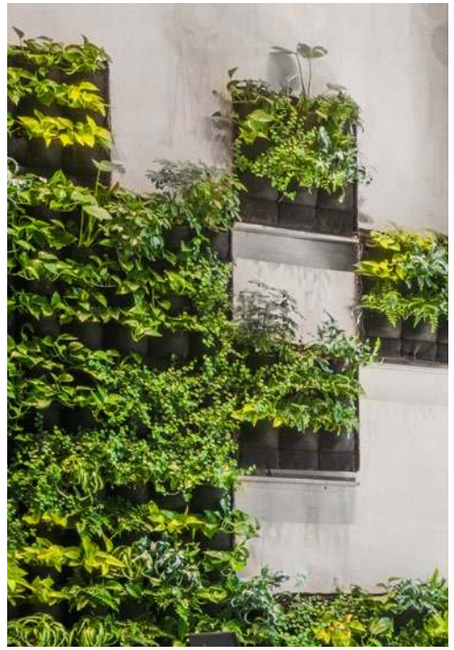
Our climate target is approved as a science-based target on the 1.5°C trajectory.

New green bond framework

We launched a new green bond framework and issued green bonds of SEK 4.6 billion to finance the development of sustainable commercial real estate projects and other investments for climate transition.

Climate targets in incentive program

Starting 2023, a carbon emission reduction target is included in our long-term incentive program, Skanska Employee Ownership Program (Seop 6). For the top 400 leaders, up to 15 percent of performance shares in the Seop 6 program is linked to our climate target and a 7 percent annual carbon emission reduction in scope 1 and 2.



Skanska recognized as a climate leader

We are listed on the FTSE4Good Sustainability Index and recognized by Financial Times as a "Climate Leader in Europe" for the second consecutive year in a row.

We are also recognised in CDP A-list for our leadership in transparent climate reporting.

31%

Share of total revenue from road, rail and water infrastructure projects.

10%

Share of total revenue from renovation of existing buildings.

7,600

Executive Safety Site Visits (ESSVs) performed by senior managers.

25%

Women in senior positions, the four most senior levels below the President and CEO.

Increasing the number of women in leadership positions and throughout our company is a long-term commitment.

Group overview
Operations
Sustainability report
Highlights 2023
Climate
Resilience
Responsibility
Sustainability information
GRI index
Corporate governance
Remuneration report
Risk and opportunity management
Financial information

Our sustainable impact areas

Together with our partners, we are building for a better society, creating innovative and sustainable solutions that support living beyond our lifetime. Sustainability is an enabler for our business strategy, a key component for success for us and our customers. Our sustainability strategy focuses on the areas of Responsibility, Climate and Resilience, where we know we can have the greatest impact.

Addressing climate change involves scaling innovative solutions in areas such as energy, increased efficiency and materials. We apply climate-based scenario analysis to identify and address climate-related risks and opportunities. Scenario analysis also serves as a cornerstone of our approach to innovation by helping to identify needs and business opportunities. The analysis shows several areas to mitigate climate change where we have a potential for business:

- Clean energy and efficiency
- Public transport infrastructure
- Retrofitting and decarbonized buildings
- Decarbonized materials
- Resilient solutions

Creating transformative and innovative climate solutions within these areas drives our business forward by enabling our customers to succeed in fulfilling their sustainability goals.

Responsibility
A responsible business for people and planet

Health and safety
Fair and ethical
Sustainable supply chain
Environment
Diversity

Climate
Transformative solutions for a low-carbon built environment

Insights for action
Net-zero innovations
Low-carbon construction

Resilience
Healthy, resilient places for all

Healthy and climate-resilient urban spaces
Long-term community needs
Partnering

A responsible business for people and planet
As a responsible business, we have a comprehensive approach to health and safety that protects lives and well-being. We are committed to acting fairly and ethically, exercising integrity in all decisions, and being a trusted business partner. We operate with care for local environments and communities, and work for a sustainable supply chain. And we achieve our full potential by embracing diversity and creating inclusive environments.

We are also guided by the UN Sustainable Development Goals and Global Compact principles. We continuously follow up and drive improvements, and disclose our sustainability performance.

Transformative climate solutions
As we create and implement transformative climate solutions, we drive our business forward and empower our customers to succeed in meeting their sustainability goals. We do this using solutions that are low in carbon, circular, smart and sustainable. Achieving this involves knowledge, insights and learning. We partner to share knowledge and to develop and innovate transformative solutions.

Our goal is to transition to low-carbon construction across our projects and ultimately meet our target of net-zero carbon emissions by 2045. Scaling these solutions will be critical for an industry transformation that will lead to net-zero living.

Healthy resilient places for all
Many of today's buildings and spaces were not designed for the challenges faced by modern society, such as extreme weather, air pollution, water scarcity and energy efficiency requirements. They also may not be designed for changes in social patterns, such as rising urban population density and changing working and living habits.

We shape healthy, inclusive and resilient places by forming partnerships with communities to cultivate social value and address long-term needs. Through collaboration, we use our international and local presence by transferring knowledge and foresight, to create real advantages for our business, customers and society.

Group overview
Operations
Sustainability report
Highlights 2023
Climate
Resilience
Responsibility
Sustainability information
GRI index
Corporate governance
Remuneration report
Risk and opportunity management
Financial information

Focus on most material topics

To ensure that we focus our sustainability efforts where they are most relevant, we regularly conduct materiality assessments as well as continuous dialog with stakeholders across our value chain.

The most material topics have been identified by experts from outside and within the company, including our Group Leadership Team. The topics have been grouped to align with our sustainable impact areas. The assessment has followed the process outlined by GRI Standards 2021 by examining severity of the impact considering scale, scope and remediability.

The assessment has also included potential for positive impacts. By developing new solutions and sharing knowledge about design and construction, we can contribute to new solutions for reduced emissions as well as improved safety and well-being.

Our risk assessment on pages 99–105 and disclosure according to the Task force on Climate-related Financial Disclosures (TCFD) on pages 76–77 assess sustainability-related risks and their financial impact for the organization.

Our material topics

Responsibility

Occupational health and safety

Anti-corruption and ethical business

Human rights in the supply chain

Diversity, equality and inclusion

Climate

Climate change: carbon emissions

Energy

Circularity, including materials, resources and waste

Resilience

Resilience

Water

Biodiversity and ecosystems

Public health and safety

Sustainability in our business streams

Construction
We see opportunities for helping our customers with low-carbon solutions and energy efficient buildings across our markets.

Residential Development
Attractive homes with an increased emphasis on providing energy-efficient, high-quality homes.

Commercial Property Development
Implementing innovative solutions throughout the building life cycle, such as the development of highly energy efficient buildings using digital solutions to control energy usage and indoor climate. We continue to shape places in attractive locations.

Investment Properties
Our ambition is to build and actively manage a property portfolio of high-quality assets, with high environmental performance. These properties serve as a test bed for new solutions.

Group overview

Operations

Sustainability report

Highlights 2023

Climate

Resilience

Responsibility

Sustainability information

GRI index

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

Our global commitments

We have been a signatory to the United Nations Global Compact since 2001 and continue to support its 10 principles, relating to human rights, labor, the environment and anti-corruption. This sustainability report is the basis for our Communication on Progress (COP) for 2023.

We actively support the United Nations Sustainable Development Goals (SDGs). We have listed subtargets for seven relevant SDGs that our business contributes to. Goal 11: Sustainable cities and communities is where we can have the most impact. Our performance related to the Sustainable Development Goals is referenced in the GRI and SASB Index on pages 215–218.

We support the rights of all people as described in the Universal Declaration of Human Rights adopted by the United Nations and in the conventions of the International Labor Organization. We also follow the guiding policies of Transparency International and apply the precautionary principle. We are in the process of developing our supply chain due-diligence processes in line with the OECD Due Diligence Guidance for Responsible Business Conduct.

Our identified subtopics

5.1 End discrimination against women and girls
5.5 Ensure full participation in leadership and decision-making

8.4 Improve resource efficiency in consumption and production
8.7 End modern slavery, trafficking and child labor
8.8 Protect labor rights and promote safe working environments

9.1 Develop sustainable, resilient and inclusive infrastructures
9.4 Upgrade all industries and infrastructures for sustainability

11.1 Safe and affordable housing
11.2 Affordable and sustainable transport systems
11.3 Inclusive and sustainable urbanization
11.6 Reduce the environmental impact of cities
11.7 Provide safe and inclusive green and public spaces

12.2 Sustainable management and use of natural resources
12.4 Responsible management of chemicals and waste
12.5 Substantially reduce waste generation

13.1 Strengthen resilience and adaptive capacity to climate-related disasters

16.5 Substantially reduce corruption and bribery

We cooperate across industries in international organizations to influence policy and practice for the transition to a net-zero future.

As a member of the Expert Advisory Group within the **Science Based Targets** initiative, we support the SBTi in developing a pathway to net-zero for buildings. We have influence through our expertise on the industry as well as the knowledge gained in the process of developing our own approved science-based target.

Within the **World Business Council for Sustainable Development** (WBCSD), we are part of the Built Environment Pathway Board. The aim is to contribute to decarbonization of the built environment, by producing policy, carbon accounting standards and industry guidance reports. In 2023 the publication *Net Zero Operational Carbon Buildings: State of the Art* included cutting-edge Skanska projects such as Hyllie Terrass and Powerhouse Brattørkaia.

With the **World Green Building Council**, we contribute to policy and industry standard development, including the value chain perspective.

We are part of the Leadership Group for Industry Transition (**LeadIT**) to net-zero emissions together with leading corporations and the governments of Sweden, the USA, the UK, Finland, Germany and India. It is an arena for public-private collaboration on innovation and new technologies necessary for a successful industry transition.

We are part of the United Nations-led **Exponential Roadmap Initiative** with a wide range of corporations leading the way in line with the Paris Agreement's 1.5°C target.

CEO Alliance

To contribute to the climate transition through innovation and business ingenuity, our Group President and CEO Anders Danielsson joined the **CEO Alliance** for Europe's Recovery, Reform and Resilience in 2022. It is a cross-sector "action tank" that gathers leading European companies to partner on innovative climate solutions.

We work actively and contribute to **ICC** guidelines within sustainability such as anti-corruption, circularity and responsible marketing.

We co-founded **Building Transparency** which provides the Embodied Carbon in Construction calculator (EC3) to the US market.

Group overview
Operations
Sustainability report
Highlights 2023
Climate
Resilience
Responsibility
Sustainability information
GRI index
Corporate governance
Remuneration report
Risk and opportunity management
Financial information

IN FOCUS Norton Folgate, London, UK

Innovating to retain a slice of London's rich history

The Norton Folgate project near London's Liverpool Street transport hub challenged our team on multiple fronts: large sections of historic buildings had to be preserved and redeveloped alongside the construction of new buildings targeting the highest sustainability credentials.

"From a construction perspective, the project has everything," says James Crosby, Senior Design Manager at Skanska. "It is a collection of six or arguably twelve different buildings that are stitched together to create a homogeneous campus feel, while using interesting techniques and materials, particularly the prefabricated parts of the façade as well as framing."

When finished, the development will provide 32,500 square meters (350,000 square feet) of commercial, retail and public space in a unique mixture of new and old buildings, some dating back to the late 1800s.

Logistics had to be planned carefully on a tight site in one of the busiest parts of the UK capital. The team used innovative methods and materials to maximize the space inside the buildings, speed up delivery and minimize disruption, all while improving health and safety relative to more traditional methods of construction.

Prefabrication cuts time and risk

The team used seven different Modern Methods of Construction (MMC, a collective name for modular off-site and on-site manufacturing of construction components) to achieve better results. By fabricating brick-faced precast concrete cladding panels in a factory environment, they could cut installation time by 50 percent, shaving 12 weeks off the build schedule.

The installation of the panels also required 75 percent less labor when compared to traditional hand-laid brickwork, equivalent to 40,000 working hours. Meanwhile, work at height was reduced from 50 meters (164 feet) on site to a maximum of 3 meters (just under 10 feet) in factory conditions.

Another method included using ultra-high-performance fiber-reinforced concrete instead of traditional concrete, which meant the cladding panels were thinner, increasing the internal floor space by 40 square meters.

Preserving parts of the old structures presented some of the biggest challenges. The old chimneys of the washhouse on Norton Folgate were propped on temporary supports while the structure below was demolished, before the permanent structure was carefully constructed underneath.

"A lot of time and work went into keeping these chimneys in place, but the result is just phenomenal," James says. "As a principle we always want to keep as much as possible, to avoid carbon emissions from new materials, and improve existing elements to perform to modern standards. The alternative is wholesale demolition and rebuild, which wouldn't be the best option for the environment, and we'd lose so much of our rich culture."

As many as 600 people might be working on the site at any given moment, with as many again working off-site. We and the developer British Land together introduced a project charter to maximize the development's positive impact on the community as well as lifting workforce morale. It included awards for team members who went "above and beyond" and carrying out community work with local charities, schools and businesses. The charter also included objectives to boost the team's mental health and the project's inclusivity.

"With such a complicated project, our communication had to be perfect, and really the success of that was driven by the customer – it became a project mantra to approach the tricky conversations openly and honestly before agreeing how to work together," James concludes. "The process aligned perfectly with our values, and the completed buildings will be a testament to what successful partnerships can achieve."

Group overview
Operations
Sustainability report
Highlights 2023
Climate
Resilience
Responsibility
Sustainability information
GRI index
Corporate governance
Remuneration report
Risk and opportunity management
Financial information

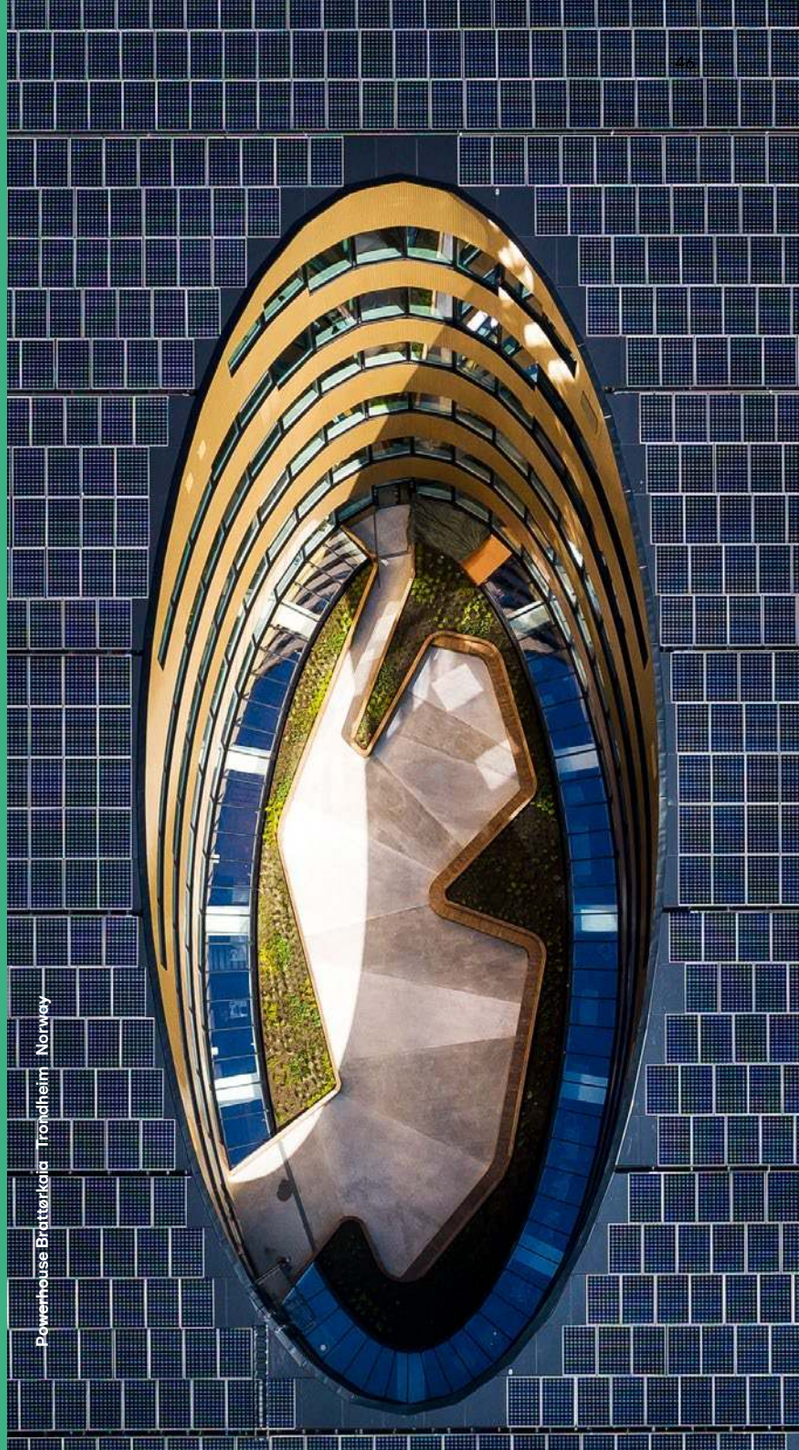
Climate

Transformative solutions for a low-carbon built environment

By creating and implementing transformative climate solutions, we drive our business forward and enable our customers to fulfill their sustainability goals. These solutions need to be low in carbon, circular and sustainable.

Success will require knowledge, insight and learning. We work with partners to share knowledge and to develop and innovate solutions for the built environment.

Our goal is to transition to low-carbon construction across our projects and achieve net-zero carbon emissions by 2045. As we move forward, scaling these solutions will be critical for an industry transformation that will lead to net-zero living.



Powerhouse Brattørkaia Trondheim Norway

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Group overview
Operations
Sustainability report
Highlights 2023
Climate
Resilience
Responsibility
Sustainability information
GRI index
Corporate governance
Remuneration report
Risk and opportunity management
Financial information

Charting a path to net-zero

We share insights and take part in cross-industry collaborations to develop solutions that reduce the climate impact of the built environment. By encouraging sustainable public procurement and financial models, transparency around climate emissions, as well as the use of digital tools, we drive actions to reduce carbon emissions.

Halve carbon emissions in a decade
The built environment accounts for about 40 percent of global energy-related carbon emissions according to the International Energy Agency (IEA).

We already see the consequences of climate change around the world, including in our markets. As a project development and construction company, we have the responsibility to reduce emissions from our operations and in the value chain. We aim to develop low-carbon, energy- and resource-efficient solutions for our customers, and use our expertise to build resilience into the built environment.

Our Group climate target is to achieve net-zero emissions by 2045 both in our own operations (scope 1 and 2) and across the value chain (scope 3). For our own operations (scope 1 and 2) the interim reduction target is 70 percent by 2030, from the base year of 2015. The interim climate target for our project development streams (Residential Development and Commercial Property Development) is to halve emissions in the value chain by 2030 from the base year 2020.

Transition requires investment
Transitioning towards a low-carbon economy requires investment and financial planning. This includes a need to develop and scale new solutions, and to acquire and enhance competence and investments in technology.

In 2023, we launched a new green bond framework and issued bonds with a total value of around SEK 4.6 billion. The successful issuance of Green Bonds was facilitated by our portfolio of highly sustainable buildings and many initiatives to reduce carbon emissions across the value chain.

The net proceeds from the green bonds are used to finance or refinance capital expenditure investments that help transition to low-carbon, climate resilient and sustainable communities.

Investments in product development and innovations such as low-carbon concrete and recycled asphalt help our customers deliver on their climate goals.

The Green Bond framework was also updated to include criteria from the European Union's taxonomy for sustainable activities and broadened in scope to include a wider range of activities contributing towards our journey to net-zero. The framework is third-party verified by S&P Global Ratings and achieved a rating of Medium Green.

Meanwhile, the EU taxonomy for sustainable activities and associated regulations provides an incentive to direct investment towards aligning with its criteria. We are working across Skanska to integrate the taxonomy's critiera into the early stages such as planning and design stages of our own project development, thereby increasing alignment and meeting emerging stakeholder expectations. Read more about our EU taxonomy reporting on pages 71–75.

Climate targets

Target 2045

Net-zero

carbon emissions in our own operations and value chain.

Target 2030
Skanska's own emissions

-70%

Reduction of our own carbon emissions (scope 1 and 2) compared with 2015.

Target 2030
Skanska's value chain emissions

-50%

Reduction of carbon emissions from our value chain (scope 3) in development streams compared with 2020.

The SBTi has approved our near-term science-based emission reduction targets.

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Group overview

Operations

Sustainability report

Highlights 2023

Climate

Resilience

Responsibility

Sustainability information

GRI index

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

Climate transition plan for net-zero 2045
In 2023 we further developed our climate transition plan, ACT. The climate plan has been updated to clarify the business potential and governance of our climate transition, while steering our path to net-zero by 2045. The climate transition plan ACT has three building blocks, which connect actions and performance at all business levels:

- **Awareness** of sustainable construction and development
- **Customer** solutions with low and zero carbon emissions
- **Transformation** to climate-efficient operations

Each business unit undertakes an annual review of climate related performance and establishes targeted activities for the coming years based on analysis of business potential and sustainable solutions.

Certification makes sustainability performance comparable
We continue to offer our customers certified projects using established certification schemes such as Living Building Challenge, LEED, BREEAM, BREEAM Infrastructure and WELL as well as national certifications such as NollCO$_2$, Miljöbyggnad, Nordic Swan Ecolabel, Envision and RTS.

Certified buildings

100%

Share of total divestment value, corresponding to SEK 3.5 billion, of divested offices in the Commercial Property Development business stream, certified with LEED Platinum or Gold, or BREEAM Excellent, or WELL. Includes properties divested to Skanska Investment Properties.

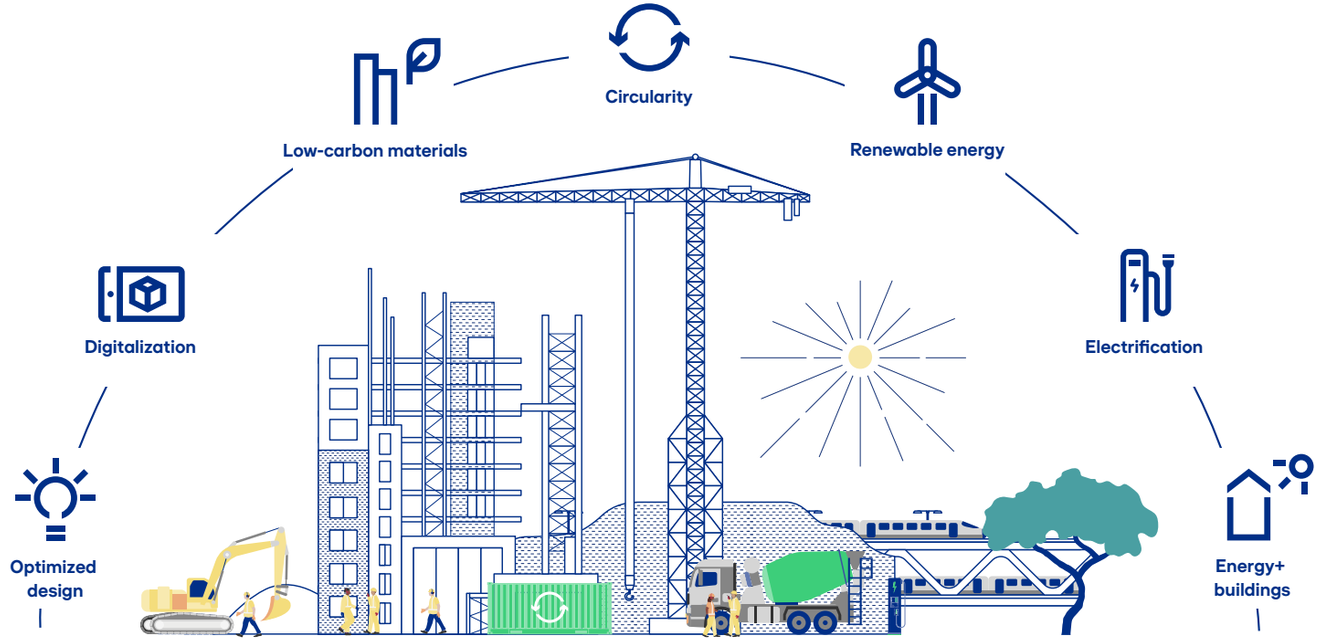
Skanska climate transition plan for net-zero 2045
ACT on climate

Awareness
- Market outlook and scenario analysis
- Knowledge and culture
- Communication and partnering
- Measure performance and targets
- Data-driven decision making

Customer
- Innovation and smart digital solutions
- Resilience
- Optimized design for energy and material efficiency
- Certifications

Transformation
- Refurbishment, circularity and low-carbon materials
- Resource and energy efficiency
- Digitalization, electrification and industrialization
- Logistics
- Renewable energy

Actions to reduce carbon emissions



Group overview

Operations

Sustainability report

Highlights 2023

Climate

Resilience

Responsibility

Sustainability information

GRI index

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

Measuring what matters

We have measured and reported carbon emissions since 2008. We report carbon emissions according to the GHG Protocol categories described in more detail on page 67. Performance is followed up quarterly by the Group Leadership Team and the Board of Directors (the Board).

We have reduced carbon emissions in our own operations, scope 1 and 2, by 60 percent compared to base year 2015, and 11 percent compared to 2022.

The use of fuels accounts for about 90 percent of our own emissions while emissions from heating, cooling and electricity account for 10 percent. Diesel, which currently accounts for approximately half of our own fuel-usage emissions, is used primarily for on-site machinery and electric generators. Key factors in our reduction of fuel-related emissions include efficiency improvements throughout our operations, increased electrification and increased use of biofuels. 93 percent of the electricity we consume comes from renewable sources; this portion has increased from 87 percent in 2022.

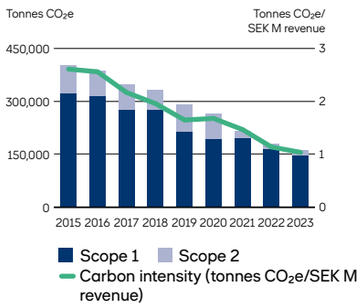
Our climate plans and targets have included actions to improve operational efficiency, leading to a reduction in energy intensity for fuels and electricity (energy use/SEK M revenue) of 33 percent between 2015 and 2023. In 2023 the energy intensity MWh/SEK M was 6.66 compared with 9.94 in 2015. Our carbon intensity (tonnes CO_2/revenue) for scope 1 and 2 continues to decrease and is now at 1.03 compared to 2.60 in 2015.

The majority of our carbon emissions stem from the value chain, calculated as scope 3. These carbon emissions originate from purchased materials and the energy needed in the operational phase of our buildings' lifetime.

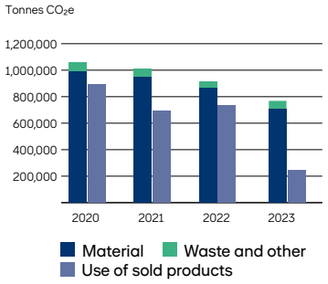
The main materials contributing to carbon emissions are concrete, cement, bitumen, asphalt and steel; these represent a large proportion of the carbon emissions from construction materials. Due to a weaker property market in 2023, there was a decrease in emissions from the categories materials and other.

In our own project development operations, where we design and develop properties, we calculate the energy used over an expected 50-year lifetime. This lifetime energy usage is accounted for at the time of divestment of the property which means that the annual total may fluctuate depending on the number of divestments in a given year. Low emissions from the use of sold products category is explained by fewer divestments within the Commercial Property Development stream during 2023, due to weaker property markets.

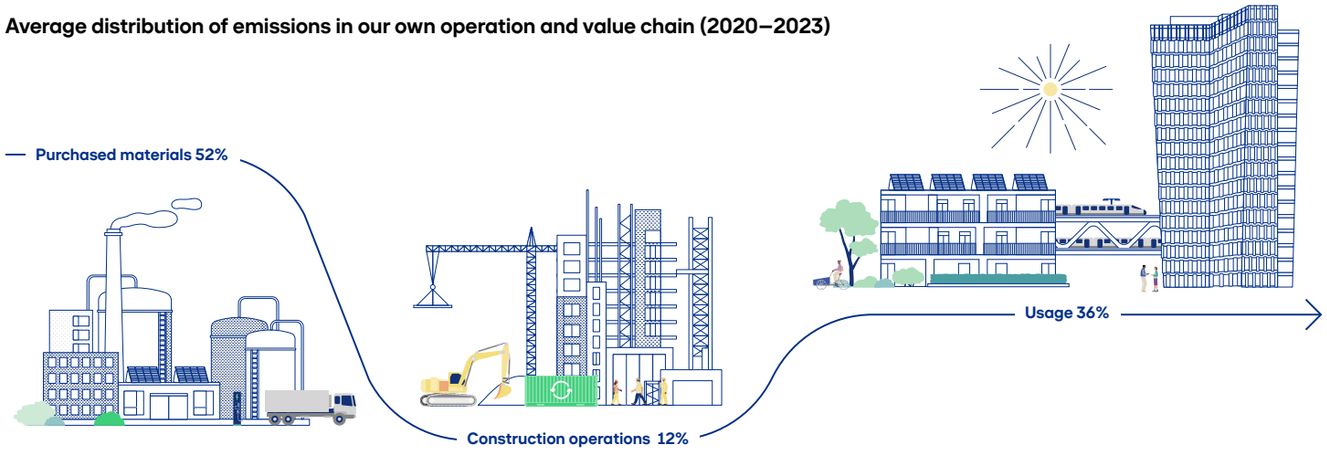
Carbon emissions in our own operations (scope 1 and 2)



Carbon emissions in our value chain (scope 3)



Average distribution of emissions in our own operation and value chain (2020–2023)



Group overview
Operations
Sustainability report
Highlights 2023
Climate
Resilience
Responsibility
Sustainability information
GRI index
Corporate governance
Remuneration report
Risk and opportunity management
Financial information

Partner to innovate net-zero solutions

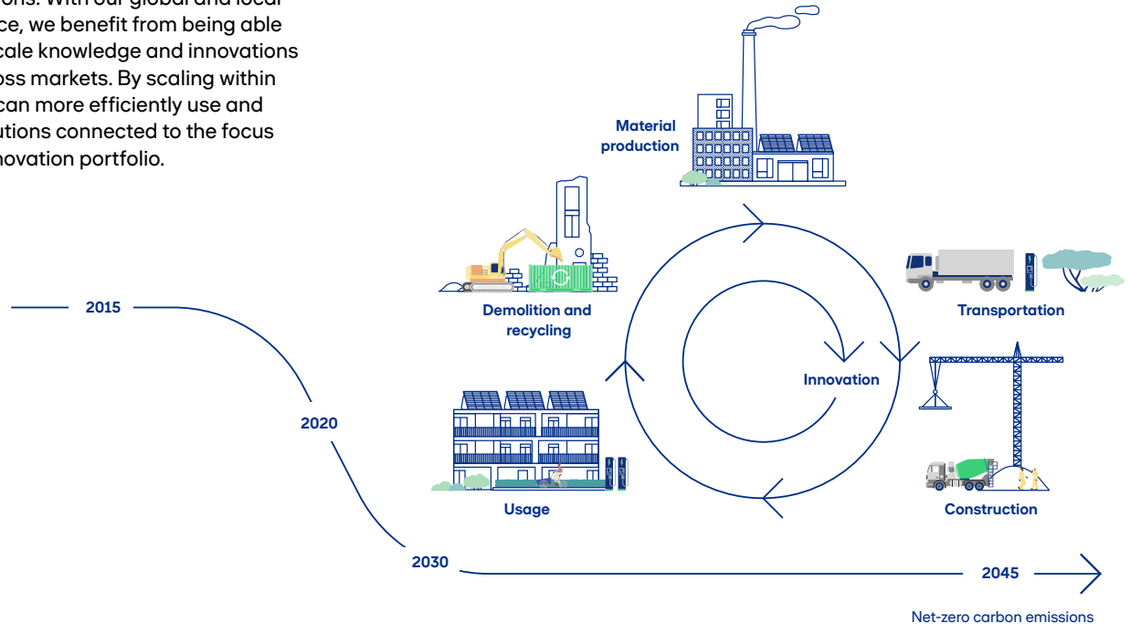
We bring our knowledge and expertise to the table in partnerships to create solutions that drive us, our customers and partners towards net-zero emissions. By innovating with partners, we continue to exceed standards set by regulators, pushing the industry forward and creating best-in-class examples.

Scaling up innovations
Our innovation portfolio is based on areas that are important for our customers, the market and for us to reach our financial and sustainability targets. Key drivers for innovation are operational efficiency, climate as well as digital solutions. With our global and local market presence, we benefit from being able to share and scale knowledge and innovations within and across markets. By scaling within the Group, we can more efficiently use and implement solutions connected to the focus areas in the innovation portfolio.

In 2023 we have for example scaled innovations in decarbonized construction and digital solutions within and across markets. Recent trials of electric excavators in the USA followed on from successful use in the Nordics. Design principles for energy-positive buildings innovated in Norway are being used in other Nordic markets.

Together with partners, we develop and scale innovative solutions that enable a reduced climate impact from our operations and products. The Powerhouse concept in Norway with energy plus buildings, developed together with partners, has successfully been scaled to multiple buildings such as new and refurbished offices, schools as well as homes.

In the USA Skanska co-founded Building Transparency which makes the Embodied Carbon in Construction Calculator (EC3) system available to the industry. EC3 has around 125,000 valid environmental product declarations (EPDs) from 1,800 companies in 67 countries used for open source climate calculations.



Innovation portfolio examples

Decarbonized construction

- Low-carbon concrete production
- Mass timber in multi-story structures
- Fossil-free construction sites
- Energy-positive buildings and energy storage

Digitalization

- Digital twins
- Data-driven construction sites
- Robots and automation
- Smart building platform

Group overview
Operations
Sustainability report
Highlights 2023
Climate
Resilience
Responsibility
Sustainability information
GRI index
Corporate governance
Remuneration report
Risk and opportunity management
Financial information

Shifting to low-carbon construction

To succeed as a more sustainable industry, we need to rethink the way we build. Significantly cutting carbon in the construction industry can be accomplished by reexamining energy, processes and materials from a life-cycle perspective. At Skanska we take a holistic approach to designing and building with less emissions, incorporating resource efficiency, circularity, renewable energy, electrification and digitalization.

Carbon reduction in the construction stream
The actions we take to reduce carbon emissions differ based on the project type. In our construction stream, we increase efficiency for energy and materials, increase use of low-carbon materials and drive transition to electrification on-site, while sharing our experience and competence with our customers. When we are part of decision making in early contractor involvement construction contracts (ECI) it allows us to contribute with knowledge to improve design and construction of buildings and infrastructure projects. We also offer climate calculations and solutions to achieve sustainability certifications for our customers.

Digital solutions in our operations further reduce emissions such as optimized design, digital carbon-calculation tools, and planning tools for efficient transport systems. We help our customers deliver on their targets by investing in product development and innovations such as low-carbon concrete and recycled asphalt.

In our industrial solutions operations we are transitioning towards electrification and the use of renewable fuels, while constantly striving for greater efficiency. As a result 35 (30) percent of our quarry sites in Sweden have replaced diesel with electricity in the production line.

Focus on energy in development streams
Within residential and commercial development streams we focus on energy-efficiency and greater use of renewable energy to minimize use-phase emissions. We track primary energy demand for buildings we develop. This is an important metric for many of our stakeholders, including regulators, customers and financial markets. The Nearly Zero-Energy Buildings (NZEB) thresholds set out by the EU's Energy Performance of Buildings Directive provides a benchmark to assess the energy performance of our buildings.

The vast majority of the buildings we develop deliver an energy performance well below these thresholds. Several buildings achieve an energy performance more than 30 percent below their NZEB thresholds. Additionally, we strive to ensure that the energy performance and overall carbon footprint of our buildings are considered from early stages and aligned with our ambitious climate target. We carry out climate calculations of embodied carbon on all our own development projects.

Advancing circularity and refurbishment
Progressing circularity is a stepwise process that requires testing new ways of working. The goal is to retain the value of the circulating resources, products, parts and materials by creating a system that allow for renewability, long life, optimal reuse, refurbishment, remanufacturing, recycling and biodegradation. Together with the WBCSD Built Environment Pathway, we are contributing to the development of a protocol for circularity. We are also part of International Chamber of Commerce (ICC) circularity working group.

Using existing buildings and infrastructure longer optimizes resource use. Partial or complete renovation of buildings and infrastructure is increasingly being requested in our markets and 10 percent of our revenue already comes from building renovation projects. One example is in Norway where we have an expert team for renovation of office buildings, with a product portfolio that includes the renovation of the Norwegian parliament in Oslo.

Reuse of building materials requires solving the challenges of storage between construction projects. We participate in several external material reuse initiatives. In Skanska in Sweden we have established an internal knowledge sharing network examining circular materials, circular design, circular use and waste, and established an internal council to accelerate the circular transition in 2023.

Energy reduction in new office buildings

-27%

Annual expected energy reduction in divested office buildings developed by commercial development business units in the Nordics, Europe and the USA.

> Read more on page 78

Revenue from renovation

10%

of revenue for building projects comes from renovation.

Group overview

Operations

Sustainability report

Highlights 2023

Climate

Resilience

Responsibility

Sustainability information

GRI index

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

Recirculation of mass materials is an important factor in reducing transportation and saving quality material. Reuse of construction materials also reduces carbon emissions and helps us reach our climate targets. In Sweden we have several circulation terminals for sorting, crushing and testing stone and rock materials, supplying the local construction market with circular building materials. In the largest fossil-free project in the Nordic region, Stockholm's Slakthusområdet (the Meatpacking District), excavated stone masses are crushed and processed on-site to be reused within the project. In addition 10 percent of the on-site machines are electric and the remainder is run on HVO renewable fuel. Another example is in Oslo, Norway, where we have established a reuse center for stone masses to reduce transports and increase reuse in projects.

Concrete is associated with high levels of carbon emissions, mainly in the production of limestone cement. Industry actors are working together on different solutions to reduce emissions. One way to do this is to substitute and reduce the amount of limestone cement needed. This is complex due to building standards and the need for very high quality concrete products and load-bearing structures. To learn more quickly, share knowledge and scale solutions we have an internal expert forum with participants from several of our markets through our innovation network. The members share and scale knowledge on low-carbon concrete including cement-free concrete, biochar in concrete and the future cement-replacing binders in concrete. 16 (15) percent of our Swedish concrete production in 2023 was low-carbon concrete.

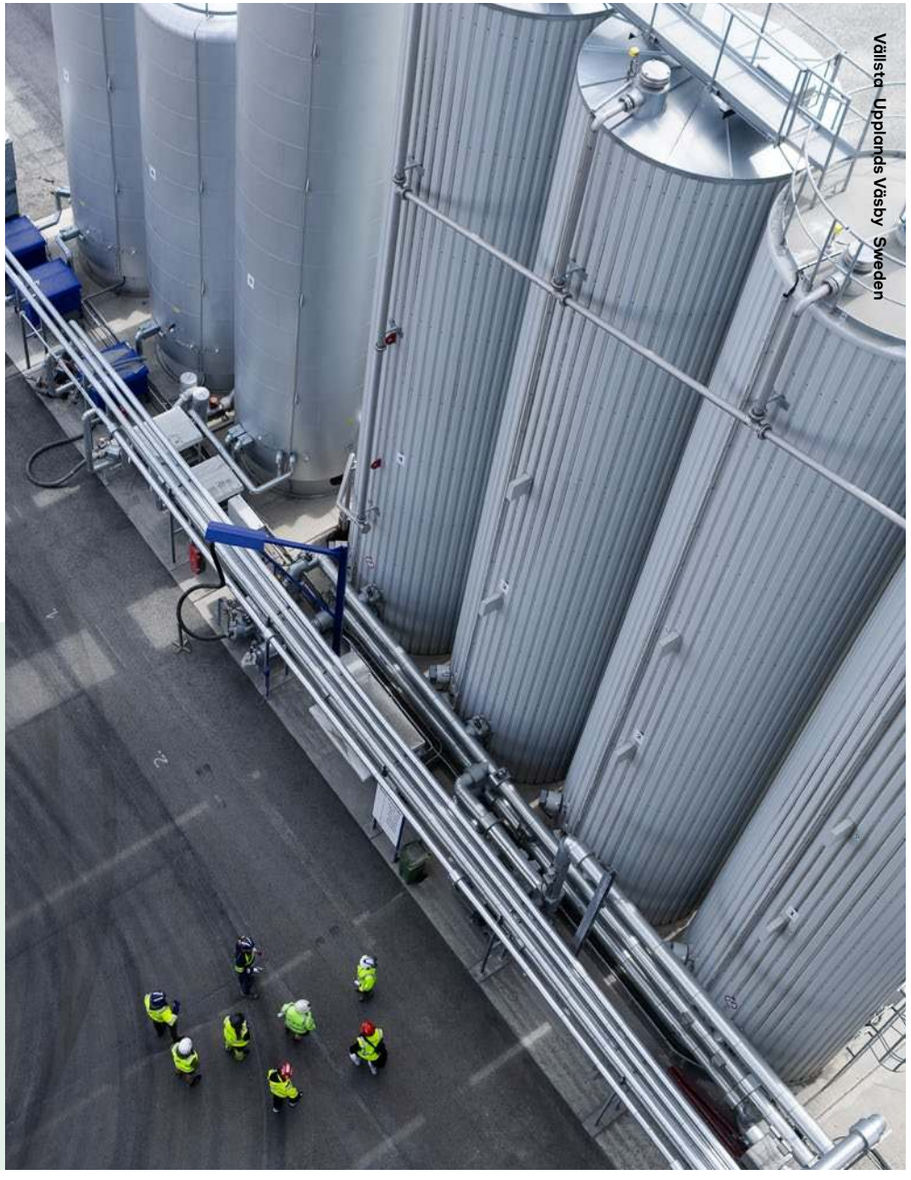
Waste management

We aim to reduce waste and improve efficiency with smarter design, planning, procurement and logistics. This often goes hand in hand with reduced costs. We have tracked self-generated waste to landfill since 2008. In 2023, 5.4 (6.8) percent of generated waste went to landfill, which is an improvement from last year but not meeting our target of less than 5 percent.

In 2023, 79 (72) percent of total waste was recycled, 3 (8) percent prepared for reuse and 12 (13) percent other waste treatments. Concrete, demolition waste, mixed construction waste and asphalt are the four largest waste types.

Recycling asphalt

During 2023, we began operating one of the most modern asphalt production plants in the world. Located in Vällsta, just outside Stockholm, it has been designed primarily for recycling and can produce 100 percent recycled asphalt. The Vällsta plant reduces carbon dioxide emissions per metric ton of asphalt by up to 50 percent compared with similar plants, thanks to more efficient energy use, nearly doubling the use of biofuels for heating the combustion chamber and increasing the proportion of recycled asphalt in production. In our asphalt production in Sweden, the average amount of reused asphalt in new asphalt mixes remained at a historic high in 2023, reaching 23 (23) percent.



Vällsta Upplands Väsby Sweden

Group overview

Operations

Sustainability report

Highlights 2023

Climate

Resilience

Responsibility

Sustainability information

GRI index

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

IN FOCUS Merkuria, Prague, Czechia

The complex path to circularity

We aim to recover nearly 14,000 metric tons of materials during the redevelopment of the 1971 'Merkuria' building in Prague. Pieces of the building have found their way to places that might have surprised its original designers.

We are redeveloping the 1971 Merkuria building in Prague into a 20,000 square meter premium office and retail complex, targeting the highest LEED, WELL, and WELL Health-Safety certifications.

As part of the pre-demolition process, we identified almost 14,000 metric tons of materials that could potentially be recovered from the existing building, 80 percent of which we hope can be reused or recycled.

To achieve our goal, much of Merkuria has been dismantled by hand. If you had toured the building during early 2023, you would have seen neat stacks of wood, PVC pipes and fluorescent light tubes. As you moved from one floor to another in what was then a partially deconstructed office building, you would have passed through a narrow corridor of gypsum sheets and mineral wool, each stacked above head height.

Finding new partnerships

The process raised challenging questions, from where to store materials on a compact site surrounded by infrastructure, to how to navigate complex waste-handling regulations and how some materials needed to be crushed before they could be recycled.

"The process presented many struggles, but also fantastic new opportunities, because we were really educating the market about new methods," says Martin Zemanek, Project Manager in our Commercial Development business unit in Czechia. "There were bumps in the road, but we have given new life to much of what we found."

Partnerships have been crucial. To create a pre-demolition audit, we worked with Cyrkl, an online marketplace where companies can sell or buy industrial waste or used materials. We then used its databases to find as many new partners as possible that might put our materials to good use.

Help for Ukraininan refugees

Pieces of Merkuria have found their way to places that might have surprised the original designers. Kitchen fixtures were given a new life in homes for refugees from the war in Ukraine. Doors were donated to the University Hospital in Prague. We found partners who turned fixtures and fittings into art and other products. And around 95 metric tons of glass were retained, with 60 percent turned into new windowpanes in partnership with Saint-Gobain.

The next phase will present new challenges as we seek to crush the concrete from the superstructure before reusing it in our concrete factory in Czechia. A small amount will be used to make new concrete, with most going to earthworks and landscaping on nearby projects. However, learning from the process will be as important as any materials saved, because those lessons can be applied to future projects, Martin says.

"This project was a great opportunity to find new ways to reduce our impact," says Anna Veronika Themerson, Environmental Director at the Center of Excellence, Skanska Commercial Development Europe. "Our project team really committed to this initiative and put a lot of effort into meeting all the challenges that arose. We strongly believe that implementing the principles of circular economy is one of the most important solutions to protect the resources of our planet."

Group overview
Operations
Sustainability report
Highlights 2023
Climate
Resilience
Responsibility
Sustainability information
GRI index
Corporate governance
Remuneration report
Risk and opportunity management
Financial information

Resilience

Healthy resilient places for all

Many of today's buildings and spaces were not designed for the challenges faced by modern society – challenges such as extreme weather, air pollution, water scarcity and energy efficiency requirements. They also may not be designed for changes in social patterns, such as rising urban population density and changing living habits. Our vision of offering healthy, inclusive and resilient places involves forming partnerships with local communities to cultivate social value that addresses long-term needs. We combine social and environmental perspectives to make the most of the sustainable impact we deliver through our business. Through collaboration, we use our international and local presence by transferring knowledge and foresight, to create real advantages for our business, customers and society. We envision a world where sustainability is simply built into living, and a future filled with healthier, more sustainable, more resilient urban spaces – places shaped together, for all.

City Library Stockholm Sweden

Group overview
Operations
Sustainability report
Highlights 2023
Climate
Resilience
Responsibility
Sustainability information
GRI index
Corporate governance
Remuneration report
Risk and opportunity management
Financial information

Creating healthy, inclusive and climate-resilient urban spaces

Together with our customers, we apply our expertise to develop insights and help mitigate the risks associated with climate change. We design and build spaces and infrastructure meeting society's challenges.

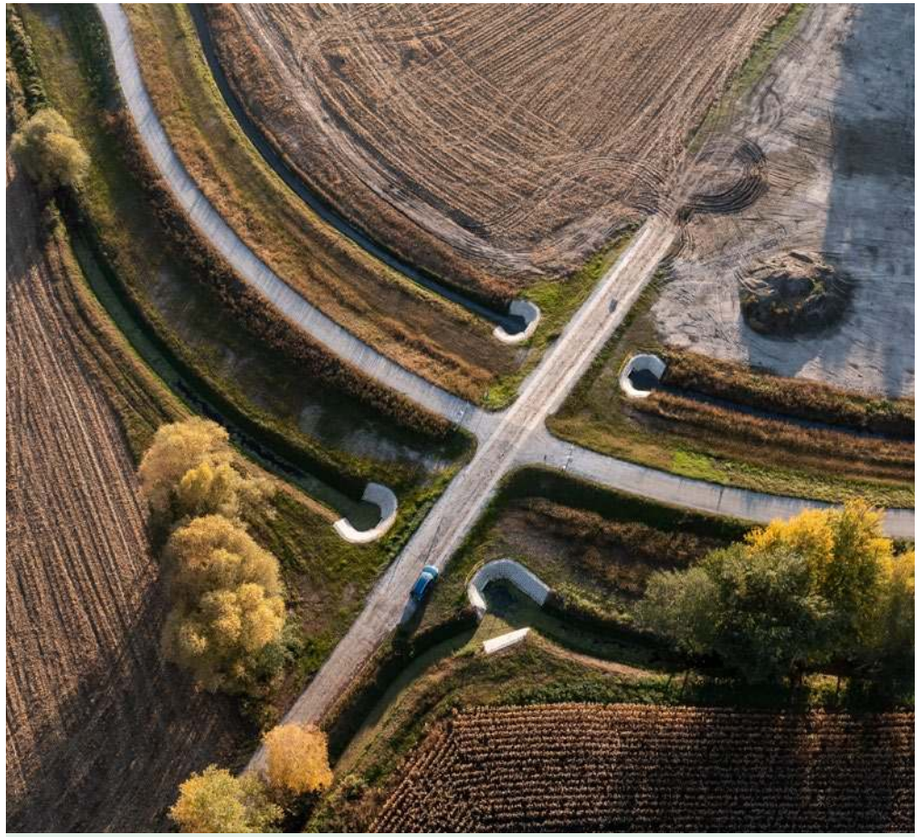
Scenario analysis for resilient solutions
We apply scenario analysis to identify and address material risks and opportunities, including those created and exacerbated by climate change. We have built on recent efforts conducted in collaboration with the World Business Council for Sustainable Development (WBCSD), industry peers and organizations such as International Energy Agency (IEA) and World Resources Institute (WRI); these efforts resulted in the development of a catalog of over 20 publicly available climate scenarios. Output from this work has enabled us to consider a wide range of risks and opportunities, from changes to policy and legal frameworks, to technological advancements, changing market demands and physical effects of a warming climate.

Analysis has been carried out with representatives from across all of our business units to provide a wide range of perspectives. Read more about how we make use of climate-based scenario analysis to identify and address business risks and opportunities in our TCFD reporting on pages 76–77.

Mitigating impacts of climate change
The effects of climate change put pressure on society, with more frequent storms, flooding, droughts, heatwaves, forest fires and episodes of water scarcity. Urban areas need to be made more resilient so that buildings, infrastructure and society as a whole can withstand the increased frequency and severity of extreme weather events. Countries and regions are drafting legislation with this in mind, which creates business opportunities for us to deliver projects for climate adaptation and a more resilient urban environment.

We have integrated climate risks into our risk management and project scrutiny processes, ensuring that projects mitigate potential physical risks. Adaptation measures to mitigate physical risks are designed and implemented on a project basis, taking into account the specifics of the risk to be mitigated, as well as the surrounding area. Solutions that have been used in our projects include ground-level flood proofing, elevation of technical infrastructure, and site paving which absorbs water. Competence within these solutions is being spread across the Group as we foresee a continued increase in demand.

During 2023, we scaled up our use of tools to assess physical risks associated with climate change. By leveraging the latest climate science, we have equipped ourselves with the insights needed to effectively mitigate risks related to climate change. By addressing these risks, we can increase the resilience of our projects, thereby providing added value to our customers and society.



In the city of Wrocław, Poland, which was hit by a devastating flood in 1997, we have modernized the flood protection embankments of the River Widawa to protect the population from future floods. This project was completed in 2023.

Group overview

Operations

Sustainability report

Highlights 2023

Climate

Resilience

Responsibility

Sustainability information

GRI index

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

Sustainable water management
Improving water efficiency is a key factor in reducing impact on the environment. As a project development and construction company, we impact water usage, both during construction and when a building is in use. We have promoted more sustainable water usage by integrating innovative water-efficiency solutions, such as replacing potable water with alternative quality grades where possible. Examples include gray-water systems where domestic wastewater from washbasins in bathrooms is treated and then reused for non-potable uses such as flushing toilets.

In Central Europe we see a specific demand for circular water management due to expected drought as a consequence of climate change. Advantages include lower use of potable water, higher efficiency and reduced operating costs. In the project Modřanský Cukrovar, a residential building project outside Prague, the Czech capital, we have taken reuse to the next level. Gray water from washbasins in bathrooms is treated in the building and can be connected to the washing machines, in addition to flushing toilets, further reducing freshwater use.

Safeguarding biodiversity
Biodiversity refers to the variety and variability of all life on earth, encompassing ecosystems and species. We are part of a collaboration with the WBCSD, helping to define standards and further develop approaches to address biodiversity in the built environment.

In 2023 we conducted a biodiversity assessment of both our operations and value chain. The assessment was based on the ENCORE tool, but complemented by input from other sources such as the World Wildlife Fund's Biodiversity Risk Filter tool and the Science Based Targets Network's Sectoral Materiality Tool. The assessment highlighted the dependencies that we have on nature and biodiversity – for example, nature's ability to regulate climate and to protect the built environment from floods and storms. Biodiversity loss can impact the availability and quality of these ecosystem functions, which in turn can impact business operations.

The biodiversity assessment also outlined the potential impacts that our own operations have on nature and biodiversity. These include impacts on terrestrial and freshwater ecosystems as well as the effects of waste generation, greenhouse gas and air emissions. We consider risks in the planning and construction phases, identifying what measures we can take to reduce and mitigate our impact.

Group overview

Operations

Sustainability report

Highlights 2023

Climate

Resilience

Responsibility

Sustainability information

GRI index

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

However, there are also opportunities for us to leave a positive legacy by enhancing biodiversity on our projects and creating a biodiversity net gain. One example comes from a project widening the railway from single to double tracks between Ängelholm and Helsingborg in Sweden. We reused 100,000 cubic meters (3.5 million cubic feet) of soil excavated during the project to create a new 4.5-hectare (11.1 acre) hilly habitat for butterflies, the aptly named Kattarps fjärilsbackar ("Kattarp's butterfly slopes").

In the UK using the biodiversity net gain (BNG) methodology achieving a 10 percent net gain is a legal requirement for planning permits from February 2024 in most development projects, and we have applied the BNG methodology since 2020 on projects such as the Mindenhurst village development in Surrey. In our residential development projects, we work to create new landscaped areas for local species of wildlife.

IN FOCUS CLIMB

Understanding our impact on biodiversity

We have been working with a group of Swedish companies to develop a tool aimed at bringing more consistency to the judgments we make when it comes to protecting nature.

Protecting biodiversity during construction involves a series of trade-offs. Some are simple: a tree that has been growing for many decades is more valuable than a small patch of grass, for example. Other choices are more complex.

The CLIMB tool was developed by partners including Skanska, Cementa, Vattenfall, LKAB, Boliden and SCA, and assigns values to different types of nature and species. The values enable companies from different industries to evaluate and set goals when it comes to protecting biodiversity.

"CLIMB emerged from a need to be able to measure impact on nature in a good way, but also count in the same way regardless of industry," says Tim Schnoor, an ecologist and sustainability specialist at Skanska. "If all companies use the same method, we can increase credibility while reducing the risk of unfair interpretations."

We and our partners are using the tool voluntarily, but the need to measure businesses' impact on nature's ecosystems is climbing the political agenda. CLIMB is loosely based on Britain's biodiversity net gain system (read more in the text to the left).

We used CLIMB in 2023 to assess the biodiversity impact of planting meadow flowers instead of grass when restoring after a project digging a 6 kilometer (3.7 mile) cable shaft. As part of the project, we were able to restore an area equivalent to eight football fields (45,000 square meters, 484,000 square feet) planting over 20 species of meadow flowers. The CLIMB tool rated this as a significant increase in biodiversity, compared to single species grass.

CLIMB was named the Sustainability Performance of the Year 2023 by Sweden's Nätverket för Hållbart Näringsliv (the NMC Network for Sustainable Business). "It is more important than ever to get concrete and to act," the judges said. "By making the tool free and accessible to everyone, CLIMB contributes to informed decisions and a sustainable future."

More information on CLIMB is available at climb.ecogain.se/

Group overview
Operations
Sustainability report
Highlights 2023
Climate
Resilience
Responsibility
Sustainability information
GRI index
Corporate governance
Remuneration report
Risk and opportunity management
Financial information

Designing for long-term community needs

We collaborate with people and organizations in communities whose lives and livelihoods may be affected by the places we shape, taking long-term needs into consideration. This involves designing sustainable, low-cost homes and areas that are inclusive and encourage outdoor activity.

Striving for a positive social impact
Listening to community needs and using our core competence as a tool, we can create solutions that have a positive social impact. International certification schemes for buildings and infrastructure include social topics in their sustainability assessments. These are often connected to certifications for environmental sustainability. In the Commercial Property Development, many of our projects are certified with WELL, which has a strong focus on tenant health and well-being. In Central Europe all our commercial properties are WELL certified.

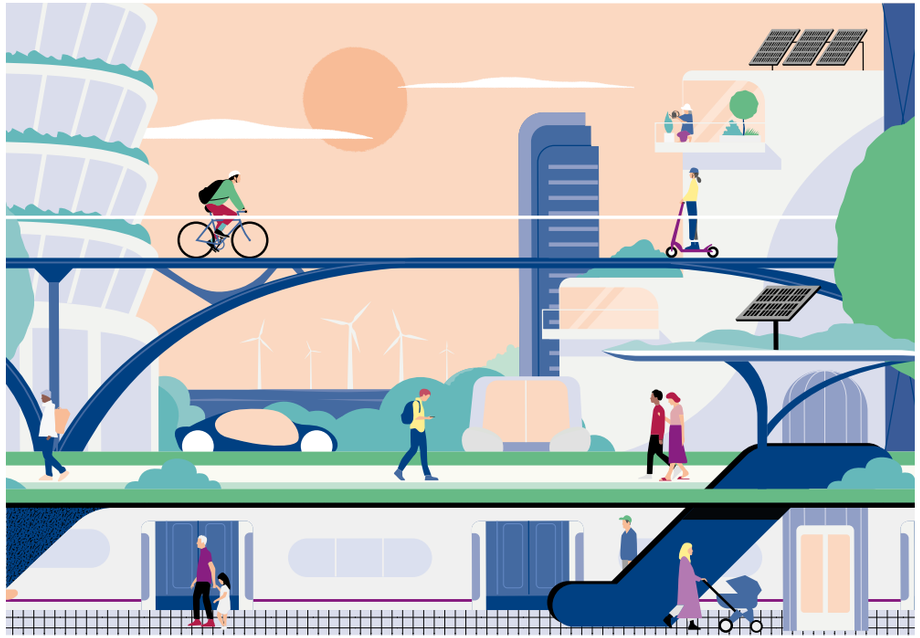
BREEAM Infrastructure and Envision are certification tools for infrastructure projects, recognizing projects that engage in activities and programs to expand their positive social impact on the community.

Partnering for social value
As a major actor, we partner with communities and customers who share our ambition to set new standards in terms of how we build more resilient and inclusive urban areas. We use our know-how and experience to create opportunities for people and communities to develop and grow.

A long-term collaboration with the Swedish Sports Confederation resulted in the reuse of 130,000 metric tons of excavated material for local sport facilities in 2023 nearby our construction sites. This also reduced transport of materials resulting in reduced fuel consumption and carbon emissions.

Social benefits through community engagement
Our partnerships with cities and other public-sector customers enable us to give back to the community. Skanska in Sweden applies a process to design for social benefits in projects by assessing local challenges and community priorities. Examples are as varied as multifunctional green spaces, communal art projects with schools and youth internships. In our project in Vivalla, Sweden, we have worked with the local municipality to offer internships to people outside the labor market. This program has been analyzed by researchers from Örebro University and Stockholm School of Economics. Of 100 participants in the program, almost half have continued to work or started an education, which has created high social value. Thanks to the project, we now have a systematic method that can be applied in other projects.

Creating opportunities through supplier diversity
Skanska in the USA has a long history of collaborating with diverse underrepresented firms to support their business growth. This can include, but is not limited to, small



and local businesses owned by minority groups, women, veterans and people with disabilities.

Across our US markets, Skanska has created in-house programs designed to equip diverse firms with tools and resources to become successful as contractors and pursue opportunities on large-scale construction projects.

Since 2007, over 800 companies have engaged in Skanska's programs. Participating firms collectively exceed USD 740 M in contracts on Skanska projects. Through outreach, contracting, and curriculums like these, we are creating sustainable opportunities for our business, industry and society.

Group overview
Operations
Sustainability report
Highlights 2023
Climate
Resilience
Responsibility
Sustainability information
GRI index
Corporate governance
Remuneration report
Risk and opportunity management
Financial information

IN FOCUS Slussen, Stockholm, Sweden

A 400-year-old landmark, remade for a new era

When completed, Slussen will be a shared space for a modern Stockholm, a city whose people mostly walk, cycle and travel by public transport. The lock at the center of the project will make it possible to drain five times the amount of water from Lake Mälaren into the Baltic Sea, substantially reducing the risk of flooding.

On five occasions during Slussen's almost 400-year history, the central Stockholm interchange has been reworked to reflect the values and needs of the moment.

The version that most Stockholmers are familiar with was built in the 1930s, mostly to accommodate the rising use of the motorcar. Stockholm had a population of a little over 265,000 at the time, and the car was thought to be the future of transport. The designers could never have predicted that, almost 100 years later, 500,000 people would be passing through Slussen every day, most of whom would be walking, cycling or riding the subway.

Slussen is once again being redeveloped to reflect a new era. When complete, the area that includes the lock, the north quay of Södermalm and the south quay of the Old Town will be a shared space for the city. It will also cut the risk of flooding to Stockholm and farmlands surrounding Lake Mälaren by making it possible to drain five times the amount of water from the lake into the Baltic Sea – a necessary upgrade due to the increasing incidence of heavy rains and floods caused by the warming climate.

From traffic hub to meeting place

"The old Slussen was built for cars, so most of the walkways were narrow, dark and unsafe, many of them underground with little or no view of the water," says Peo Halvarsson, Site Manager for the Skanska Slussen project. "It is now being transferred from a traffic hub into a meeting place for everybody in Stockholm to enjoy – to come close to the water, to have an ice cream or enjoy a meal, all in a safe way."

Slussen sits at the point where Lake Mälaren meets the Baltic Sea. Two floodgates and the sluice locks sit at the core of the interchange, regulating water levels, safeguarding important infrastructure and protecting drinking water for 2 million people.

We were appointed by the City of Stockholm to deliver projects spanning rebuilding the current lock system, and the construction of new buildings at Slussplan and Strömkajen, a 140-meter-long steel bridge and the two large floodgates.

Reducing threat of flooding

"We need the ability to shed water from the lake during the heavy downpours that we have these days," Peo says. "The new system will minimize the threat of flooding in Stockholm, particularly the subway, while protecting large areas of farmland in the wider region."

Our team navigated many unique challenges by working closely with partners and our customer. Slussen is a very large redevelopment in which all work must be carried out on a tiny surface area, surrounded by culturally important historic buildings, all while causing minimum disruption to traffic and public transport. Drainage capacity from Lake Mälaren must be available throughout the project. Yet we have thrived in shared spaces with our partners through transparency and regular dialog.

"Complexity comes in many forms, shapes and sizes, many of which we've had to tackle at Slussen," Peo concludes. "But by working closely with our partners and our customer, and by considering those passing through every day, we think we've been able to do our work with minimal impact to everyday life."

Group overview
Operations
Sustainability report
Highlights 2023
Climate
Resilience
Responsibility
Sustainability information
GRI index
Corporate governance
Remuneration report
Risk and opportunity management
Financial information

Responsibility

A responsible business for people and planet

Being a responsible business, inside and out, means having a strong and committed health and safety approach that protects lives and well-being. It means acting fairly and ethically, exercising integrity in all decisions, and being a trusted business partner with respect to the supply chain. It means operating with care for local environments and communities.

It involves using our full potential by embracing diversity and creating inclusive environments. As a responsible business, we are guided by the UN Sustainable Development Goals and Global Compact principles. We continuously follow up and drive improvements, and disclose our sustainability performance.

Project Oas Malmö Sweden

Group overview

Operations

Sustainability report

Highlights 2023

Climate

Resilience

Responsibility

Sustainability information

GRI index

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

Ensuring health and safety

The safety of our employees and subcontractors is our highest priority. We address our health and safety objectives with industry-leading standards and safety solutions, coupled with an inclusive culture and leadership focused on systematic performance monitoring and targeted actions with high impact.

The construction industry is associated with accidents and lasting health problems which can arise if risk factors are not managed properly. Noise, working in traffic or at heights, vibration, hazardous materials and lifting operations are risk factors in our everyday work. We build a foundation for safe work through high standards, dedicated leadership and risk awareness. We are strongly committed to providing a work environment where everyone feels encouraged to speak up, to ensure that we work safely or not at all.

Focus and strategic actions
Our goal is to create safe and healthy workplaces. We partner to develop and innovate technical solutions, designing construction processes and develop ways of working to reduce health and safety risks in our operations.

All business units establish a mandatory Health and Safety Road Map which is reviewed and updated annually. The Road Map is built around four focus areas: Safety Culture, Hierarchy of Control, Analysis and Subcontractors. It steers efforts into developing and implementing safety solutions that have a high impact.

Analyzing data to mitigate risks
Skanska's greatest safety risks have been connected to lifting, loading, lowering and logistics operations. Our focus on improving practices in these specific areas has resulted in a decrease in the number of reported high potential incidents. We continue our efforts to mitigate risks connected to these operations and others. The lost time accident rate (LTAR) for 2023 was 2.6, a reduction compared to 2.9 in 2022.

Some of our key indicators for monitoring safety performance are: LTAR; high potential incidents that could have resulted in fatal accidents (serious near misses); Executive Safety Site Visits (ESSVs) which promote clear and visible leadership; total case accidents (TCAs); severity rate of accidents; and business units' delivery on improvement plans. Business units also have local indicators on actions towards reducing risks within lifting, loading, lowering and logistics, as well as training and auditing.

Safety performance follow-up is carried out monthly by the business unit leadership teams and quarterly by the Group Leadership Team and the Board. Each business unit undertakes a mandatory annual governance review of health and safety performance which includes identifying risks, describing control measures and establishing a plan of targeted activities for the coming year.

Driving higher standards, together
The Group Health and Safety Standard is mandatory: it is to be integrated into all business units' health and safety management systems, and applied in all work locations. It includes requirements within 16 areas such as on-site risk assessment, training, incident management and personal protective equipment (PPE), as well as instructions for the most high-risk construction site work processes. In most markets, our Group Health and Safety Standard is more stringent than local regulations. All business units are certified by the ISO 45001 occupational health and safety management system, which improves our capabilities to drive continuous improvements.

Health and Safety Road Map focus areas

Safety Culture	Hierarchy of Control	Analysis	Subcontractors
Raise leadership awareness and create a proactive safety culture to ensure greater engagement and safer construction sites.	Aims to eliminate or reduce exposure to risk in the workplace, which allows us to become more proactive in addressing safety risks at an early stage.	Analyze safety data to address key risks and measure the impact of our safety activities.	Involve our subcontractors to secure Skanska standards and create the right conditions for improved safety.

Executive Safety Site Visits (ESSVs)

7,600

Site safety visits performed by senior managers. Target for 2023 was 6,900.

Lost time accident rate (LTAR)

2.6

Employee and subcontractor lost time accident rate.

Group overview

Operations

Sustainability report

Highlights 2023

Climate

Resilience

Responsibility

Sustainability information

GRI index

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

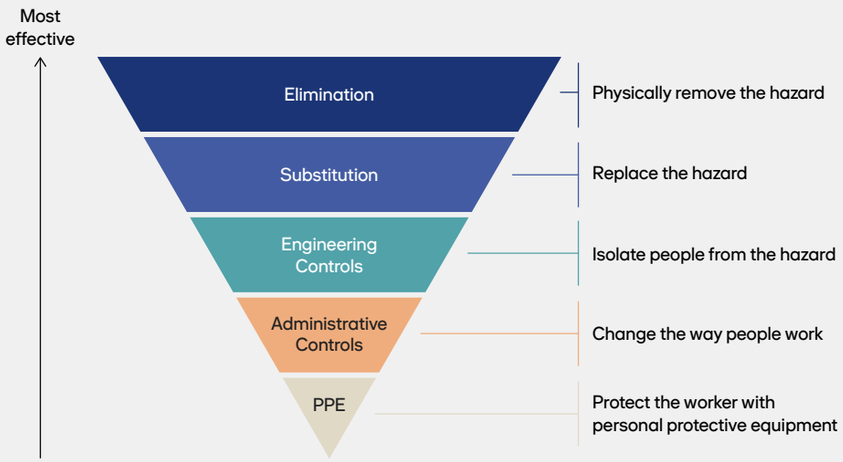
In the case of a serious accident, we ensure that we identify and mitigate risk and that we manage and learn from the accident in order to avoid recurrence. During 2023, we did not have any fatal accidents. If serious accidents or fatalities were to happen we take immediate action to understand the root cause, and work purposefully to make sure risks are mitigated as part of our continuous improvement.

Each business unit manages occupational health programs for its own employees. Business units either have an internal occupational health service or use an externally contracted service.

The annual employee survey is an important tool for us to monitor and listen to our employees' opinions about Skanska as a company, our safety efforts and management's commitment to these issues. The 2023 employee survey showed that 86 percent of employees think we do a good job of monitoring and improving safety in the workplace, which is above the industry norm, of 83 percent.

Hierarchy of Control

The Hierarchy of Control illustrates the transition from a reactive to a proactive approach when addressing safety risks. Our safety management systems include all stages of the hierarchy. The greatest impact on safety is achieved in the early stages of design and planning, where risks can be effectively eliminated.



Slussen: Thinking smarter to build more safely

The Slussen project in Stockholm (read more, page 59) includes the construction of a new Södermalm Square. The location in the heart of the city required us to come up with innovative ways to progress the project safely for workers and the public, with minimal interference for commuters.

The square – soon to be an important meeting point where visitors can enjoy a coffee or meet for a meal – has been built over Slussen's subway, where about 300,000 passengers pass through every day.

One challenge was that the square will be supported by 35 steel beams, each weighing about 40 metric tons. To minimize disruption, prefabricated elements were mounted on top of the beams so concrete could be poured onto them later.

Reducing risk

The lifting of steel beams and prefabricated elements was carried out at night while the subway was closed. This minimized the time required for track closures and cut the risk that materials could fall into subway areas, all while keeping our workforce safe.

"This enabled us to work quickly during short closures at night," says Peo Halvarsson, Site Manager for the Skanska Slussen project. "We have worked this way before and we'll do it again, because the right option is always the safe and efficient option."

The lock canal presented a similar challenge. The working area is extremely narrow, and much of the structure is underwater. There is virtually no space to store materials, so much of the lock has been prefabricated off site. This created the time and space to carry out other necessary preparatory works, including ground, piling and concrete work, which has helped to save time and minimize risks to everybody working on site.

Avoiding demolition

We also built a new quay line along Munkbron (Monk's Bridge) in the Old Town. It looked like that part of the section would require the demolition of an existing quay structure using an excavator with assistance from divers. We suggested a new quay structure with a sheet pile quay, avoiding the need for demolition entirely.

"We made a commitment to ourselves to ensure that we all work safely and anything we see that doesn't conform to the highest standard is corrected immediately," Peo concludes. "When you get the entire team doing the right thing, it feels comfortable, so we do everything we can to maintain that feeling."

Group overview

Operations

Sustainability report

Highlights 2023

Climate

Resilience

Responsibility

Sustainability information

GRI index

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

A fair and ethical business, inside and out

We act fairly and transparently in our business and decision making, aiming for a culture where everyone working with us understands that they can speak up and also chooses to do so. We have zero tolerance for corruption, bribery or any other kind of unethical behavior.

Our Code of Conduct
The Skanska Code of Conduct sets out principles for how all employees should work ethically, with respect for people, the planet and applicable laws and regulation. It covers topics such as anti-corruption, fair competition, financial crime, discrimination, fair working conditions, environmental and safety responsibility, and human rights. The Code of Conduct is supported by more detailed policies and procedures.

Code of Conduct training

98%

Completion rate, Code of Conduct training during first month of employment.

Code of Conduct refresher training

99%

Completion rate, Code of Conduct refresher training on a two-year rolling basis.

The Code of Conduct is reviewed regularly by the Group Leadership Team and updates are approved by the Board. Training is required for all new employees during their first month of employment. Mandatory refresher training is undertaken by all employees on a two-year rolling basis.

Supplier Code of Conduct in our contracts
Our Code of Conduct is supplemented by the Supplier Code of Conduct, which is included in our agreements with subcontractors, suppliers, consultants, intermediaries and similar third parties. It outlines our expectations and requires that the same principles flow down all tiers of our supply chain. It allows for monitoring and auditing where appropriate and makes it clear that a material breach of our Supplier Code of Conduct can lead to contract termination. Read more on our work with supply chain responsibility on page 64.

Ensuring trustworthy partners
We take a risk-based approach to due diligence on third parties. Mandatory ethical due diligence is carried out on intermediaries, joint venture partners and sellers or buyers of land or real estate assets. This looks at ethical standards and culture, as well as any past legal violations, possible transaction-related conflicts and other indicators of risk. Where necessary, deeper due diligence is carried out.

We work to ensure that we know the ultimate beneficial owners of the parties we do business with. A global database for sanctions screening is used, which automatically checks all active suppliers every 24 hours. Product-related sanctions risks are mitigated through additional due diligence, with particular attention given to high-risk suppliers. Our procedures have been enhanced as a result of the increasing risks following the war in Ukraine and other global tensions.

Identifying and mitigating ethical risks
Structured ethics risk assessments are conducted every second year and were undertaken during 2023. These supplement the broader enterprise risk assessments and aim to identify more specific risks. Available data was examined to identify the risk factors in each business unit.

Encouraging people to speak up
We want everyone at Skanska to feel empowered to raise any issue. This is vital, both to alert us to risk, and to improve the working environment. The 2023 employee survey showed that 86 percent felt free to express concerns without fear of negative consequences, compared with the industry benchmark of 67 percent. As part of continuously improving our speak-up culture, we:

- **Create conditions** for psychological safety. Business units have started training and awareness programs in this field.
- **Open discussions** and structured dilemmas dealing with real-life scenarios. These activities increase the likelihood that people will raise serious concerns when they arise.
- **Provide regular reminders** of the ways in which people can report, including posters with QR codes to access the Code of Conduct hotline.
- **Have a clear process.** Reporters feel more confident if clear guidelines show the steps that will be followed. Business units have explainers covering local reporting options.
- **Deal with all reports** effectively. Within the limits of confidentiality, we are as transparent as possible about reported cases. This achieves high employee trust, engagement and feedback.
- **Raise awareness** on the no-retaliation policy. Managers play an important part as team builders and listening leaders.

Group overview

Operations

Sustainability report

Highlights 2023

Climate

Resilience

Responsibility

Sustainability information

GRI index

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

Workshops were then held, with participants from all levels of the organization, to draw out the high-risk scenarios. Practical measures will be implemented to address any newly identified risks. These will be monitored and followed up regularly by each business unit and reviewed on a Group level during 2024.

The complexity associated with large projects, long value chains and a mix of public and private customers increases the risk of bribery and corruption. Our Anti-Corruption Policy sets out our zero-tolerance position for all forms of bribery and specifies the actions we must take in high-risk situations. Anti-corruption is part of our Code of Conduct training which is mandatory for all employees. In-depth education is targeted at employees in more at-risk roles.

Reporting concerns of misconduct
Those who want to report a concern can do this directly with a business unit's local reporting line or ethics committee. Anyone wishing to remain anonymous can use Skanska's Code of Conduct Hotline, which is operated by a third party and open to employees and external stakeholders alike. The Group Leadership Team and the Board have an overview of all reported cases and their outcomes, and are kept informed of high-risk cases. Investigations are carried out independently of management with responsibility for the areas involved in the allegations. Confirmed breaches of the Code of Conduct result in proportionate disciplinary action up to and including termination.

In 2023, a total of 128 reports were received via the Code of Conduct Hotline; 69 of these reports related to workplace concerns including bullying, discrimination, health and safety, and individual employment issues. Breaches were found in a total of 22 cases. Ten reports were specifically classified as anti-corruption. There was no evidence of bribery, but a breach of process was found in one of these, resulting in removal of a supplier from site.

Sustainable supply chain

We strive for environmentally and socially sustainable supply chains that ensure safe and fair conditions for all. We work with our suppliers and subcontractors to implement a shared commitment to the environment, human and labor rights, safety, ethics, diversity and inclusion. We aim to ensure fair working conditions wherever we operate, and we have zero tolerance for any form of human trafficking or forced or child labor.

We continue to prepare for the EU Directive on Corporate Sustainability Due Diligence (CSDD). The directive includes a duty to identify and mitigate a company's adverse impacts on human rights and the environment, in both its own operations and value chain. An assessment based on OECD Due Diligence Guidance for Responsible Business Conduct has been conducted to identify and assess adverse impacts in the supply chain. We conduct nearly 500 supplier audits annually, carried out by Skanska staff and independent third parties, on both projects and at our suppliers' premises.

In 2023 we carried out a special assessment for two key commodities – aluminum and steel – to understand the geographic footprint of the supply chain and the associated risks. Building on this we have worked to identify a suitable risk assessment tool with a planned roll-out to our business units in 2024. We also continued to share existing best practice within the business, including raising awareness of the risk of forced labor on projects.

Safeguarding the environment

Our industry impacts the local environment where we operate. Construction of buildings and infrastructure consumes large amounts of resources, including materials and energy. At Skanska, we are committed to protecting the environment to reduce our environmental footprint and to be mindful of our material usage.

Our business units are certified according to the ISO 14001 environmental management system. We monitor and ensure the overall sound environmental management of our sites, including avoiding the use of chemicals listed in our restricted substance standard. Major environmental incidents are reported to the Group Leadership Team.

Group overview

Operations

Sustainability report

Highlights 2023

Climate

Resilience

Responsibility

Sustainability information

GRI index

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

Embracing diversity and inclusion

We know that diverse and inclusive teams are a key driver for a successful business. We are committed to being an equal opportunity employer, attracting, recruiting and advancing diverse talent to enlarge our talent pool in a male-dominated industry. We do not tolerate discrimination, regardless of social background, ethnicity, disability, gender, gender identity or expression, age, religion, sexual orientation or any other protected characteristic. We strive for a workplace free from harassment and bullying.

More diversity in the workforce
Skanska's Group Diversity and Inclusion Procedure specifies that the business units are to work systematically with diversity and inclusion. All business units are required to set up their own diversity and inclusion steering groups as well as action plans and goals, and track metrics to measure their success.

Increasing the number of women in leadership positions and throughout our company is a long-term commitment. We see an increase in the number of female employees. Currently 20 percent of our employees are female. The share of women in senior positions is 25 percent. Three out of eight of the Board members elected by the Annual General Meeting 2023 are women.

Gender ratios vary between professional groups, business streams and business units. Craft worker employees account for the largest gender gap, with 96 percent men and 4 percent women. In the Commercial Property Development and Residential Development business units, male/female ratios are about even. Other aspects of diversity, such as ethnicity, disability or age, are tracked by business units in line with differing legal requirements between countries.

Equal pay for equal work
Skanska recognizes the importance of providing fair and objective compensation which is free from bias. We are committed to the principle of equal pay for equal work. Personal characteristics or background such as gender identity or expression, age, race or ethnicity, sexual orientation, and other characteristics protected by local laws where Skanska does business should never influence compensation decisions.

To promote equal pay throughout Skanska, we are focusing on Group-wide compensation procedures. These procedures require business units to describe how they work to achieve equal pay and monitor pay practices.

Creating an inclusive culture
According to our annual employee survey, the overall trend for inclusion is positive: 88 percent of respondents agree that people care for and treat each other fairly in our workplace, 9 percentage points above the industry benchmark. 79 percent of respondents agreed that their manager makes the most of the diversity in the team to achieve stronger performance together.

Women in senior positions

25%

Four most senior levels below the President and CEO

Women on Skanska's Board of Directors

38%

Women elected to Skanska's Board of Directors by the Annual General Meeting 2023

Group overview
Operations
Sustainability report
Highlights 2023
Climate
Resilience
Responsibility
Sustainability information
GRI index
Corporate governance
Remuneration report
Risk and opportunity management
Financial information

Sustainability information

Sustainability governance
The Board of Directors (the Board) together with the Group Leadership Team sets our Group policies, strategies and targets, and follows up on business unit performance and compliance. Our Group strategy includes a focus on sustainability, including climate. We have adopted a Group Sustainability Policy and other Group policies, standards, procedures, and guidelines, to manage and steer sustainability in the Group.

The management of sustainability follows the Group governance framework and internal control, described in the corporate governance report on pages 87–89. The Group governance framework is set at Group level. The Group Leadership Team and the core corporate functions and group functions are responsible for following up on implementation and operation in the business units. The Group governance framework consists of three categories of steering documents: mandatory Group policies and Group procedures and standards and non-mandatory Group guidelines. The Group governance framework is applicable to Skanska and all its business units and employees. The business units are required to establish and maintain a robust and well-functioning system of governance within their operations. Business units' governance systems, such as policies and management systems, should complement and add local, practical detail to the steering documents in the Group governance framework. The Business Unit President is responsible for implementation of the Group governance framework in the respective business unit.

Group steering documents for sustainability and innovation
The Group policies for sustainability, including climate, ethics, health and safety, and innovation include:
- Sustainability Policy – including environmental and health and safety policies
- Innovation Policy
- Anti-Corruption Policy
- Code of Conduct
- Supplier Code of Conduct

The policies are supported by the following Group standards and procedures for sustainability, including climate, ethics, health and safety, and innovation:
- Sustainability Reporting Procedure
- Health and Safety Standard
- Health and Safety Road Map Standard
- Restricted Substance Standard
- Sanctions Procedure
- Procedure of the Code of Conduct Program
- Community Investment and Sponsorship Standard
- Diversity and Inclusion Procedure

The Board and the Group Leadership Team follows up on Skanska's sustainability performance, including climate and health and safety, on a quarterly basis. The Group Leadership Team conducts quarterly reviews with business units. Skanska Executive Vice President (EVP) Sustainability and Innovation is a member of the Group Leadership Team.

Each business unit has an appointed Head of Sustainability functions, reporting to the Business Unit President or a management team member in the business unit. Each business unit ensures that it has the appropriate structures, resources and organization to manage sustainability including environment, health and safety (EHS). All business units are required to have environmental and health and safety management systems certified to the ISO 14001 and ISO 45001 standards. Each business unit is required to have an innovation portfolio aligned with the Group Innovation Portfolio, based on the business strategy and market conditions.

In all business units, the heads of the Sustainability functions work closely with core corporate function Sustainability and Innovation and other business units to ensure alignment with our Group strategy and targets. Knowledge-sharing is facilitated through internal forums such as the Sustainability and Innovation Group Network (SIGN).

Skanska's Annual General Meeting (AGM) 2022 resolved, in accordance with the Board's proposal, to include an emission reduction target in our own operations (scope 1 and 2) in Skanska's long-term incentive program for the financial years 2023–2025 (Seop 6). For the top 400 leaders, up to 15 percent of performance shares in Seop 6 is linked to how well the annual climate target of a 7 percent carbon emission reduction in our own operations is achieved at Group level. In addition, for 2023, the Group Leadership Team has set activity-based sustainability targets, including climate, as part of the short-term incentive programs for all Business Unit Presidents. Activity-based targets, in the short-term incentive program for the President and CEO include, for 2023, targets related to Skanska's climate target. Read more about the application of performance criteria for the President and CEO's variable remuneration in the Board's remuneration report for 2023 on page 97.

Climate and sustainability related risks are integrated into risk management and project scrutiny processes. Where relevant, risks are addressed in tender processes by projects, management teams, the Skanska Tender Board, which consists of the Group Leadership Team, as well as the Board's Project Review Committee which consist of board members. This is aligned with requirements set out by the EU taxonomy and EU Corporate Sustainability Reporting Directive.

The governance structure for Skanska's green bonds is established in the Skanska Green Bond Framework prepared by the Skanska Green Bond Committee, which is headed by the EVP Sustainability and Innovation. Other committee members include the Vice President of Treasury, Senior Vice President of group function Skanska Financial Services, Business Unit President of Skanska Sweden, and the EVP of commercial development business units.

Group overview

Operations

Sustainability report

Highlights 2023

Climate

Resilience

Responsibility

Sustainability information

GRI index

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

In 2023, group function Internal Audit and Compliance reviewed all business units' and core corporate function Sustainability and Innovation's management, processes and reporting within the area of climate.

Membership associations

- CEO Alliance
- CDP Reporter Services
- ENCORD
- Exponential Roadmap Initiative
- ICC
- LeadIT
- Nasdaq ESG Transparency Partner
- Science Based Targets Initiative
- Transparency International
- UN Global Compact
- UN Sustainable Development Goals
- World Business Council for Sustainable Development
- World Green Building Council

Materiality assessment

We have reviewed the materiality assessment and stakeholder dialog that was conducted in 2022 according to GRI Standards from 2021. In 2023, we have further assessed impacts on biodiversity in a biodiversity value chain risk assessment, and impacts on human rights and environment in the value chain in an assessment in line with OECD Due Diligence Guidance for Responsible Business Conduct. We have also collected insights via stakeholder engagement surveys.

We assess and monitor sustainability risks as described in the risk report on pages 99–105. This gives a comprehensive picture of risks and opportunities for Skanska.

There have been no changes to the material sustainability topics since 2022. Material sustainability topics are grouped to align with our sustainable impact areas:

Responsibility: Occupational health and safety, anti-corruption and ethical business, human rights in the supply chain, diversity, equality and inclusion

Climate: Climate change: carbon emissions, energy, circularity including materials, resources and waste

Resilience: Resilience, water, biodiversity and ecosystems, public health and safety

Process of the materiality assessment

We identified the most significant impacts on the economy, the environment and people from Skanska's operations. We mapped our actual and potential positive and negative impacts, taking into consideration the perspectives of different stakeholders in Skanska's value chain, our own operations and business relationships. Qualitative interviews were conducted with stakeholders including members of Skanska´s Board and Group Leadership Team members, industry and employer associations as well as external sustainability experts.

The impact was assessed based on severity of negative impact considering scale, scope and remediability. For positive impacts only scale and scope were considered. For potential impacts, probability was also taken into account. Topics were prioritized from highest to lowest severity and a threshold was set for each topic to define the material topics for Skanska.

The material topics have been validated by the Group Leadership Team and have guided the contents of Skanska's sustainability report. The material topics are not ranked as they are all important to monitor.

The Skanska climate targets

Skanska aims to achieve net-zero carbon emissions in its own operations and its value chain (scope 1, 2 and 3) by 2045. For our Development streams, the interim target is a 70 percent decrease of carbon emissions from our own operations (scope 1 and 2) and a 50 percent decrease of carbon emissions in the value chain (scope 3) by 2030. For our Construction stream, projects with external customers, the interim target is a 70 percent reduction of carbon emissons from our own operations (scope 1 and 2) by 2030. The base year is 2015 for scope 1 and 2 and 2020 for scope 3.

The scopes are defined according to the Greenhouse Gas Protocol.

- Scope 1 includes direct emissions from sources owned or controlled by Skanska, such as boilers, furnaces and vehicles
- Scope 2 includes indirect emissions from the generation of electricity, heating and cooling purchased and consumed by Skanska
- Scope 3 includes indirect greenhouse gas emissions from sources not owned or directly controlled by Skanska.

For further information, see Sustainability Reporting Principles page 78.
The full target description approved by the Science Based Targets initiative is available on their website: sciencebasedtargets.org/companies-taking-action.

Group overview

Operations

Sustainability report

Highlights 2023

Climate

Resilience

Responsibility

Sustainability information

GRI index

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

Climate

Carbon emissions (CO_2e)[1]
Scope 1, 2 and 3 emissions (CO_2e) and biogenic emissions (Outside of scope) generated in Skanska's operations.

Tonnes CO_2e		2023	2022	2021	2020	2015
Scope 1		146,000	164,000	194,000	193,000	322,000
Scope 2[2]	Location-based method	35,000	34,000[3]	35,000	38,000	43,000
	Market-based method	16,000	18,000	22,000	72,000	80,000
Change since base year (scope 1 and 2), %		-60	-55	-46	-34	–
Carbon intensity[4]		1.03	1.13	1.46	1.67	2.60
Scope 3		1,014,000	1,652,000[3]	1,706,000	1,945,000	
Change since base year (scope 3), %		-48	-15[3]	-12		
Outside of scope[5]		49,000	33,000	22,000	17,000	

Skanska's scope 3 reported categories

	CO_2e emissions (tonnes)			
Category according to Greenhouse Gas Protocol[6]	**2023**	**2022**	**2021**	**2020**
1. Purchased goods and services (limited to cement, concrete, steel, bitumen and asphalt)	709,000	864,000	950,000	987,000
2. Capital goods				
3. Fuel- and energy-related activities (not included in scope 1 or 2)	41,000	42,000	45,000	45,000
4. Upstream transportation and distribution				
5. Waste generated in operations	3,000	3,000	12,000	20,000
6. Business travel (limited to air travel)	15,000	9,000	5,000	4,000
7. Employee commuting				
8. Upstream leased assets				
9. Downstream transportation and distribution				
10. Processing of sold products				
11. Use of sold products[7]	246,000	734,000[3]	695,000	890,000
12. End-of-life treatment of sold products				
13. Downstream leased assets				
14. Franchises				
15. Investments				

1 The base year is 2015 for scope 1 and 2 and 2020 for scope 3.
2 The market-based method is used when using scope 2 in calculations.
3 The value has been adjusted due to updated emission factors for 2022
4 Scope 1 and 2 (market-based)/SEK M revenue, according to segment reporting.
5 The direct carbon dioxide (CO_2) impact of burning biomass and biofuels is reported as Outside of scope and is included in our science-based target.
6 Category 2, 4, 7–10 and 12–15 is not included in the reporting.
7 A 50-year expected lifetime is applied when calculating lifetime emissions of sold buildings. A 100-year lifetime is applied to infrastructure.

Total energy usage
Total energy usage generated in Skanska's operations.

MWh	2023	2022	2021	2020	2019
Fuel usage	750,000	752,000	834,000	821,000	898,000
Non-renewable	572,000	634,000	696,000	699,000	716,000
Renewable	178,000	118,000	138,000	123,000	182,000
Renewable, %	24	16	17	15	20
Electricity usage	237,000	228,000	226,000	300,000	331,000
Non-renewable	17,000	29,000	49,000	180,000	212,000
Renewable	219,000	199,000	177,000	121,000	120,000
Renewable, %	93	87	78	40	36
District heating usage	56,000	42,000	25,000	24,000	12,000
District cooling usage	2,400	1,400	1,600	2,000	37,000
Total energy usage	1,045,000	1,024,000	1,087,000	1,148,000	1,278,000
Non-renewable	648,000	706,000	771,000	904,000	976,000
Renewable	397,000	318,000	316,000	243,000	302,000
Renewable energy (excluding heating and cooling), %	38	31	29	21	24
Energy intensity[1]	6.66	6.33	7.36	7.24	7.23

1 Total energy MWh/SEK M revenue, according to segment reporting.

Certified commercial buildings, share of total divestments value
Share of total divestments value, corresponding to SEK 3.5 billion, of divested offices in the Commercial Property Development business stream, certified with LEED Platinum or Gold, BREEAM Excellent, or WELL. Includes properties divested to the Investment Properties business stream.

%	2023	2022	2021	2020	2019
Certified commercial buildings, share of total divestments value	100	100	84	98	90

Self-generated waste to landfill
Self-generated waste from projects sent to landfill.

%	2023	2022	2021	Target
Self-generated waste to landfill	5.4	6.8	4.3	5

Group overview

Operations

Sustainability report

Highlights 2023

Climate

Resilience

Responsibility

Sustainability information

GRI index

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

Responsibility

Number of lost time accidents
Total number of lost time accidents.

	2023	2022	2021	2020	2019
Lost time accidents	365	430	452	504	566
Skanska employees	144	174	175	231	252
Subcontractors	221	256	277	273	314

Lost time accident rate (LTAR)
Number of employee and subcontractor lost time accidents multiplied by 1,000,000 hours and divided by total labor hours.

	2023	2022	2021	2020	2019
LTAR	2.6	2.9	3.2	3.1	3.1
Skanska employees	2.6	2.9	2.8	3.4	3.5
Subcontractors	2.6	3.0	3.5	3.0	3.0

Total case accidents
Total number of accidents that happen during or in connection with work.

	2023	2022	2021
Total case accidents	1,076	1,159	1,235
Skanska employees	467	513	560
Subcontractors	609	646	675

Fatal accidents
Number of fatalities on Skanska worksites.

	2023	2022	2021	2020	2019
Fatal accidents	0	5	3	2	4
Skanska employees	0	1	1	1	2
Subcontractors	0	4	2	1	2

Executive Site Safety Visits (ESSV)
Site safety visits performed by senior managers.

	2023	2022	2021	2020	Target 2023
Executive Site Safety Visits	7,600	7,921	7,377	2,522	6,900

Improving safety in workplaces
Percentage of favorable scores ("Strongly Agree" and "Agree" ratings on the 5-point SA-SD Likert scale). Percentages indicate the proportion of respondents agreeing with the statement.

%	General industry norm	2023	2022	2021	2020	2019
My business unit does a good job of monitoring and improving the safety of my workplace	83	86	86	86	89	88

ISO 45001 certification
Number of major non-conformities identified by accredited third-party auditors.

	2023	2022	2021	2020
Major non-conformities	0	0	3	0

Code of Conduct training
Share of employees who have undergone training in Skanska's Code of Conduct.

%	2023	2022	2021	2020	Target
First month of employment	98	96	98	97	100
Updated training every second year	99	99	99	99	100

Speak-up culture
Percentage of favorable scores ("Strongly Agree" and "Agree" ratings on the 5-point SA-SD Likert scale). Percentages indicate the proportion of respondents agreeing with the statement.

%	General industry norm	2023	2022	2021	2020	2019
I can freely express my concerns without fear of negative consequences (e.g., safety, discrimination, ethical matters, etc.)	67	86	86	86	84	83

Code of Conduct Hotline
Number of reports reported to the Code of Conduct Hotline.

	2023	2022	2021	2020	2019
Number of reports	128	140	118	152	190

Significant environmental incidents
Significant environmental incidents with potential level of impact.

	2023	2022	2021	2020	2019
Significant environmental incidents	0	0	1	1	3

Group overview

Operations

Sustainability report

Highlights 2023

Climate

Resilience

Responsibility

Sustainability information

GRI index

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

Responsibility, continued

ISO 14001 certification

Number of major non-conformities identified by accredited third-party auditors.

	2023	2022	2021	2020	2019
Major non-conformities	0	0	2	3	0

Employees by gender, year-end

Employees by gender and management level.

%	2023		2022		2021		2020		2019	
Category	**Men**	**Women**	**Men**	**Women**	**Men**	**Women**	**Men**	**Women**	**Men**	**Women**
Skanska AB Board of Directors[1]	62	38	62	38	57	43	57	43	57	43
Senior executives (Group Leadership Team, level 7)	62	38	57	43	57	43	67	33	67	33
Business Unit Presidents (level 6)	83	17	92	8	92	8	92	8	92	8
Group Senior Vice Presidents (level 6)	38	62	37	63	50	50	44	56	33	67
Senior positions (level 3–6)[2]	75	25	75	25	76	24	75	25	75	25
All employees	80	20	80	20	81	19	82	18	82	18

1 Elected by the Annual General Meeting.

2 Level 6 employees are Business Unit Presidents and Group Senior Vice Presidents, level 5 are business unit management teams. Level 3 and 4 are management levels below business unit management teams.

Employees by business unit, 2023[1]

	Average headcount				
Business unit	**Total number of employees (headcount)**	**Of which, women**	**% of total number of employees (headcount)**	**Of which, men**	**% of total number of employees (headcount)**
Sweden	7,308	1,606	22	5,703	78
Norway	4,014	431	11	3,582	89
Finland	1,907	365	19	1,542	81
Central Europe	3,782	777	21	3,004	79
United Kingdom	3,414	912	27	2,503	73
USA Civil, USA Building and Skanska Inc.	6,493	1,113	17	5,381	83
Commercial Development Europe	175	112	64	64	36
Commercial Development Nordic	132	62	47	69	53
Commercial Development USA	80	41	51	40	49
BoKlok	310	112	36	198	64
Residential Development Europe	128	72	56	56	44
Headquarters	152	72	47	80	53
Total	**27,894**	**5,674**	**20**	**22,221**	**80**

1 The definition is described under Reporting Principles on page 78, and differs from the definiton in Note 36.

Diversity and inclusion indicators from annual employee survey

Percentage of favorable scores ("Strongly Agree" and "Agree" ratings on the 5-point SA-SD Likert scale). Percentages indicate the proportion of respondents agreeing with the statement.

%	General industry norm	2023	2022	2021	2020	2019
My manager makes the most of the diversity in our team to achieve stronger performance together	79	79	78	77	76	74
In my workplace, people care for each other and treat each other fairly	79	88	88	88	86	84

Group overview

Operations

Sustainability report

Highlights 2023

Climate

Resilience

Responsibility

Sustainability information

GRI index

Corporate governance

Remuneration report

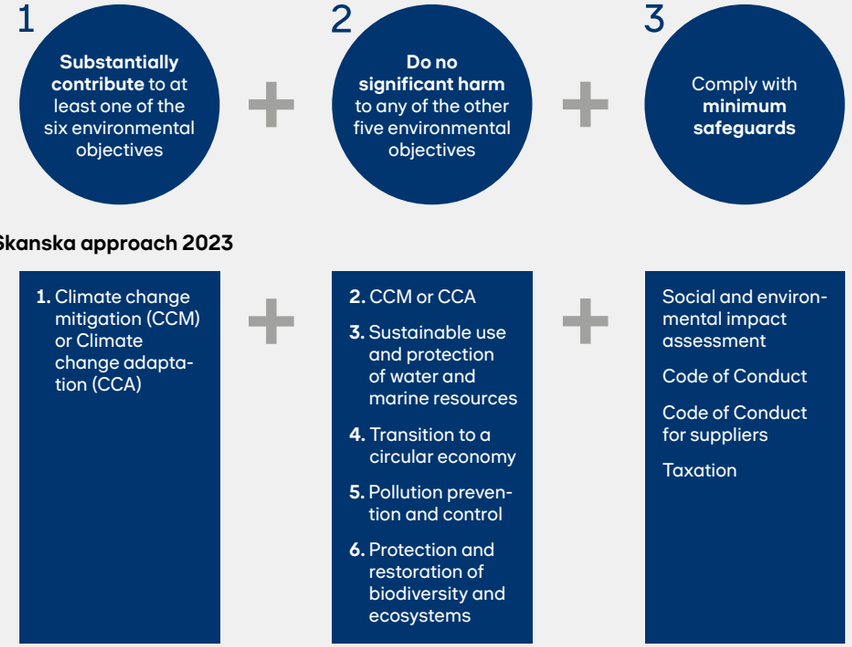
Risk and opportunity management

Financial information

EU taxonomy reporting

Skanska 2023 EU taxonomy results
For 2023 Skanska reports according to the EU taxonomy (regulation (EU) 2020/852) the percentage of revenue, CapEx (Capital Expenditures) and OpEx (Operational Expenditures) that is eligible for and aligned with the taxonomy. 92 (92) percent of revenue is assessed to be eligible for the taxonomy, while 7 (2) percent of revenue is assessed to be aligned with the taxonomy. Incorporating taxonomy criteria and alignment assessments in ongoing Skanska projects entails a significant change of current sustainability strategies and reporting structures. This is being implemented using a stepwise approach to ensure accuracy and a long-term, strategic development toward increased alignment.

EU taxonomy framework for environmentally sustainable economic activitites



Disclosures accompanying the KPIs

Accounting policy for eligibility
Revenue
The Skanska share of EU taxonomy-eligible activities is identified based on materiality, according to a structured process. 100 percent of the revenue for Commercial Property Development and Residential Development streams is considered eligible under the taxonomy, consisting of construction of new buildings (activity 7.1).

For the Construction stream the eligibility assessment is based on materiality from a revenue perspective and is carried out for Skanska's large construction projects covering the majority of the construction revenue. The eligible construction revenue relates to projects in energy (activities 4.5, 4.9), water and waste water (activities 5.1, 5.3), infrastructure (activities 6.14, 6.15, 6.16) and construction (activities 7.1, 7.2). Other Skanska streams considered eligible are Investment Property revenue (activity 7.7) and other revenue streams related to construction of new buildings (activity 7.1). A majority of the eligible revenue relates to new construction (activity 7.1), renovation (activity 7.2) and infrastructure for road and rail transport (activities 6.14, 6.15).

CapEx
For CapEx investments such as property, plant and equipment, intangible assets, investment properties and some leases are considered eligible.

OpEx
In 2023 available OpEx includes R&D and short-term leases. However both are deemed immaterial for the kind of project-based business Skanska is conducting.

Assessment of compliance with regulation (EU) 2020/852
Each project is considered as one economic activity, and it is not split into smaller components. We report in compliance with regulations as mandated by Article 10(3), Article 11(3), Article 12(2), Article 13(2), Article 14(2) and Article 15(2) of Regulation (EU) 2020/852.

Group overview

Operations

Sustainability report

Highlights 2023

Climate

Resilience

Responsibility

Sustainability information

GRI index

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

Assessment of alignment
In 2023 the environmental objective Climate change adaptation (CCA) is considered in addition to Climate change mitigation (CCM). A clear majority of the eligible Skanska revenue relates to building and infrastructure projects within four different economic activity categories defined by the taxonomy framework, and alignment assessment focuses on these activities. Two new economic activities are included in the alignment assessment for 2023:

- 6.14 Infrastructure for rail transport (new)
- 6.15 Infrastructure enabling (low carbon) road transport and public transport (new)
- 7.1 Construction of new buildings
- 7.2 Renovation of existing buildings

We define taxonomy-aligned activities in Skanska as commercial and residential development as well as construction projects related to the above economic activities that fulfill technical screening criteria (substantial contribution requirements and do no significant harm requirements) to the delegated acts adopted pursuant to Article 10(3), Article 11(3), of Regulation (EU) 2020/852.

The share of taxonomy-aligned revenue is assessed from a project perspective prioritizing projects with significant revenue, high sustainability performance and high levels of available data. Aligned CapEx is calculated as expenditures related to assets or processes that are associated with taxonomy-aligned activities and investments in properties that meet technical screening criteria. Skanska has assessed the possibility but not identified any activities for a CapEx plan during 2023.

Double accounting in the allocation of the revenue and CapEx is avoided by following the financial reporting structure. Reporting is done in accordance with International Financial Reporting Standards (IFRS). Skanska's issuance of green bonds is not financing specific identified taxonomy aligned projects so no adjustment of the turnover is needed to avoid double counting.

Minimum safeguards
The minimum safeguards are in place to ensure that activities being labeled as sustainable also appropriately consider human rights, corruption, taxation, and fair competition. It is our assessment that many of the minimum safeguards are covered by international legislation applicable to Skanska. The aspects not directly covered by legislation are assessed to be met through the Skanska Code of Conduct, Skanska Supplier Code of Conduct and are informed by the UN Global Compact Principles. Skanska continue to further evolve its work with the minimum safeguards.

Contextual information

2022 is the base year for EU taxonomy alignment reporting. Alignment increased in 2023 as result of adding one new environmental objective and two new economic activities in the scope of reporting. During 2023 new instructions were developed further guiding projects in assessing taxonomy alignment. A new internal platform on the taxonomy has also been launched and will be central in future efforts to inform and increase awareness of the taxonomy across the organisation. We include all business in all markets in our taxonomy assessment.

Revenue
The scope of alignment assessment of revenue was expanded in 2023 by including one new environmental objective in the assessment and two new economic activities. This resulted in an 7 percent alignment of revenue. With new technical screening criteria for the environmental objectives, alignment of revenue is expected to increase in the coming year.

We do not disaggregate economic activities. A project is considered eligible if a majority of the revenue is eligible under the taxonomy; alignment is considered in the same way.

CapEx
For 2023 we have extended the scope for CapEx to include investments such as property, plant and equipment, intangible assets, investment properties and some leases are considered as eligible. The extended scope has thus resulted in 40 percent alignment of CapEx.

OpEx
OpEx was not included in the 2022 report as it was not deemed material for our project-based operations. In 2023 available OpEx includes R&D and short-term leases. However both are deemed immaterial for the kind of project-based business Skanska is conducting.

Group overview

Operations

Sustainability report

Highlights 2023

Climate

Resilience

Responsibility

Sustainability information

GRI index

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

Turnover[1]	2023			Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)									
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Economic activities	Code(s)	Turnover	Proportion of turnover, 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) turnover, 2022	Category enabling activity	Category transitional activity
		MSEK (IFRS)	%	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmantally sustainable activities (Taxonomy-aligned)																			
Infrastructure for rail transport	CCM 6.14./CCA 6.14.	7,528	5%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%	E	
Infrastructure enabling (low carbon) road transport and public transport	CCM 6.15./CCA 6.15.	681	0%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%	E	
Construction of new buildings	CCM 7.1./CCA 7.1.	3,303	2%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	2%		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**11,512**	**7%**	**7%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**2%**		
Of which enabling		8,209	5%	5%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0%	E	
Of which transitional		0	0%	0%						Y	Y	Y	Y	Y	Y	Y	0%		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Electricity generation from hydropower	CCM 4.5./CCA 4.5.	625	0%	EL	EL	N/EL	N/EL	N/EL	N/EL								0%		
Transmission and distribution of electricity	CCM 4.9./CCA 4.9.	730	0%	EL	EL	N/EL	N/EL	N/EL	N/EL								0%		
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1./CCA 5.1.	3,045	2%	EL	EL	N/EL	N/EL	N/EL	N/EL								1%		
Construction, extension and operation of waste water collection and treatment	CCM 5.3./CCA 5.3.	1,717	1%	EL	EL	N/EL	N/EL	N/EL	N/EL								0%		
Infrastructure for rail transport	CCM 6.14./CCA 6.14.	15,968	10%	EL	EL	N/EL	N/EL	N/EL	N/EL								16%		
Infrastructure enabling (low carbon) road transport and public transport	CCM 6.15./CCA 6.15.	25,489	15%	EL	EL	N/EL	N/EL	N/EL	N/EL								14%		
Infrastructure enabling (low carbon) water transport	CCM 6.16./CCA 6.16.	1,854	1%	EL	EL	N/EL	N/EL	N/EL	N/EL								1%		
Construction of new buildings	CCM 7.1./CCA 7.1.	75,478	45%	EL	EL	N/EL	N/EL	N/EL	N/EL								46%		
Renovation of existing buildings	CCM 7.2./CCA 7.2.	17,545	10%	EL	EL	N/EL	N/EL	N/EL	N/EL								11%		
Acquisition and ownership of buildings	CCM 7.7./CCA 7.7.	186	0%	EL	EL	N/EL	N/EL	N/EL	N/EL								0%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**142,638**	**85%**	**93%**	**100%**	**0%**	**0%**	**0%**	**0%**								**90%**		
A. Turnover of Taxonomy-eligible activities (A.1+A.2)		**154,150**	**92%**	**100%**	**100%**	**0%**	**0%**	**0%**	**0%**								**92%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		**13,019**	**8%**																
Total		**167,168**	**100%**																

1) Turnover corresponds to revenue in Skanska reporting.

Proportion of turnover/ Total turnover		
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
	%	%
CCM	7%	92%
CCA	0%	92%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

Group overview

Operations

Sustainability report

Highlights 2023

Climate

Resilience

Responsibility

Sustainability information

GRI index

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

CapEx	2023			Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)									
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Economic activities	Code(s)	CapEx	Proportion of CapEx, 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) CapEx, 2022	Category enabling activity	Category transitional activity
		MSEK (IFRS)	%	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Electricity generation from hydropower	CCM 4.5./CCA 4.5.	2	0%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%		
Transmission and distribution of electricity	CCM 4.9./CCA 4.9.	2	0%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%	E	
Contruction, extension and operation of water collection, treatment and supply	CCM 5.1/CCA 5.1.	9	0%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%		
Contruction, extension and operation of waste water collection and treatment	CCM 5.3./CCA 5.3.	5	0%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%		
Infrastructure for rail transport	CCM 6.14./CCA 6.14.	67	1%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%	E	
Infrastructure enabling (low carbon) road transport and public transport	CCM 6.15./CCA 6.15.	75	2%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%	E	
Infrastructure enabling (low carbon) water transport	CCM 6.16./CCA 6.16.	5	0%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%	E	
Construction of new buildings	CCM 7.1./CCA 7.1.	207	4%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%		
Renovation of existing buildings	CCM 7.2./CCA 7.2.	50	1%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%		T
Acquisition and ownership of buildings	CCM 7.7./CCA 7.7.	1,549	32%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%		
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**1,970**	**40%**	**40%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**0%**		
Of which enabling		149	3%	3%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0%	E	
Of which transitional		50	1%	1%						Y	Y	Y	Y	Y	Y	Y	0%		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Electricity generation from hydropower	CCM 4.5./CCA 4.5.	12	0%	EL	EL	N/EL	N/EL	N/EL	N/EL								0%		
Transmission and distribution of electricity	CCM 4.9./CCA 4.9.	14	0%	EL	EL	N/EL	N/EL	N/EL	N/EL								0%		
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1./CCA 5.1.	59	1%	EL	EL	N/EL	N/EL	N/EL	N/EL								1%		
Construction, extension and operation of waste water collection and treatment	CCM 5.3./CCA 5.3.	33	1%	EL	EL	N/EL	N/EL	N/EL	N/EL								0%		
Infrastructure for rail transport	CCM 6.14./CCA 6.14.	457	9%	EL	EL	N/EL	N/EL	N/EL	N/EL								18%		
Infrastructure enabling (low carbon) road transport and public transport	CCM 6.15./CCA 6.15.	509	10%	EL	EL	N/EL	N/EL	N/EL	N/EL								15%		
Infrastructure enabling (low carbon) water transport	CCM 6.16./CCA 6.16.	36	1%	EL	EL	N/EL	N/EL	N/EL	N/EL								1%		
Construction of new buildings	CCM 7.1./CCA 7.1.	1,409	29%	EL	EL	N/EL	N/EL	N/EL	N/EL								49%		
Renovation of existing buildings	CCM 7.2./CCA 7.2.	341	7%	EL	EL	N/EL	N/EL	N/EL	N/EL								12%		
Acquisition and ownership of buildings	CCM 7.7./CCA 7.7.	26	1%	EL	EL	N/EL	N/EL	N/EL	N/EL								0%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**2,896**	**60%**	**60%**	**100%**	**0%**	**0%**	**0%**	**0%**								**97%**		
A. CapEx of Taxonomy-eligible activities (A.1+A.2)		**4,866**	**100%**	**100%**	**100%**	**0%**	**0%**	**0%**	**0%**								**97%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities (B)		**0**	**0%**																
Total		**4,866**	**100%**																

Proportion of CapEx/ Total CapEx		
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
	%	%
CCM	40%	100%
CCA	0%	100%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

Group overview

Operations

Sustainability report

Highlights 2023

Climate

Resilience

Responsibility

Sustainability information

GRI index

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

OpEx	2023			Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)									
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Economic activities	Code(s)	OpEx	Proportion of OpEx, 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy-aligned (A.1)or -eligible (A.2) OpEx, 2022	Category enabling activity	Category transitional activity
		MSEK (IFRS)	%	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
		0	0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N	N	N	N	N	N	N	0%		
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**N**	**N**	**N**	**N**	**N**	**N**	**N**	**0%**		
Of which enabling		0	0%	%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%	E	
Of which transitional		0	0%	%						N	N	N	N	N	N	N	0%		T
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
		0	0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**								**0%**		
A. OpEx of Taxonomy-eligible activities (A.1+A.2)		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**								**0%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities (B)		**0**	**0%**																
Total		**0**	**0%**																

Proportion of OpEx/ Total OpEx		
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
	%	%
CCM	0%	0%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

Group overview

Operations

Sustainability report

Highlights 2023

Climate

Resilience

Responsibility

Sustainability information

GRI index

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

Climate risk and opportunity management according to TCFD recommendations

Governance
The Board is provided with quarterly updates on Skanska's progress towards our climate targets. Where relevant, the Board considers project-specific climate risks via its Project Review Committee. To further integrate carbon emission reductions into the business, the AGM 2022 resolved, in accordance with the Board's proposal, to include an emission reduction target in the Skanska employee ownership program for the financial years 2023, 2024 and 2025 (Seop 6).

The Board and Group Leadership Team sets policies, strategies and targets for the Group and follows up on business unit performance and compliance. Sustainability and innovation are embedded in our Group Strategy. The Group's Sustainability Policy and other policies, standards and guidelines provide governance concerning sustainability and climate change. The Executive Vice President Sustainability and Innovation oversees climate-related risks and opportunities. The Group Leadership Team follows up on Skanska's climate performance on a quarterly basis, including follow-up with all business units. For 2023, the Group Leadership Team has set activity-based climate-related targets as part of the short-term incentive programs for Business Unit Presidents. Finally, climate-related risk is addressed on a project level in the tender process. Read more on page 105.

Strategy
Since 2022, Skanska has applied climate-based scenario analysis to identify and address climate-related risks and opportunities[1]. Analysis has been performed with representatives across the organization, representing all of Skanska's business units and thereby providing a wide range of perspectives. Scenario analysis has served as a cornerstone of our approach to innovation – by helping to identify needs and business opportunities presented under different climate scenarios. In our innovation portfolio, most of the areas are related to sustainability and primarily climate. Read more about this on page 50.

The table on page 77 provides an overview of the risks and opportunities that we have identified, as well as the actions that we have taken to address these. Note that this table is a summary of risks identified and should not be considered exhaustive.

Risk management
Climate risk is an integrated part of our approach to enterprise risk management. See pages 99–105 for a comprehensive description of Skanska's risk and opportunity management.

Climate risks are also an integrated part of Skanska's approach to project-level risk management as project teams are required to identify, assess and mitigate relevant climate risks as part of investment and tender processes.

1 In our work with climate-based scenario analysis, we have applied a wide range of scenarios including the Net Zero 2050, Divergent Net Zero, Below 2°C and Current Policies scenarios from the Network for Greening the Financial System (NGFS); and the Net Zero Energy 2050 and Sustainable Development scenarios from the International Energy Agency (IEA).

Group overview

Operations

Sustainability report

Highlights 2023

Climate

Resilience

Responsibility

Sustainability information

GRI index

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

Risk area and description	Potential impact	Mitigation measures/activities
Transition **Examples of risks and opportunities associated with the transition to a low-carbon economy**		
Policy and legal • Enhanced reporting and public disclosure requirements, e.g., CSRD, EU taxonomy • Mandates on energy performance (energy performance of buildings directive) • Cost of carbon	Current and increasing regulations on e.g., energy performance, public disclosures and carbon pricing can, depending on mitigation measures, lead to both positive and negative implications relating to e.g. operating costs, as well as brand and reputation.	• Skanska aims to hold a leading position within sustainability. The demand for sustainable buildings and infrastructure is expected to increase even under a business-as-usual scenario • Skanska strives to position itself as a leader in the low-carbon transition, and provides transparent, third-party verified disclosures and ESG data • Construction and project development is a resource intensive industry. However, Skanska's focus on operational efficiency reduces the use of resources and thereby also reduces exposure to increases in the cost of carbon
Technology • New technologies and innovations needed to meet climate targets	The successful transition to a low-carbon economy requires new technologies and innovations, which in turn creates risks and opportunities as companies compete to seize first-mover advantages and capture leadership positions within their industries. Increased demand can also cause supply chain bottlenecks for certain products and materials. Additionally, new products and services could require updated regulations. All of these factors can have both positive and negative implications within e.g., brand and reputation, attractiveness to customers, investments in innovation and R&D, supply chain.	• Skanska leverages a focused approach to innovation, enabling the identification, testing and scaling of targeted and commercially attractive solutions and innovations that can contribute to the low-carbon transition. For example, see page 50 • Skanska engages in active dialogs with regulators and other stakeholders to ensure an effective transition to a low-carbon economy via industry associations, read more on page 44
Market • Changing customer expectations • Changing competitor landscape • New markets and opportunities	Rapidly increasing customer expectations can already be seen and are expected to continue, particularly under 1.5°C and below 2°C scenarios. This also leads to a changing competitor landscape as existing peers shift to meet new expectations and potential new competitors enter the market. Depending on response, these changes to the market can influence revenue and earnings, brand and reputation, as well as competitive positioning.	• With a proven track-record within low-carbon and sustainable solutions, Skanska is well-positioned to meet an expected growing demand • Skanska plays an active role in international partnerships such as WBCSD, WGBC and Envision, aiming to ensure a position at the forefront of the low-carbon transition • Skanska is exploring potential new opportunities arising from the low-carbon transition. For example, the demand for retrofitting of existing buildings increases significantly across both 1.5°C and 2°C scenarios
Reputation • Increased scrutiny from stakeholders including e.g., customers, regulators, media, NGOs, investors • Increased stakeholder expectations	Increased scrutiny from stakeholders is already a reality and may continue to increase. Companies can see their brands and reputations damaged if they are seen to be delaying the transition to a low-carbon economy. This is particularly relevant within construction and development as the built environment is a large contributor to global emissions.	• High ambitions have been set by Skanska's Board and the Group Leadership Team including emission reduction targets that have been approved by the Science Based Target initiative, lending credibility and trustworthiness • Skanska maintains high standards in reporting, with a strong focus on credibility and with proof-points to back up claims • Skanska has for many years disclosed sustainability data in its Annual and Sustainability Report including third-party limited assurance of carbon data
Physical **Examples of risks and opportunities associated with the physical consequences of climate change**		
Acute • Increased frequency and intensity of extreme weather events	Extreme weather events are already more prevalent in many parts of the world and their frequency and intensity are expected to increase across scenarios, but particularly under business-as-usual scenarios under which emissions continue to rise. Depending on mitigation measures, events could cause disruptions to projects, with potential implications for example operating costs and the value of assets.	• Skanska has procedures in place for managing extreme weather events where relevant and limiting their effects on operations including e.g., mitigation measures such as flood defenses
Chronic • High average outdoor temperatures • Alterations in sea levels, weather patterns and ecosystems	Average temperatures are expected to increase, especially under business-as-usual scenarios. Higher temperatures can disrupt outdoor work while other chronic implications include higher sea levels, which can affect the attractiveness of land and existing property, as well as increase demand for infrastructure projects needed to increase resilience.	• High levels of heat are already a reality in some of our markets, where we have procedures in place to ensure safe working conditions. This experience is shared across the Group as the issue becomes relevant in other markets and geographies • There is a visible demand in the market for climate resilient infrastructure and buildings. This is seen increasingly in bids, both in Europe and in the USA • Climate risk analysis is a part of Skanska's project risk management and design processes

Group overview
Operations
Sustainability report
Highlights 2023
Climate
Resilience
Responsibility
Sustainability information
GRI index
Corporate governance
Remuneration report
Risk and opportunity management
Financial information

Sustainability reporting principles

Skanska reports in accordance with the GRI Standards for sustainability reporting. Skanska aims to ensure that all information and data is relevant, transparent, consistent, accurate and complete and that it provides an objective picture of the Group's operations. The reporting period is January 1, 2023 to December 31, 2023.

Sustainability disclosures are reported from the business units quarterly or monthly using our sustainability reporting system, unless otherwise indicated. Five years of data are normally reported, unless such data is unavailable or unless otherwise indicated. Due to rounding, some totals in tables may not correspond with the sum of the separate figures.

Greenhouse gases and energy
Skanska calculates and reports greenhouse gas emissions in accordance with the GHG Protocol Corporate Standard. Scope 2 emissions are calculated in accordance with GHG Protocol Scope 2 Guidance applying the market-based and location-based methods. Scope 3 emissions are calculated in accordance with the GHG Protocol Corporate Value Chain (scope 3) Accounting and Reporting Standard. Activity data is based on invoiced data, real-time meters, models, assumptions, estimates or data as reported by suppliers. Scope 3 emissions reporting herein refers to total emissions across disclosed Scope 3 categories and does not reflect the limitations imposed by the 2030 interim target. The scope 3 reporting is under continuous development to better align reporting boundaries with the Group's operational structure and to improve follow up of scope 3 emissions from suppliers.

Energy conversions use publicly available conversion factors and emission factors are sourced from databases such as the IEA (2023), DEFRA (2023), Inventory of carbon and energy (ICE) 3.0 and the AIB's European Residual Mixes 2022. Greenhouse gases included in the reported carbon inventory are carbon dioxide (CO_2), methane (CH_4) and nitrous oxide (N_2O). Biogenic emissions of CO_2 from the combustion of biofuel and biomass are reported separately from the gross direct (scope 1) GHG emissions as Outside of scope. The Global Warming Potentials used in the calculation of CO_2e are based on the IPCC Fifth Assessment Report (AR5) over a 100-year period, with the exception of scope 2 calculations applying emission factors from the IEA, which are based on AR4.

Skanska applies the financial control approach. In joint ventures the equity share approach is applied. Emissions data is subject to inherent uncertainties due to incomplete scientific knowledge used to determine emission factors and uncertainties in measurement methods, and the resulting effects on measurements and estimations.

Base years for Skanska Group's climate target have been selected on the basis of data quality. Skanska has measured and reported carbon emissions since 2008. The first year for limited assurance of Skanska's GHG emission data was 2014. The base year is 2015 for scope 1 and 2 emissions and 2020 for scope 3 emissions.

Certified office and commercial certifications
The figure is calculated as the share of total value of divested offices, according to IFRS reporting, in the Commercial Property Development business stream, certified with LEED Platinum or Gold, or BREEAM Excellent or WELL. Certified offices and commercial buildings are reported manually to Skanska's headquarters in Stockholm. Includes properties divested to Skanska Investment Properties from 2023.

Energy reduction in new office buildings developed by commercial development business units
This figure is calculated as all office properties divested, according to IFRS reporting, developed by business units Commercial Development Europe, Commercial Development Nordic and Commercial Development USA, all of which are certified by LEED Platinum or Gold, or BREEAM Excellent, or WELL. This calculation is made in comparison to national NZEB values with the exception of US projects, where ASHRAE is applied. Includes properties divested to Skanska Investment Properties from 2023.

Waste
The indicator for waste to landfill is defined as the amount of self-generated waste to landfill. Self-generated by Skanska means materials brought into the project which were not used in the production of the project but are rather being treated as waste. Excavated materials are not included in the definition. The waste disposal method is based on the organizational defaults of the waste disposal contractor. We have different waste disposal providers in different markets and business units follow up their respective contracts. The waste disposal category prepared for reuse is likely underestimated as it is not captured by the waste disposal providers in many markets. The waste indicator is measured as the weight of waste sent to landfill divided by the total weight of self-generated waste. Data is based on invoiced data, qualified estimates or data as reported by supplier, and is subject to inherent uncertainties.

Compliance with ISO 14001 and ISO 45001 management systems
If a third-party auditor identifies a major non-conformity in its review, it is to be reported through the sustainability reporting database.

Health and safety
The lost time accident rate (LTAR) represents the number of accidents resulting in an injury that restricts the individual from being able to perform their normally assigned duties for a period of one or more working days, multiplied by 1,000,000 hours and divided by total labor hours. Total case accidents include all accidents requiring medical treatment; lost time accidents are a subset of reportable accidents and are therefore included in this number. The number of fatal accidents refers to the year when the accident occurred. The reported data includes Skanska employees and subcontractor employees working on Skanska jobsites. The data is based on reports from the projects. The LTAR is influenced by national regulations, norms and regional definitions, and is therefore subject to inherent uncertainty.

Annual employee survey (YVOS)
The annual employee web survey was conducted during fall 2023. All employees are included with the exception of craft employees at Skanska USA Civil and Skanska USA Building, due to union restrictions. The percentage of favorable scores refers to "Strongly Agree" and "Agree" ratings on the 5-point SA-SD Likert scale. These percentages indicate the proportion of respondents agreeing with the statement presented.

Code of Conduct training
Code of Conduct training statistics are collated by the business units' HR functions and entered into the Skanska common reporting system. The business units report as non-compliance any new employee who has not participated in Code of Conduct training within one month of starting work. Temporary staff and consultants who will be working with Skanska for a medium to long period of time are also required to take the training, normally within three months of starting work, although this time requirement differs between business units. Refresher training for all employees is required every two years. Due to differences in reporting, the percentage of employees taking the refresher training within two years may in some cases cover a period of up to 27 months.

Human resources
The HR statistics are reported manually by the business units' HR functions through the Skanska Common Analytics data entry portal. Data is broken down by gender and is reported on a quarterly basis. The headcount reflects the actual number of people directly employed by Skanska at the end of the quarter. All employees count as one, regardless of worktime percentage. The average headcount is calculated as the average over the last four quarters.

Changes in the Sustainability report between 2022 and 2023
- Benchmark changed from ASHRAE to NZEB for the KPI "Energy reduction in new office buildings"

New data disclosed
- Scope 2 Location-based emissions for 2022 has been adjusted due to updated emission factors
- Scope 3 Use of Sold Products emissions for 2022 has been adjusted due to updated emission factors

Group overview
Operations
Sustainability report
Corporate governance
Corporate governance report
Board of Directors
Group Leadership Team
Remuneration report
Risk and opportunity management
Financial information

Corporate governance

P180 Warsaw Poland

Download PDF for print

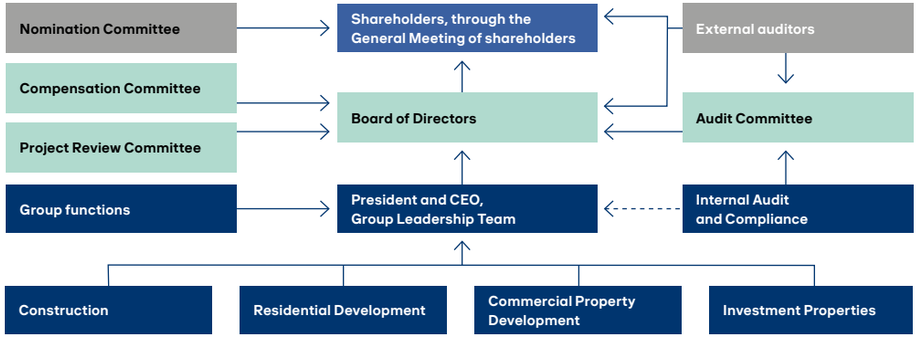
Group overview
Operations
Sustainability report
Corporate governance
Corporate governance report
Board of Directors
Group Leadership Team
Remuneration report
Risk and opportunity management
Financial information

Corporate governance report

Good corporate governance ensures that Skanska is managed responsibly, efficiently and in a sustainable way on behalf of all of our stakeholders including but not limited to shareholders, customers, suppliers, society and employees. Furthermore, good corporate governance supports our strategy and competitiveness, ensures oversight across the organization by the Board of Directors (the Board), the President and CEO and the Group Leadership Team, guides our employees in good business conduct, and ensures a sound risk culture, robust risk management to effectively identify and control risks, and effective decision-making with clear accountability at all levels.

This corporate governance report for 2023 forms part of the Board's report for Skanska's Annual and Sustainability Report 2023. The report has been prepared in accordance with Chapter 6, Section 6 of the Swedish Annual Accounts Act and the Swedish Corporate Governance Code (the Code), and has been reviewed by the company's external auditors.

Governance structure



Corporate governance principles
Skanska is one of the world's largest project development and construction companies. We operate across select markets in the Nordics, Europe and the USA. Supported by strong trends in urbanization and demographics, and by aiming to be at the forefront of sustainability, we offer competitive solutions. With our purpose and values, strategy, talented employees and trusted brand, we have a solid foundation to continue contributing to creating a sustainable future for customers and communities as well as creating long-term value for shareholders. The parent company of the Group is Skanska AB (the Company), with a registered office in Stockholm, Sweden.

As a Swedish public limited liability company with shares listed on Nasdaq Stockholm, Skanska is subject to a variety of external laws, rules and regulations that affect our governance. In addition, to govern the Group and to ensure compliance with applicable legal and regulatory requirements by all business units and functions in the Group, we have adopted a range of internal rules and processes. Sustainability and ethics are integral parts of our strategy and the Group's business.

Skanska has no deviations from the Code to report for the financial year 2023. Nor has Skanska been subject to any rulings by Nasdaq Stockholm's Disciplinary Committee or decisions on breach of good practices in the stock market by the Swedish Securities Council in 2023.

Further information on our corporate governance is available on the Group website: group.skanska.com/corporate-governance/.

Key external governing documents
- Swedish Companies Act
- Nasdaq Nordic Main Market Rulebook for Issuers of Shares
- Swedish Corporate Governance Code
- Swedish Annual Accounts Act
- Swedish Securities Market Act
- Applicable EU legislation
- International Financial Reporting Standards (IFRS) and other accounting rules
- Global Reporting Initiative (GRI) Standards

Key internal governing documents
- Articles of Association, which are available on the Group website
- Procedural Rules for the Board and its Committees
- Instructions for the President and CEO
- Group steering documents, including Group policies, standards and procedures, guidelines, and business processes for approval, control and risk management
- The Skanska Code of Conduct, which is available on the Group website

Group overview

Operations

Sustainability report

Corporate governance

Corporate governance report

Board of Directors

Group Leadership Team

Remuneration report

Risk and opportunity management

Financial information

Shares and shareholders
Skanska's Class B shares are listed on Nasdaq Stockholm in the Large Cap segment. The share capital at the end of 2023 amounted to SEK 1,259,709,216 consisting of a total of 419,903,072 shares, of which 19,619,942 were Class A shares and 400,283,130 were Class B shares. Class A shares entitle the holder to 10 votes per share and Class B shares entitle the holder to one vote per share. There are no other restrictions in the Articles of Association on the number of votes each shareholder may cast at a General Meeting. Class A shares and Class B shares entitle the holder to the same dividend.

At the end of 2023, Skanska had a total of 117,706 shareholders, according to statistics from Euroclear Sweden AB. The 10 largest shareholders held 58.5 percent of the votes and 42.9 percent of the capital. AB Industrivärden's holding amounted to 24.5 percent of the votes, Lundberg Group's holding to 13.2 percent of the votes and AMF Tjänstepension & AMF Fonder's holding to 5.6 percent of the votes. Further information on the Skanska share and shareholders, including the Company's holdings of Class B treasury shares, is available on pages 221–222.

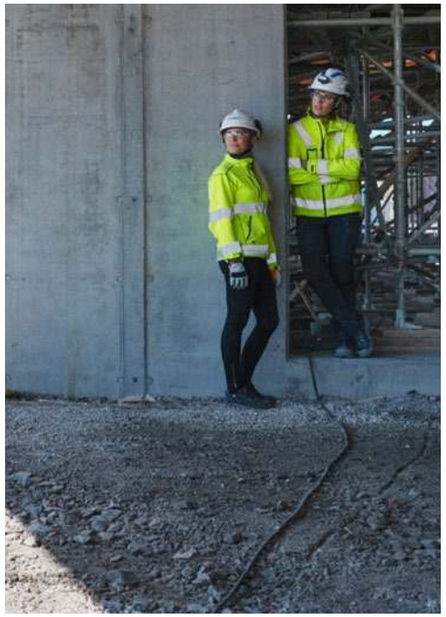
General Meetings of shareholders
The General Meeting is Skanska's highest decision-making body and it is where shareholders exercise their decision-making rights. At the Annual General Meeting (AGM), the shareholders decide on key issues, such as adoption of income statements and balance sheets, the dividend, the composition of the Board, discharging the members of the Board and the President and CEO from liability, board fees and auditor fees, and election of external auditors. Guidelines for salary and other remuneration to senior executives are adopted by the AGM at least every four years, while the Board's remuneration report is submitted to the AGM yearly for approval.

Skanska's financial year is from January 1 to December 31, and the AGM is to be held within six months of the end of the financial year. The date and venue for the AGM are communicated on the Group website no later than in conjunction with the publishing of the third-quarter interim report. The notice convening the AGM is published in Post- och Inrikes Tidningar (the Official Swedish Gazette) and on the Group website. An announcement of the notice convening the meeting is published in Dagens Nyheter and in at least one more Swedish daily newspaper. All documents relating to the AGM are published on the Group website in both Swedish and English. Shareholders listed in the register of shareholders on the record date and who notify the Company of their intention to participate in the meeting are entitled to attend it either personally or by proxy through a representative. According to the Articles of Association, the Board may decide that shareholders shall be entitled to exercise their voting rights by post before the AGM. Shareholders have the right to have matters addressed at the AGM if they have submitted a request to the Board no later than seven weeks before the AGM.

Annual General Meeting 2023
The AGM 2023 was held on March 29, 2023, in Stockholm. A total of 1,051 shareholders, representing approximately 64.9 percent of the total number of votes, were represented at the AGM. The shareholders also had the opportunity to exercise their voting rights at the AGM by voting in advance, so-called postal voting. At the AGM, the following resolutions were made, among others:

- Payment of a dividend of SEK 7.50 per share
- Re-election of Hans Biörck, Pär Boman, Jan Gurander, Mats Hederos, Fredrik Lundberg, Catherine Marcus, Ann E. Massey and Åsa Söderström Winberg as members of the Board
- Re-election of Hans Biörck as Chairman of the Board
- Re-election of Ernst & Young AB as external auditor
- Approval of the Board's remuneration report for 2022
- Adoption of guidelines for salary and other remuneration to senior executives
- Authorizations for the Board to, during the period until the AGM 2024, (i) resolve on acquisitions of not more than 3,500,000 own Class B shares on Nasdaq Stockholm to secure delivery of shares to participants in the Skanska employee ownership program for the financial years 2023, 2024 and 2025 resolved by the AGM 2022 (Seop 6); and (ii) resolve on acquisitions of such number of own Class B shares on Nasdaq Stockholm that the Company's holding of own shares after each acquisition amounts to a maximum of one-tenth of the total number of shares in the Company to give the Board increased freedom of action to be able to adapt the Company's capital structure and thereby contribute to increased shareholder value

Complete information on the AGM 2023 and the minutes of the meeting are available on the Group website: group.skanska.com/corporate-governance/shareholders-meeting/agm-2023/.



Annual General Meeting 2024

Skanska's AGM 2024 will be held on Wednesday March 27, 2024 at 10.00 a.m. CET in Stockholm, Sweden at Stockholm Waterfront Congress Centre, Nils Ericsons Plan 4. Shareholders will also have the opportunity to exercise their voting rights by postal voting prior to the AGM. Further information is available on page 223 and on the Group website: group.skanska.com/corporate-governance/shareholders-meeting/agm-2024/.

Group overview

Operations

Sustainability report

Corporate governance

Corporate governance report

Board of Directors

Group Leadership Team

Remuneration report

Risk and opportunity management

Financial information

The Nomination Committee
The AGM 2018 gave the Chairman of the Board a mandate to, prior to each AGM, ask the four largest shareholders in terms of voting rights, that wish to participate in the Nomination Committee, to appoint one representative each to serve together with the Chairman as the Nomination Committee. In determining which are deemed to be the largest shareholders in terms of voting rights, the list of shareholders registered with and categorized by Euroclear Sweden AB as of the last banking day in August each year is to be used. The member of the Nomination Committee representing the largest shareholder in terms of voting rights is to be appointed as Chairman of the Nomination Committee.

The Nomination Committee's tasks include:
- Evaluating the composition of the Board and its work
- Preparing proposals to submit to the AGM regarding the election of board members and the Chairman of the Board
- Working with the Board's Audit Committee to prepare proposals to submit to the AGM regarding the election of auditors
- Preparing a proposal to submit to the AGM on fees to the Chairman of the Board and to the other AGM-elected board members for board work and for work in the committees of the Board, as well as fees to the auditors
- Preparing a proposal to submit to the AGM regarding a Chairman of the AGM
- When applicable, preparing a proposal on changes to the principles for appointing the next Nomination Committee

The applicable instruction to the Nomination Committee is available on the Group website: group.skanska.com/corporate-governance/shareholders-meeting/nomination-committee/.

Nomination Committee for the AGM 2024
The Nomination Committee for the AGM 2024 has the following composition:
- Helena Stjernholm, AB Industrivärden (24.5 percent of the votes[1]), Chairman of the Nomination Committee
- Katarina Martinson, Lundberg Group (13.2 percent of the votes[1])
- Dick Bergqvist, AMF Tjänstepension & AMF Fonder (5.6 percent of the votes[1])
- Malin Björkmo, Handelsbanken Funds (1.9 percent of the votes[1])
- Hans Biörck, Chairman of the Board, Skanska AB

The composition of the Nomination Committee and information on how shareholders can submit proposals to the Nomination Committee ahead of the AGM 2024 was published on the Group website and announced in a press release on September 25, 2023. According to the Code, the majority of the Nomination Committee's members are to be independent in relation to the Company and its senior executives and at least one member is also to be independent in relation to the largest shareholders in the Company in terms of voting rights. All of the appointed members are independent in relation to the Company and its senior executives and three are independent in relation to the largest shareholders in the Company in terms of voting rights.

In preparation for the AGM 2024, the Nomination Committee has held four meetings at which minutes were kept. No fee has been paid for the work of the Nomination Committee. In its work ahead of the AGM 2024, the Nomination Committee was, among other things, presented with the result of the evaluation of the Board's work and the Chairman of the Board's report on the Board's work. The Nomination Committee has also interviewed two members of the Board. Furthermore, Skanska's President and CEO and CFO have attended a meeting of the Nomination Committee for a presentation of the Company's operations.

Diversity policy
In its work ahead of the AGM 2024, the Nomination Committee has assessed the composition and size of the current Board as well as Skanska's operations. It has been the Nomination Committee's objective to maintain the diversity and breadth of the Board, particularly considering Skanska's operations within project development and construction in an international context and Skanska's focus on sustainability matters. The Nomination Committee has further considered that it would benefit the Board to include a person with experience from the UK or US construction industry, and a person with operational experience from a large Swedish listed company and competence in industrial processes, quality work and sustainability matters.

For the composition of the Board, the Nomination Committee has applied the rules on the composition of the Board that are found in the Code. The Nomination Committee has applied rule 4.1 of the Code as diversity policy. The objectives of the diversity policy are that the Board is to have a composition appropriate to the Company's operations, phase of development and other relevant circumstances, that the board members elected by the General Meeting are collectively to exhibit diversity and breadth of qualifications, experience, background and need for renewal, and that a gender balance on the Board is to be strived for. The Nomination Committee considers that such diversity and breadth is represented among the proposed board members. Three out of nine of the proposed board members are women. The gender balance is therefore 33 percent women and 67 percent men. The Nomination Committee further assesses that those fields of competence and experience considered important to Skanska are well represented in the proposed Board and that the composition and size of the proposed Board is appropriate to meet Skanska's needs. The Nomination Committee has also assessed that the proposed board members will be able to devote the necessary time required to fulfill their tasks as board members in Skanska. The Nomination Committee has assessed that the proposed Board meets the requirements in the Code relating to board members' independence.

The Nomination Committee's complete proposals to the AGM 2024, its report on its work and motivated statement ahead of the AGM 2024, and information on proposed board members, are available on the Group website: group.skanska.com/corporate-governance/shareholders-meeting/agm-2024/.

1 Based on shareholding as of August 31, 2023.

Group overview

Operations

Sustainability report

Corporate governance

Corporate governance report

Board of Directors

Group Leadership Team

Remuneration report

Risk and opportunity management

Financial information

Board of Directors

According to the Articles of Association, the Board, with regard to members elected by shareholders at a General Meeting, shall consist of not fewer than five and not more than 10 members. The Articles of Association contain no provisions regarding appointment or dismissal of board members or amendments to the Articles of Association.

The Board has overall responsibility for Skanska's organizational structure and management, and the Board's main duty is to safeguard the interests of the Company and shareholders. The Board makes decisions regarding the Group's strategy, interim and annual reports, major construction projects, investments and divestments, appointment of the President and CEO, and matters concerning the organizational structure of the Group. The Chairman leads the Board in its work and has regular contact with the President and CEO in order to stay informed about the Group's activities and development.

The current Board consists of eight members elected by the shareholders at the AGM 2023 for the period until the end of the AGM 2024, and three members and three deputy members appointed by the trade unions. According to the Code, the majority of the Board's AGM-elected members are to be independent in relation to the Company and its senior executives, and at least two members are to also be independent in relation to the major shareholders in the Company. All of the board members elected by the AGM 2023 are independent in relation to the Company and its senior executives. Of these, six members are also independent in relation to the Company's major shareholders.

The composition of the Board as of December 31, 2023, and an assessment of the independence of each member are presented in the table below and on pages 90–91.

The work of the Board in 2023

The work of the Board follows an annual agenda established in the Board's Procedural Rules, which are reviewed and approved by the Board each year at the statutory board meeting. Among other things, the Procedural Rules outline rules for the distribution of tasks among the Board, the committees of the Board and the President and CEO. The Board's work is mainly performed within the framework of formal board meetings and through meetings in the Board's committees. To ensure that the Board has the relevant information and documentation on which to base decisions, the Board receives, in preparation for each board meeting, reports and documentation compiled according to established procedures.

In 2023, the Board held seven ordinary meetings, including its statutory meeting, and one extra meeting per capsulam (by unanimous written consent). For attendance at board meetings and committee meetings, see the table on page 84. The more important issues dealt with by the Board during the year included monitoring operations, review and approval of the interim reports and year-end report, strategic review of Skanska, as well as cybersecurity, internal control, risk management, compliance, and sustainability matters, including climate, ethics and health and safety. The Board received regular updates on the impact of the war in Ukraine and macroeconomic developments on the Group's business and the markets where Skanska is active.

Members and deputy members of the Board as of December 31, 2023

Member	Position	Elected, year	Audit Committee	Compensation Committee	Project Review Committee	Independent in relation to the Company and its senior executives	Independent in relation to the Company's major shareholders
Hans Biörck[1]	Chairman	2016	■	■	■	Yes	Yes
Pär Boman[1]	Member	2015	■	■	■	Yes	No
Jan Gurander[1]	Member	2019	■	■	■	Yes	Yes
Mats Hederos[1]	Member	2022			■	Yes	Yes
Fredrik Lundberg[1]	Member	2011			■	Yes	No
Catherine Marcus[1]	Member	2017			■	Yes	Yes
Ann E. Massey[1]	Member	2022			■	Yes	Yes
Åsa Söderström Winberg[1]	Member	2020	■		■	Yes	Yes
Ola Fält[2]	Employee Representative	2018				–	–
Richard Hörstedt[2,3]	Employee Representative	2007			■	–	–
Yvonne Stenman[2]	Employee Representative	2018				–	–
Goran Pajnic[2,4]	Employee Representative (Deputy)	2022				–	–
Hans Reinholdsson[2]	Employee Representative (Deputy)	2020				–	–
Anders Rättgård[2]	Employee Representative (Deputy)	2017			■	–	–

■ = Chairman ■ = Member

1 Nominated by the Nomination Committee for the AGM 2023 and elected by the shareholders at the AGM 2023 for the period until the end of the AGM 2024.
2 Nominated and appointed by the trade unions.
3 Deputy member of the Project Review Committee for Anders Rättgård.
4 Until January 31, 2024. Was succeeded by Fredrik Norrman as deputy board member (employee representative) from February 1, 2024 in accordance with a decision by the trade union (see page 91).

Group overview

Operations

Sustainability report

Corporate governance

Corporate governance report

Board of Directors

Group Leadership Team

Remuneration report

Risk and opportunity management

Financial information

Evaluation of the work of the Board
The work of the Board is evaluated annually through a structured process aimed at improving work processes, efficiency and collective expertise, and to assess any need for change. The Chairman of the Board is responsible for the evaluation and for presenting the result of the evaluation to the Board and the Nomination Committee.

In 2023, an evaluation was carried out in the form of a questionnaire and individual conversations between the Chairman and each member of the Board, as well as through discussion at board meetings. The Chairman was also evaluated through a written questionnaire and discussion with the Board without the Chairman present; the board meeting on this occasion was chaired by another board member appointed for the purpose. The outcome of the 2023 evaluation was that the work of the Board was deemed to be functioning well.

Board fees
The AGM 2023 resolved, in accordance with the Nomination Committee's proposal, on fees to the Chairman of the Board and to the other AGM-elected board members not employed by Skanska as follows: SEK 2,325,000 to the Chairman of the Board; SEK 775,000 each to the other board members; SEK 280,000 to the Chairman of the Audit Committee and SEK 195,000 each to the other members of the committee; SEK 115,000 to the Chairman of the Compensation Committee and SEK 110,000 each to the other members of the committee; SEK 225,000 each to the Chairman of the Project Review Committee and the other members of the committee. Further information is available in Note 37 on pages 181–186.

Attendance at board and committee meetings in 2023

	Board	Audit Committee	Compensation Committee	Project Review Committee
Number of meetings	8[1]	6	6[1]	12
Member				
Hans Biörck	8	6	6	12
Pär Boman	8	6	5	12
Jan Gurander	8	6	6	12
Mats Hederos	8			12
Fredrik Lundberg	7			10
Catherine Marcus	8			12
Ann E. Massey	8			12
Åsa Söderström Winberg	8	6		12
Ola Fält	8			
Richard Hörstedt[2]	8			
Yvonne Stenman	8			
Goran Pajnic	3			
Hans Reinholdsson	7			
Anders Rättgård	7			12

1 Of which one meeting was an extra meeting held per capsulam (by unanimous written consent).
2 Deputy member of the Project Review Committee for Anders Rättgård.

The Board's committees
The Board is ultimately responsible for the organization and management of Skanska's operations. The overall responsibility of the Board cannot be delegated, but the Board may appoint committees to do preparatory work and explore certain issues in preparation for decisions by the Board.

The Board has formed three committees to provide structure, improve efficiency and ensure the quality of its work: (i) Audit Committee, (ii) Compensation Committee and (iii) Project Review Committee. The members of the committees are appointed annually at the statutory meeting of the Board. The Board's Procedural Rules specify which duties and decision-making powers have been delegated to the committees. The Chairman of each committee reports orally to the Board at each board meeting and all minutes from the committee meetings are submitted to the Board.

Audit Committee
The main task of the Audit Committee is to assist the Board in overseeing the accounting and financial reporting processes of the Group and the audits of the financial statements of the Group, as well as other matters under applicable legislation. Among other things, the committee monitors the quality and integrity of the Group's financial reporting, and the effectiveness of the Group's internal control, internal audit and risk management. The committee also oversees the Group's compliance with legal and regulatory requirements having a material impact on the financial statements, and the reports from and relationship with the external auditors, including the safeguarding of their impartiality and independence. Furthermore, the committee reviews and discusses with the external auditors the yearly audit procedures and the major findings during the audit, and establishes guidelines regarding the non-audit services provided by the external auditors. At least once a year the committee meets the external auditors without senior executives being present.

In 2023, the Audit Committee consisted of Pär Boman (Chairman), Hans Biörck, Jan Gurander and Åsa Söderström Winberg. The composition of the committee meets the requirements in the Code relating to audit committee members' independence. All members have accounting or auditing skills.

The committee held six meetings in 2023. Important matters addressed during the year included capital allocation, financing, pension reporting, external reporting, impairment testing, valuation of construction and project development projects, larger disputes, review of the interim reports and year-end report, internal control, risk management and compliance matters.

Compensation Committee
The main tasks of the Compensation Committee include preparing recommendations for decisions by the Board on the Skanska employee ownership programs, the appointment or dismissal of the President and CEO or any of the other members of the Group Leadership Team, and the salary and other remuneration for the President and CEO.

Group overview

Operations

Sustainability report

Corporate governance

Corporate governance report

Board of Directors

Group Leadership Team

Remuneration report

Risk and opportunity management

Financial information

The committee resolves on salary and other remuneration for the other members of the Group Leadership Team based on a proposal from the President and CEO. The committee also examines the outcomes of variable remuneration components.

In 2023, the Compensation Committee consisted of Hans Biörck (Chairman), Pär Boman and Jan Gurander. The Code requirements regarding independence, according to which the Chairman of the Board may be the Chairman of the Compensation Committee and other AGM-elected members are to be independent in relation to the Company and its senior executives, have therefore been met.

The committee held five ordinary meetings in 2023 and one extra meeting per capsulam. Important matters addressed during the year were review of Skanska's variable remuneration programs for the senior executives, review and evaluation of the application of the guidelines for salary and other remuneration to senior executives adopted by the AGM 2020 and revised by the AGM 2023 as well as the existing remuneration structures and levels in the Company, and review of senior executives' other assignments. The committee also reviewed and prepared, for resolution by the Board and subsequent referral to the AGM 2024 for adoption, a remuneration report for 2023, detailing paid and outstanding remuneration that is covered under the remuneration guidelines. Furthermore, in relation to review of Seop 6, the committee discussed the outcome for 2023 of the Seop 6 specific performance targets set by the Board. Seop 6 is the first Skanska employee ownership program that supplements the growth in Earnings Per Share target at Group level with a climate target at Group level linked to the Group's reduction of carbon emissions within scope 1 and scope 2. Further information on Seop 6, including the conditions on which the outcome depends, is available on the Group website: group.skanska.com/corporate-governance/remuneration/incentive-programs/.

Project Review Committee

The Project Review Committee takes decisions on individual projects within the Construction, Residential Development, Commercial Property Development and Investment Properties business streams, that require the Board's approval, and on certain project financing packages. Projects that involve especially high or unusual risks or other special circumstances may be referred to the Board for a decision, and such referrals are to include a recommendation from the committee.

In 2023, the committee consisted of all AGM-elected board members and employee representative Anders Rättgård. The committee held 12 meetings in 2023.

External auditors

At the AGM 2023, the registered accounting firm Ernst & Young AB was re-elected as the Company's external auditor for the period until the end of the AGM 2024. Authorized Public Accountant Rickard Andersson is the auditor in charge. The external auditors have attended two board meetings to report on the auditing process of Ernst & Young AB for Skanska and to provide the members of the Board with an opportunity to ask questions without senior executives being present. The external auditors have also attended five meetings of the Audit Committee. Information on fees and other remuneration to the external auditors for audit-related and other services is set out in Note 38 on page 186.

Skanska's reporting structure

Operating units	Business Streams							
	Construction		Residential Development		Commercial Property Development		Investment Properties	
	Operating unit	**External reporting**	**Operating unit**	**External reporting**	**Operating unit**	**External reporting**	**Operating unit**	**External reporting**
Sweden	■	□	■	□	■	□		
Norway	■	□	■	□	■	□		
Finland	■	□	■	□	■	□		
Commercial Development Nordic					■	□	■	□
Central Europe	■	□						
United Kingdom	■	□						
Commercial Development Europe					■	□		
Residential Development Europe			■	□				
USA Civil	■	□						
USA Building	■	□						
Commercial Development USA					■	□		
BoKlok[1]			■					

■ = Operating unit □ = External reporting

1 BoKlok has operations in Sweden and the UK. In the external reporting BoKlok is divided and included in the Nordic cluster, with a specific entry for Sweden, and Europe.

Group overview

Operations

Sustainability report

Corporate governance

Corporate governance report

Board of Directors

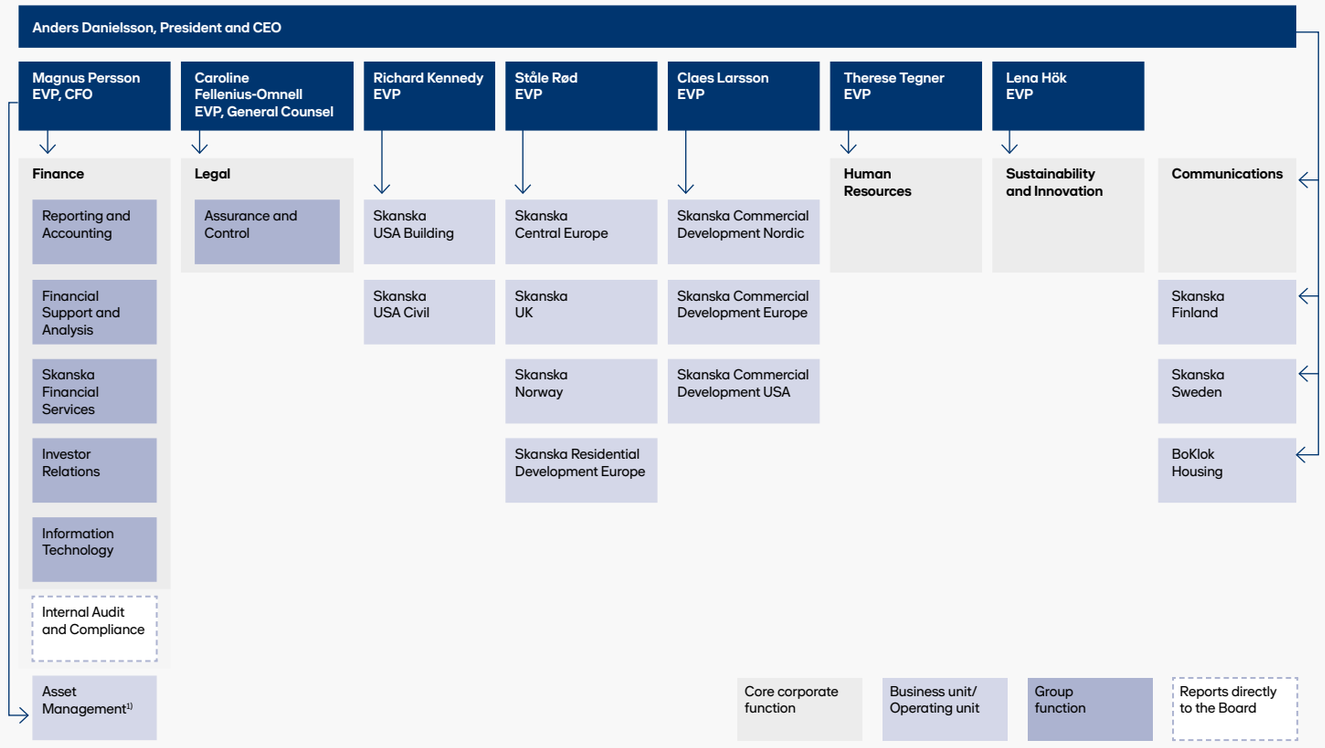
Group Leadership Team

Remuneration report

Risk and opportunity management

Financial information

Skanska's management structure
Group Leadership Team



1 Portfolio of PPP assets.

Operational management and internal governance
We operate with a decentralized governance model that recognizes the local characteristics of the construction and development markets, empowering the business units to develop their business and deliver according to plan, while retaining the profit and loss responsibility.

Our strategy and targets are set at Group level to ensure effective financial capacity and conduct proper follow-up on business unit performance and compliance. In the decentralized governance structure, requirements are established at Group level, while the business units are responsible for how requirements are met.

Each business unit is headed by a president and has its own administrative functions and other resources to conduct its operations effectively. Aside from day-to-day operations managing projects, the business units deal with matters such as their strategic development, business plans, investments, divestments and organization.

Information on our strategy, business model and business streams is available on pages 15–16 and 22–38.

The President and CEO and the Group Leadership Team
The President and CEO is appointed by the Board and runs the Company and the Group in accordance with the instructions adopted by the Board. The President and CEO is responsible for the day-to-day management of the operations of the Company and the Group, and is supported by the other members of the Group Leadership Team.

Group overview

Operations

Sustainability report

Corporate governance

Corporate governance report

Board of Directors

Group Leadership Team

Remuneration report

Risk and opportunity management

Financial information

The work of the President and CEO is evaluated at one board meeting each year at which no senior executives are present. The President and CEO has no business dealings of any significance with the Company or its Group companies.

Information on the President and CEO and the other members of the Group Leadership Team can be found on pages 92–93.

Core corporate functions and group functions

Core corporate functions and group functions are based at Skanska's headquarters in Stockholm. The core corporate functions and group functions assist the President and CEO and the Group Leadership Team on matters relating to group-wide functions, coordination and oversight. They also provide support to the business units. The head of each group function reports directly to a member of the Group Leadership Team. The head of group function Internal Audit and Compliance reports directly to the Board by way of the Audit Committee. A presentation of the core corporate functions and group functions can be found on page 86.

Remuneration to senior executives

Guidelines for salary and other remuneration to senior executives shall be adopted by the AGM at least every four years based on a proposal from the Board. The applicable remuneration guidelines were adopted by the AGM 2023. The guidelines and information about salary and other remuneration to senior executives, as well as outstanding share award and share-related incentive programs, are found in Note 37 on pages 181–186. Senior executives include the President and CEO and the other members of the Group Leadership Team. Information on remuneration to the President and CEO is also set out in the Board's remuneration report for 2023 available on pages 94–98.

Purpose and values

Together with our customers and partners, we are building for a better society, creating innovative and sustainable solutions that support living beyond our lifetime. And as we do so, we build long-term value for our shareholders and society at large.

The way we conduct business, and our strategy, remains firmly grounded in our values: Care for life, Act ethically and transparently, Be better together, and Commit to customers. We harness our strengths and assets into long-term, sustainable business opportunities that generate growth, customer success and shareholder value. Further information on our values is available on the Group website: group.skanska.com/about-us/who-we-are/our-purpose-and-values/.

Code of Conduct

The Code of Conduct is based on our values and sets the standard for the daily behavior of employees and the way we do business. It is reviewed regularly by the Group Leadership Team and updates are approved by the Board. It defines our commitments in the workplace, in the market and to society. It covers topics such as health and safety, diversity and inclusion, data protection, environment, confidentiality, conflicts of interest, fraud, fair competition, anti-bribery and corruption, and insider information and market abuse. Employees are required to uphold the principles and requirements contained in the Code of Conduct. All employees are required to complete Code of Conduct training every two years, and new employees within one month of starting work.

The Code of Conduct is supplemented by the Supplier Code of Conduct, which must be adhered to by subcontractors, suppliers, consultants, intermediaries and agents. It is included in agreements with these parties and outlines our expectations on those we do business with. The Supplier Code of Conduct covers topics such as environment, health and safety, fair working conditions, discrimination and harassment, anti-bribery and corruption, sanctions and fair competition.

The Code of Conduct and the Supplier Code of Conduct can be found on the Group website: group.skanska.com/corporate-governance/our-code-of-conduct/.

The Code of Conduct Hotline provides a mechanism for employees, suppliers' employees and other third parties to anonymously report on breaches or suspected breaches of the Code of Conduct. The hotline is managed by an independent third-party service provider and is a supplement to the numerous speak-up options within the Group which employees and third parties are encouraged to use.

Governance framework

The Group governance framework is set at Group level. The Group Leadership Team and the core corporate functions and group functions are responsible for following up on its implementation and operation in the business units. The Group governance framework consists of three categories of steering documents: Group policies and Group procedures and standards, which are mandatory, as well as non-mandatory guidelines for the Group.

A clear framework of policies, procedures and standards reduces risks and increases effectiveness. It also makes it easier to live by the Code of Conduct and the Skanska values. The Group steering documents define how our operations are run, controlled and organized, which standards and processes to work according to, how to manage risks, at what levels decisions are made and what is mandatory for the business units. The governance framework is applicable to the Company, all business units and all employees. If not followed, there may be consequences, up to and including dismissal.

Group policies
Core mandatory operating rules of the Group, addressing risks, goals and where corporate governance is required.

Group procedures and standards
Mandatory. Procedures are generally detailed step-by-step instructions to achieve a given goal, while standards indicate expected behavior or a minimum level of quality or a minimum standard.

Group guidelines
A non-binding document containing guidance for the organization.

Group overview
Operations
Sustainability report
Corporate governance
Corporate governance report
Board of Directors
Group Leadership Team
Remuneration report
Risk and opportunity management
Financial information

The business units are required to establish and maintain a robust and well-functioning system of governance within their operations. Business units' governance systems, such as policies and management systems, should complement and add local, practical detail to the steering documents in the Group governance framework. The Business Unit President is responsible for implementation of the Group governance framework in each respective business unit.

The Board's Procedural Rules state which items of business will be decided upon by the Board, by the President and CEO, by the Group Leadership Team, or at the business unit level. In addition to the Board's Procedural Rules, and Skanska's Code of Conduct and Supplier Code of Conduct, Group policies include:

- Anti-Corruption Policy
- Claims Management Policy
- Enterprise Risk Management Policy
- Finance Policy
- Human Resources Policy
- Information Policy
- Innovation Policy
- Insider Policy
- IT Policy
- Personal Data Protection Policy
- Sustainability Policy
- Tax Policy

Sustainability

Sustainability is an enabler for our business strategy, a key component for success for us and our customers. Our sustainability strategy focuses on the areas of Responsibility, Climate and Resilience. The Board is informed quarterly of our sustainability performance within climate and health and safety. Our risk assessment on pages 99–105 and disclosure according to the Task force on Climate-related Financial Disclosures (TCFD) on pages 76–77, assesses sustainability related risks for the organization. Further information on our sustainability work is available in the sustainability report on pages 40–78. Information on our climate targets is available on page 11.

To further integrate carbon emission reductions into the business, the AGM 2022 resolved, in accordance with the Board's proposal, to include an emission reduction target in our own operations (scope 1 and 2) in Seop 6. For the top 400 leaders, up to 15 percent of performance shares in Seop 6 is linked to how well the annual climate target of a 7 percent carbon emission reduction in our own operations is achieved at Group level. In addition, for 2023, the Group Leadership Team has set activity-based sustainability targets, including climate, as part of the short-term incentive programs for all Business Unit Presidents. Activity-based targets in the short-term incentive program for the President and CEO include, for 2023, targets related to Skanska's climate target. Further information on the application of performance criteria for the President and CEO's variable remuneration is available in the Board's remuneration report on page 97.

Internal control

This section includes the most important elements of our internal control and risk management systems in connection with financial and sustainability reporting. A description of our sustainability reporting principles is set out on page 78.

Control environment

The Board has overall responsibility for ensuring that Skanska has effective and adequate risk management and internal controls. The purpose is to provide a reasonable assurance that the operations are run appropriately and efficiently, that external reporting is reliable, and that laws and regulations and internal rules are complied with.

The Board's Procedural Rules ensure a clear division of roles and responsibilities for the purpose of ensuring effective management of business risks. The Board and the Group Leadership Team have also adopted a number of fundamental rules of importance for internal control work, such as the Group's Enterprise Risk Management Policy and the Group's Governance Procedure. The Group Leadership Team reports regularly to the Board according to established routines. The Audit Committee also presents reports on its work. The Group Leadership Team is responsible for the system of internal controls required to manage material operational risk. This includes a clear decision-making structure and the Group framework of policies, standards and procedures, and guidelines. Group function Assurance and Control supports the Group Leadership Team in drafting and monitoring the system of internal control.

Risk assessment and control activities

We have at Group level identified the material risks in our operations that could, if not managed correctly, lead to errors in financial and sustainability reporting and/or have an impact on the Group's performance results. We have subsequently at Group level ensured that the Group has rules in place to guarantee that these risks are managed. The Group Leadership Team and the core corporate functions and group functions are responsible for managing general risks relating to strategy, macroeconomics and regulatory frameworks, while the main tasks relating to operational risk and opportunities are carried out at the local level within the business units. A detailed description of the identified enterprise risks and how they are managed is found on pages 99–105.

We use a Group-wide procedure for identifying and managing risks associated with construction contracts and project development. A specialized group unit, the Skanska Risk Team, examines and analyzes proposals for tenders in construction and land investments, project starts as well as divestments in Project Development above a certain size. Based on the identified risks and opportunities, the Skanska Risk Team then issues a recommendation on how to proceed. The final decision is made by the Skanska Tender Board, which consists of the Group Leadership Team, and, in certain cases, the Project Review Committee, which consists of board members.

Group overview

Operations

Sustainability report

Corporate governance

Corporate governance report

Board of Directors

Group Leadership Team

Remuneration report

Risk and opportunity management

Financial information

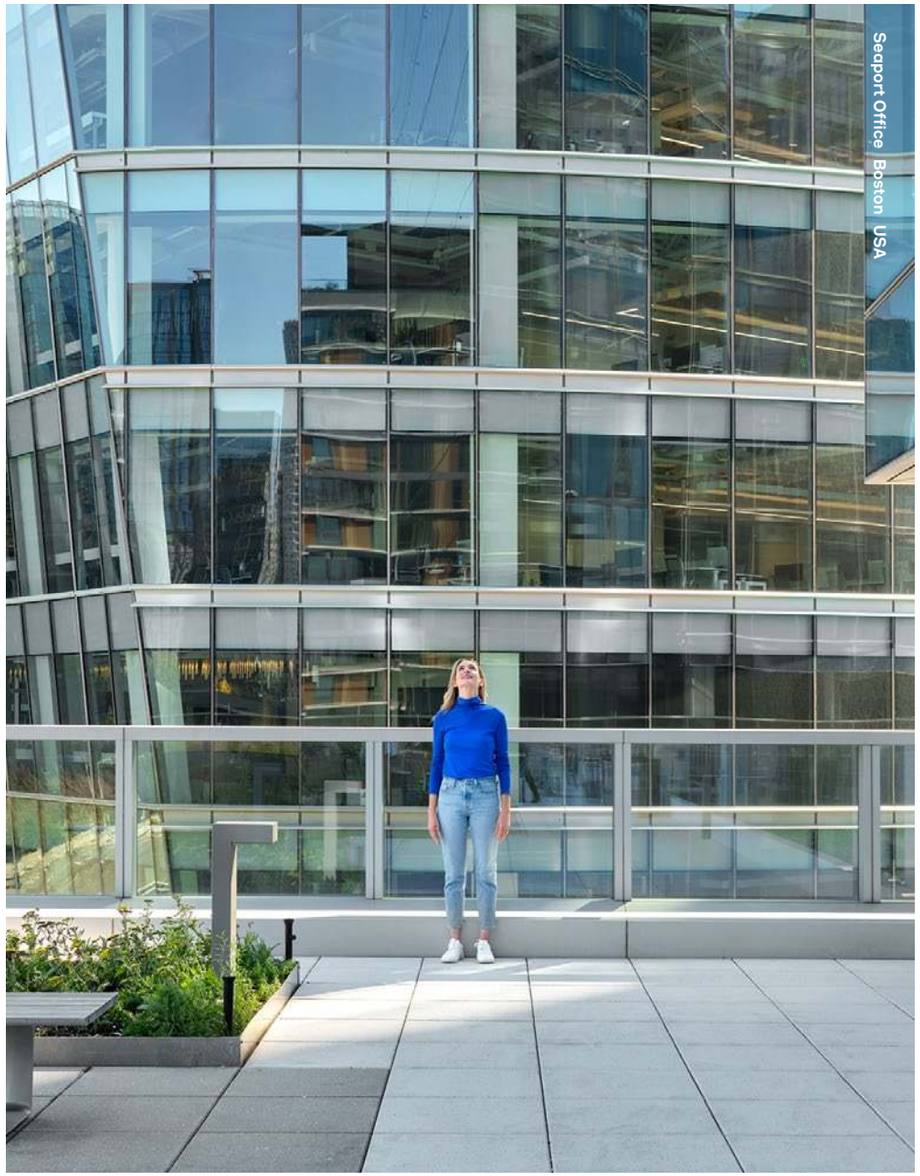
Risks and opportunities for improvement are both greatest during the actual execution phase of the projects, and the work focuses heavily on this phase. Since almost every project is unique, risks and opportunities must be analyzed with respect to project type, location, execution phase, contract type and customer. During execution, projects over a set threshold must adhere to the Skanska Project Reporting and Review Procedure to ensure consistent project reviews, including a process to make sure that deviations from planned performance are detected and acted upon early. All business units employ common valuation principles and terminology to ensure conservative project valuation and a high level of performance transparency.

Information and communication
Significant accounting principles, manuals and other documents of importance in financial and sustainability reporting are updated and information on them is communicated regularly. There are several information channels to the Group Leadership Team and the Board for important information. For our external communication, we have a Group Information Policy to ensure that we comply with existing regulations on providing the market with accurate information.

Monitoring
The Board continually evaluates the information provided by the Group Leadership Team and the Audit Committee. Of particular importance is the result of the Audit Committee's work on monitoring the effectiveness of the Group Leadership Team's internal control processes. This includes ensuring that steps are taken to address the shortcomings revealed in internal and external audits and to implement the proposed actions.

Internal Audit and Compliance
Group function Internal Audit and Compliance is responsible for monitoring and evaluating how risk management and internal control processes have been carried out. The work is planned in consultation with the Audit Committee and reporting takes place directly to the Board through the committee. Matters relating to internal audit are also communicated on an ongoing basis to the external auditors.

In 2023, Internal Audit and Compliance focused on reviewing the risks identified relating to the Group's projects, business-critical processes and key corporate functions. A total of 76 audits were conducted during the year within all business units. There was a particular focus on the business operations of commercial development investments and supply chain resilience for the construction units. The business units' and core corporate function Sustainability and Innovation's management, processes and reporting within the area of climate were also reviewed. The audits were performed in accordance with a uniform audit method.



Group overview

Operations

Sustainability report

Corporate governance

Corporate governance report

Board of Directors

Group Leadership Team

Remuneration report

Risk and opportunity management

Financial information

Board of Directors

Board members elected by the AGM 2023

	Hans Biörck	**Pär Boman**	**Jan Gurander**	**Mats Hederos**	**Fredrik Lundberg**
Position	Chairman	Board member	Board member	Board member	Board member
Born	Sweden, 1951	Sweden, 1961	Sweden, 1961	Sweden, 1957	Sweden, 1951
Elected	2016	2015	2019	2022	2011
Shareholding in Skanska, December 31, 2023	25,000 Class B shares through privately owned company	1,000 Class B shares	5,000 Class B shares	2,000 Class B shares	6,032,000 Class A shares and 16,350,000 Class B shares through L E Lundbergföretagen AB, 1,150,000 Class B shares through privately owned company, 5,376 Class A shares and 1,100,000 Class B shares privately
Other board assignments	– Board member, Handelsbanken AB	– Chairman, Handelsbanken AB – Chairman, Essity AB – Chairman, Svenska Cellulosa Aktiebolaget SCA – Vice Chairman, AB Industrivärden	– Board member, Essity AB	– Chairman, Qarlbo Property AB – Board member, Antilooppi Oy – Board member, Cirkus Venues AB – Board member, Silver Life AB	– Chairman, AB Industrivärden – Chairman, Holmen AB – Chairman, Hufvudstaden AB – Vice Chairman, Handelsbanken AB – Board member, L E Lundbergföretagen AB
Education	– Master of Science in Business and Economics, Stockholm School of Economics	– Engineering and Business/Economics degree, Honorary Ph.D. in Economics	– Master of Science in Business and Economics, Stockholm School of Economics	– Master of Science, Royal Institute of Technology, Stockholm – Executive Programme in Resilience Thinking, Stockholm Resilience Center, Stockholm University	– M.Sc. Engineering, Royal Institute of Technology, Stockholm – Master of Business Administration (M.B.A), Stockholm School of Economics – Dr. (Econ.) h.c., Stockholm School of Economics – Dr. (Eng.) h.c., Linköping University – Dr. (Med.) h.c., Karolinska Institutet
Work experience	– CFO, Skanska AB – CFO, Autoliv AB – CFO, Esselte AB	– President and CEO, Handelsbanken AB	– Deputy CEO, AB Volvo – Deputy CEO and CFO, AB Volvo – CFO and Senior Vice President Finance, Volvo Car Group – CFO, MAN Diesel & Turbo SE – Group Vice President and CFO, Scania AB	– CEO, AMF Fastigheter – Head of Property, AMF Pension – Transaction Manager, AP Fastigheter (today Vasakronan) – Investment Banker, Enskilda Securities, SEB	– President and CEO, L E Lundbergföretagen AB (since 1981)
Dependency relationship in accordance with the Swedish Corporate Governance Code	– Independent in relation to the Company and its executive management – Independent in relation to major shareholders	– Independent in relation to the Company and its executive management – Dependent in relation to major shareholders	– Independent in relation to the Company and its executive management – Independent in relation to major shareholders	– Independent in relation to the Company and its executive management – Independent in relation to major shareholders	– Independent in relation to the Company and its executive management – Dependent in relation to major shareholders

Group overview

Operations

Sustainability report

Corporate governance

Corporate governance report

Board of Directors

Group Leadership Team

Remuneration report

Risk and opportunity management

Financial information

	Catherine Marcus	Ann E. Massey	Åsa Söderström Winberg
Position	Board member	Board member	Board member
Born	USA, 1965	USA, 1954	Sweden, 1957
Elected	2017	2022	2020
Shareholding in Skanska, December 31, 2023	0 shares	0 shares	2,500 Class B shares privately, 3,000 Class B shares through privately owned company, 2,500 Class B shares through related person
Other board assignments	– Board member, PREA – Board member, Interface Inc.	– Board member, Kleinfelder Inc. – Board member, Wood Programs – Board member, Gresham Smith	– Board member, OEM International AB – Board member, Fibo AS – Board member, Currentum Group AB
Education	– M.S., Real Estate Investment and Development, New York University – B.S.E. Real Estate Finance and Entrepreneurial Management, Wharton School, University of Pennsylvania	– M.B.A., Business Administration, Tennessee Technological University – B.S., Geology, Tennessee Technological University – NACD Directorship Certified™	– Master of Science in Business and Economics, Stockholm University
Work experience	– Co-CEO and Global COO, PGIM Real Estate (since 2023) – Global COO and Head of U.S. Equity, PGIM Real Estate – MBL Life Assurance Corporation	– CEO and President, Environment & Infrastructure Solutions, Wood Group – President, Environment & Infrastructure Inc., AMEC Foster Wheeler – CEO and President, MACTEC Environmental Services, Inc.	– CEO, Sweco Theorells AB – CEO, Ballast Väst AB – Marketing Manager, NCC Industry – Communications Manager, NCC Bygg AB
Dependency relationship in accordance with the Swedish Corporate Governance Code	– Independent in relation to the Company and its executive management – Independent in relation to major shareholders	– Independent in relation to the Company and its executive management – Independent in relation to major shareholders	– Independent in relation to the Company and its executive management – Independent in relation to major shareholders

Board members and deputies appointed by the trade unions[1]

Ola Fält
Born: Sweden, 1966
Skanska Industrial Solutions; appointed by SEKO in 2018
Board member
Shareholding in Skanska: 1,873 Class B shares

Richard Hörstedt
Born: Sweden, 1963
Region Hus Syd; appointed by Byggnads in 2007
Board member
Shareholding in Skanska: 0 shares

Yvonne Stenman
Born: Sweden, 1959
Region Hus Stockholm Nord; appointed by Ledarna in 2018
Board member
Shareholding in Skanska: 0 shares

Fredrik Norrman
Born: Sweden, 1967
Skanska Sweden AB; appointed by SACO/ Sveriges Ingenjörers Akademikerförening in 2023[2]
Deputy board member
Shareholding in Skanska: 1,113 Class B shares

Hans Reinholdsson
Born: Sweden, 1972
Region Hus Göteborg; appointed by Byggnads in 2020
Deputy board member
Shareholding in Skanska: 1,257 Class B shares

Anders Rättgård
Born: Sweden, 1961
Region Hus Göteborg; appointed by Unionen in 2017
Deputy Board member
Shareholding in Skanska: 4,954 Class B shares

Auditors
Ernst & Young AB
Auditor in charge since 2023:
Rickard Andersson, Stockholm,
born 1973, Authorized public accountant.

1 Shareholding in Skanska as of December 31, 2023.
2 Effective from February 1, 2024.

Group overview

Operations

Sustainability report

Corporate governance

Corporate governance report

Board of Directors

Group Leadership Team

Remuneration report

Risk and opportunity management

Financial information

Group Leadership Team

	Anders Danielsson	**Caroline Fellenius-Omnell**	**Lena Hök**	**Richard Kennedy**	**Claes Larsson**
Position	President and Chief Executive Officer (since 2018)	Executive Vice President, General Counsel (since 2017)	Executive Vice President (since 2021)	Executive Vice President (since 2018)	Executive Vice President (since 2006)
	Responsible for business units/core corporate function – Skanska Finland – Skanska Sweden – BoKlok Housing – Communications	Responsible for core corporate function/ group function – Legal – Assurance and Control	Responsible for core corporate function – Sustainability and Innovation	Responsible for business units – Skanska USA Building – Skanska USA Civil	Responsible for business units – Skanska Commercial Development Nordic – Skanska Commercial Development Europe – Skanska Commercial Development USA
Born	1966	1968	1972	1966	1965
Joined Skanska in	1991	2017	2017	2004	1990
Shareholding in Skanska, December 31, 2023	246,166 Class B shares[1]	45,692 Class B shares	16,953 Class B shares	113,003 Class B shares	262,541 Class B shares
Awarded but unvested share awards under Skanska's long-term share saving program (Seop), December 31, 2023[2]	87,339 Class B shares	28,926 Class B shares	17,705 Class B shares	69,907 Class B shares	43,926 Class B shares
Board assignments	–	– Board member, The Swedish Association of Listed Companies	– Chair of the Swedish Sustainability Committee, International Chamber of Commerce (ICC) – Member of the Build Environment Board at World Business Council for Sustainable Development	–	–
Education	– M.Sc. Engineering, KTH Royal Institute of Technology, Stockholm – Advanced Management Program, Harvard, Boston MA, USA	– Master of Laws, Stockholm University – Master of Laws, College of Europe, Bruges	– Master of Social Science, Uppsala University – GEM Management Program, Stockholm School of Economics Executive Education	– Bachelor of Arts, Rutgers College, Rutgers University – Juris Doctor, Seton Hall University School of Law – Master of Laws, London School of Economics and Political Science	– M.Sc. Engineering, Chalmers University of Technology, Gothenburg – MBA, Chalmers University of Technology and University of Gothenburg
Work experience	– Executive Vice President, Skanska AB – President, Skanska Sweden – President, Skanska Norway	– Group General Counsel, Tele2 AB – Group General Counsel, Sidel – General Counsel Europe, Tetra Pak AB – Corporate Counsel, AB Electrolux	– Senior Vice President, Sustainability, Skanska AB – Head of Sustainability, Skandia Group – Head of Skandia foundation Ideas for life, Skandia Group – Head of Communication, Skandiabanken and Skandia	– President, Skanska USA Building – Chief Operating Officer, Skanska USA Building – General Counsel, Skanska USA Building	– President, Skanska Commercial Development Nordic – President, Skanska Fastigheter Göteborg

1 The number of shares includes holdings by related persons.
2 Share awards awarded during 2021–2023. In order for the shares to vest, an additional three years of service from each award date are required. Share awards for 2023 are preliminary. The Board will determine the outcome for 2023 after reviewing the operational performance in the first quarter of 2024.

Group overview

Operations

Sustainability report

Corporate governance

Corporate governance report

Board of Directors

Group Leadership Team

Remuneration report

Risk and opportunity management

Financial information

	Magnus Persson	**Ståle Rød**	**Therese Tegner**
Position	Executive Vice President, Chief Financial Officer (since 2018)	Executive Vice President (since 2023)	Executive Vice President (since 2022)
	Responsible for core corporate function/ group functions/operating unit – Finance – Reporting and Accounting – Financial Support and Analysis – Skanska Financial Services – Investor Relations – Information Technology – Asset Management – Internal Audit and Compliance (reports directly to the Board through the Audit Committee)	Responsible for business units – Skanska Norway – Skanska Central Europe – Skanska UK – Skanska Residential Development Europe	Responsible for core corporate function – Human Resources
Born	1976	1972	1968
Joined Skanska in	2006	1997	2005
Shareholding in Skanska, December 31, 2023	62,736 Class B shares	33,207 Class B shares	35,926 Class B shares
Awarded but unvested share awards under Skanska's long-term share saving program (Seop), December 31, 2023[1]	35,319 Class B shares	19,169 Class B shares	18,478 Class B shares
Board assignments	– Board member, Solar Power Accelerator	– Board member, Confederation of Norwegian Enterprise (NHO)	– Board member, Agne Sandberg Foundation
Education	– Ph.D. in Business Economics, Uppsala University – Master of Science in Business Economics, Uppsala University	– B.Sc. Civil Engineering, Western Norway University of Applied Sciences – Officers School, Norwegian Army – Advanced Management Program, Harvard Business School	– Master of Laws, Lund University
Work experience	– Chief Financial Officer, Skanska Sweden – Senior Vice President, Investor Relations, Skanska AB – Group Manager, Corporate Finance, Skanska AB – Head of Research and Analysis, Skanska Financial Services	– Business Unit President, Skanska Norway – Executive Vice President, Skanska Norway – Regional Director, Skanska Norway – Project Director, Skanska Norway	– Senior Vice President, Skanska Financial Services – Head of Project Advisory, Skanska Financial Services – Head of Guarantees and Insurances, Skanska Financial Services – Senior Associate, Archibald Lawfirm

1 Share awards awarded during 2021–2023. In order for the shares to vest, an additional three years of service from each award date are required.
Share awards for 2023 are preliminary. The Board will determine the outcome for 2023 after reviewing the operational performance in the first quarter of 2024.

Business Unit Presidents
Magnus Persson, Skanska Sweden
Stein Ivar Hellestad[1], Skanska Norway
Tuomas Särkilahti, Skanska Finland
Michal Jurka, Skanska Central Europe
Gregor Craig[2], Skanska UK
Katy Dowding[3], Skanska UK
Paul Hewins, Skanska USA Building
Don Fusco, Skanska USA Civil
Lars Jonson, BoKlok Housing
Björn Mattsson, Skanska Residential Development Europe
Jan Odelstam, Skanska Commercial Development Nordic
Katarzyna Zawodna-Bijoch, Skanska Commercial Development Europe
Murphy McCullough, Skanska Commercial Development USA

Senior Vice Presidents, Group Functions
Katarina Bylund, Reporting and Accounting
Karolina Cederhage, Communications
Anders Göransson, Internal Audit and Compliance
Mark Lemon, Assurance and Control
Antonia Junelind, Investor Relations
Louise Hallqvist, Skanska Financial Services
Anders Candell, Information Technology (IT)
Sanna-Mari Pöyhtäri, Financial Support and Analysis

1 From April 11, 2023. Served as Acting Business Unit President during the period from January 1, 2023 until April 10, 2023.
2 Until May 1, 2023.
3 From May 2, 2023.

Group overview

Operations

Sustainability report

Corporate governance

Remuneration report

Remuneration report

Risk and opportunity management

Financial information

Remuneration report

Introduction
This remuneration report for 2023 describes how Skanska AB's (the Company) guidelines for salary and other remuneration to senior executives (the Remuneration Guidelines), adopted by the Annual General Meeting (AGM) 2020 and revised by the AGM 2023, have been applied in 2023. The report also provides information on remuneration to the President and CEO and a summary of the Company's outstanding share-related incentive programs. The report has been prepared in accordance with Chapter 8, Sections 53 a and 53 b of the Swedish Companies Act and *the Rules on Remuneration of the Board and Executive Management and on Incentive Programmes* issued by the Swedish Corporate Governance Board and now administered by the Stock Market Self-Regulation Committee (ASK).

Further information on remuneration to senior executives and board members as required by Chapter 5, Sections 40–44 of the Annual Accounts Act is available in Note 37, Remuneration to senior executives and board members, on pages 181–186 in the Annual and Sustainability Report 2023. Senior executives include the President and CEO and the other members of the Group Leadership Team.

The Board of Directors (the Board) has established a Compensation Committee. Information on the work of the Compensation Committee in 2023 is set out in the corporate governance report available on pages 79–89 in the Annual and Sustainability Report 2023.

Remuneration of the Board is not covered by this remuneration report. Such remuneration is resolved annually by the AGM and is disclosed in Note 37 on page 183 in the Annual and Sustainability Report 2023.

The AGM 2023 resolved to approve the Board's remuneration report for 2022. No opinions were expressed by shareholders on the report.

Key developments 2023
The President and CEO, Anders Danielsson, summarizes Skanska's overall performance in 2023 in his statement on pages 8–9 in the Annual and Sustainability Report 2023.

Remuneration Guidelines: scope, purpose and deviations
A prerequisite for the successful implementation of the Company's business strategy and safeguarding of its long-term interests, including its sustainability agenda, is that the Company is able to recruit and retain qualified personnel. To this end, it is necessary that the Company offers competitive remuneration. The Remuneration Guidelines enable the Company to offer the members of the Group Leadership Team competitive total remuneration. Under the Remuneration Guidelines, the combined total remuneration for each member of the Group Leadership Team shall be market-related and competitive in the labor market in which the senior executive is placed, and distinguished performance should be reflected in the total remuneration. The remuneration may consist of the following components: fixed cash salary, variable cash remuneration, pension and other benefits. The variable cash remuneration shall aim at promoting the Company's business strategy and long-term interests, including its sustainability agenda. This is accomplished through the financial and non-financial targets that determine the outcome of the variable cash remuneration and are clearly linked to the Company's business strategy and sustainability agenda.

The applicable Remuneration Guidelines adopted by the AGM 2023 are found in Note 37 on pages 181–182 in the Annual and Sustainability Report 2023. The Remuneration Guidelines adopted by the AGM 2020, which applied during the period January 1, 2023 until the close of the AGM 2023, are available on the Group's website: group.skanska.com/corporate-governance/shareholders-meeting/archive-shareholders-meetings. During the period January 1, 2023 until the close of the AGM 2023, the Company has complied with the Remuneration Guidelines as adopted by the AGM 2020. During the period from the close of the AGM 2023 until December 31, 2023, the Company has complied with the Remuneration Guidelines as adopted by the AGM 2023. In 2023, there were no deviations from the respective applicable Remuneration Guidelines and no derogations from the decision-making process that according to the respective guidelines is to be applied to determine, review and implement the respective guidelines. The auditor's report regarding the Company's compliance with the Remuneration Guidelines adopted by the AGM 2020 and by the AGM 2023 is available on the Group's website: group.skanska.com/corporate-governance/remuneration. No remuneration has been reclaimed in 2023.

In addition to remuneration covered by the Remuneration Guidelines, the AGMs of the Company have resolved to implement long-term share-related incentive programs.

The Compensation Committee's evaluation of remuneration
As informed in the remuneration report for 2022, the Board proposed to the AGM 2023, upon recommendation from the Compensation Committee, changes to the Remuneration Guidelines adopted by the AGM 2020, primarily in relation to pension benefits aiming to align the cap for pension benefits for senior executives with prevailing Swedish market practice. The AGM 2023 adopted the revised Remuneration Guidelines in accordance with the Board's proposal.

Group overview

Operations

Sustainability report

Corporate governance

Remuneration report

Remuneration report

Risk and opportunity management

Financial information

The Compensation Committee considers that the Remuneration Guidelines adopted by the AGM 2023 have worked well in 2023, that remuneration to the Group Leadership Team has been paid in accordance with the guidelines adopted by the AGM 2020 and revised by the AGM 2023 and that the purpose of the respective guidelines has been achieved. The Compensation Committee has concluded that the Remuneration Guidelines adopted by the AGM 2023 should not be revised. The Remuneration Guidelines adopted by the AGM 2023 are intended to remain valid until the AGM 2027. No changes are proposed to the Remuneration Guidelines, and therefore no shareholder approval of remuneration guidelines will be required at the AGM 2024.

The Compensation Committee has further concluded that the ongoing programs and those that ended during the year, for variable remuneration to the Group Leadership Team, as well as the current remuneration structures and levels in the Company, are appropriate, on market terms and well balanced. Upon evaluation of the ongoing programs for variable remuneration to the Group Leadership Team, the Compensation Committee concluded that these programs efficiently served their purpose to support achieving the Company's strategic business objectives and sustainable long-term interests, as well as to increase the long-term focus of the members of the Group Leadership Team and align their interests with the long-term expectations and the interests of the shareholders.

Table 1 – Total remuneration of the President and CEO in 2022 and 2023[1]

SEK thousands		Fixed remuneration		Variable remuneration					
Name and position	**Financial year**	**Base salary[2]**	**Other remuneration and benefits[3]**	**One-year variable remuneration[4]**	**Multi-year variable remuneration[5]**	**Extraordinary items**	**Pension expense[6]**	**Total remuneration**	**Proportion of fixed and variable remuneration[7]**
Anders Danielsson, President and CEO	**2023**	14,250	133	0	1,087	–	4,988	20,458	95/5
	2022	13,750	126	10,313	7,756	–	4,812	36,757	51/49

1 Except for multi-year variable remuneration, the table reports remuneration earned in 2022 and 2023. Disbursement may or may not have been made the same year.

2 Vacation allowance is included in the base salary.

3 Other remuneration and benefits for 2023 include company car, fuel, medical insurance, meals and tax return assistance.

4 One-year variable cash remuneration relating to the 2023 financial year will be finally determined after reviewing the operational performance in the first quarter of 2024. The one-year variable cash remuneration for the President and CEO may amount to not more than 75 percent of the fixed annual cash salary. The amount included for 2022 in the table refers to actual disbursements for the 2022 financial year.

5 The value stated for 2023 refers to a preliminary award of performance shares for 2023's invested saving shares, calculated based on the share price on December 29, 2023 (SEK 182.35). The President and CEO is preliminarily estimated to receive 5,963 performance shares. The estimated number of performance shares for 2023, calculated based on the outcome of the performance conditions, has been reduced as a consequence of the cost limits of the share saving program. The value stated refers to the preliminary number of performance shares after this reduction. The Board will determine the final outcome for 2023 after reviewing the operational performance in the first quarter of 2024. In order to receive performance shares, an additional three years of service are required. For 2023, the President and CEO invested in 8,560 saving shares, equivalent to SEK 1,561 thousand, calculated based on the share price on December 29, 2023 (SEK 182.35).
The President and CEO has received remuneration related to the 2020 financial year. After a three-year lock-up period, as part of the previous share saving program Seop 5, the President and CEO received 38,277 shares, equivalent to SEK 6,980 thousand, for performance shares awarded for the 2020 financial year. The value has been calculated based on the share price on December 29, 2023 (SEK 182.35).

6 The President and CEO is covered by an individual occupational pension insurance plan, including health insurance (Sw: sjukförsäkring). The occupational pension insurance plan is a defined-contribution plan and the total premiums for the occupational pension insurance plan, including health insurance, shall amount to 35 percent of the fixed annual cash salary.

7 Pension expense, which in its entirety relates to base salary and is contribution defined, has been counted entirely as fixed remuneration.

Group overview

Operations

Sustainability report

Corporate governance

Remuneration report

Remuneration report

Risk and opportunity management

Financial information

Share based remuneration

Outstanding share-related incentive programs

Long-term share saving programs, Skanska employee ownership programs (Seop 5 and Seop 6) have been implemented in the Company. Seop 5 and Seop 6 give present and future employees the opportunity of becoming shareholders of the Company and are offered to permanent employees in the Skanska Group. The President and CEO participates in Seop 5 and Seop 6.

Subject to the participant having made an own investment in shares in the Company (saving shares), the participant may be awarded matching and/or performance shares. Matching and performance shares are awarded free of charge and are subject to three-year lock-up periods, during which the saving shares must be held, and employment must continue. Vesting of performance shares is also subject to the satisfaction of a number of performance conditions. The performance conditions used to assess the outcome of Seop 5 and Seop 6 consist of financial targets at Group, business unit and/or business unit cluster level. The financial target applicable at Group level, which applies for the President and CEO and the other members of the Group Leadership Team, is growth in earnings per share (EPS target). In Seop 6, the performance conditions applicable at Group level also contain a climate target linked to the Group's reduction of carbon emissions within scope 1 and scope 2 (Climate target), which applies for the President and CEO and the other members of the Group Leadership Team in addition to the EPS target. The weighting of the performance conditions and the 2023 preliminary outcome of the EPS target and Climate target can be found in Table 3 (b). Information on the starting point and outperform target for the EPS target 2023, the threshold level for the Climate target 2023 and on the financial targets applicable for participants in Seop 6 in the different business streams can be found in Note 37 on page 186 in the Annual and Sustainability Report 2023. No matching shares are awarded to the President and CEO under Seop 5 or Seop 6.

Further information on Seop 5 and Seop 6, including the conditions on which the outcome depends, is available on the Group's website: group.skanska.com/corporate-governance/remuneration/incentive-programs. Information on costs of the programs, dilution effects, etc. is available in Note 37 on page 185 in the Annual and Sustainability Report 2023.

Table 2 – Remuneration of the President and CEO in shares

	The main conditions of the share programs					Information regarding the reported financial year[4]					
						Opening balance	**During the year**		**Closing balance**		
Name and position	**Name of program**	**Performance period[1]**	**Award period[2]**	**Vesting period[3]**	**End of retention period**	**Share awards held at the beginning of the year**	**Awarded**	**Vested**	**Subject to performance condition**	**Awarded and unvested at year end**	**Shares subject to retention period[5]**
Anders Danielsson, President and CEO	Seop 5	2020–2022	2020–2022	2023–2025	2023–2025	119,653	0	38,277[7]	–	81,376	–
	Seop 6	2023–2025	2023–2025	2026–2028	2026–2028	0	5,963[6]	0	–	5,963	–
Total						**119,653**	**5,963**	**38,277**	**–**	**87,339**	**–**

1 Each Seop program is divided into three annual programs, with an annual performance period. Seop 5 is divided into annual program 2020 with performance period 2020, annual program 2021 with performance period 2021 and annual program 2022 with performance period 2022. Seop 6 is divided into annual program 2023 with performance period 2023, annual program 2024 with performance period 2024 and annual program 2025 with performance period 2025. Vesting of performance shares is conditional upon satisfaction of a number of performance conditions during the performance period for each annual program.

2 The investments in saving shares through the Seop programs are normally made by way of monthly salary deductions followed by monthly investments in saving shares, normally the month after the month the salary deduction was made. The acquisition period for Seop 5 comprises the financial year 2020 in respect of the annual program 2020, the financial year 2021 in respect of the annual program 2021, and the financial year 2022 in respect of the annual program 2022. The acquisition period for Seop 6 comprises the financial year 2023 in respect of the annual program 2023, the financial year 2024 in respect of the annual program 2024, and the financial year 2025 in respect of the annual program 2025. In connection with each monthly acquisition of saving shares, future matching and/or performance shares are awarded.

3 Matching and/or performance shares may normally be vested only after the lock-up period for each annual program, which comprises three years. Vesting of matching and/or performance shares to participants within each annual program is estimated to occur monthly three years after the investment in each saving share, meaning that vesting of matching and performance shares under Seop 5 is estimated to occur monthly during the financial year 2023 in respect of the annual program 2020, during the financial year 2024 in respect of the annual program 2021 and during the financial year 2025 in respect of the annual program 2022. Vesting of performance shares under Seop 6 is estimated to occur monthly during the financial year 2026 in respect of the annual program 2023, during the financial year 2027 in respect of the annual program 2024, and during the financial year 2028 in respect of the annual program 2025.

4 Performance shares related to saving shares invested under Seop 5 for 2020 have vested, whereupon 38,277 performance shares were transferred to the President and CEO. Under Seop 6, the President and CEO is preliminarily awarded 5,963 future performance shares. Saving shares, in which the President and CEO has invested to become eligible to participate in the programs, are not included in the table.

5 There is no requirement to hold the saving, matching or performance shares after acquisition/vesting.

6 Value: SEK 1,087 thousand, calculated based on the share price on December 29, 2023 (SEK 182.35) multiplied by the number of preliminary awards (5,963).

7 Value: SEK 6,980 thousand, calculated based on the share price on December 29, 2023 (SEK 182.35) multiplied by the number of performance shares vested (38,277).

Group overview

Operations

Sustainability report

Corporate governance

Remuneration report

Remuneration report

Risk and opportunity management

Financial information

Application of performance criteria
The performance criteria for the President and CEO's variable remuneration have been selected to deliver Skanska's strategy and to encourage behavior which is in the long-term interest of the Company and the Group. In the selection of performance criteria, the strategic objectives and short- and long-term business priorities for 2023 have been taken into account. The non-financial performance criteria further contribute to alignment with the sustainability agenda as well as Skanska's purpose and values.

In addition to the financial targets outlined in Table 3 (a), the President and CEO has non-financial targets that may reduce the outcome of the variable cash remuneration. The outcome in relation to the financial targets determines the total (financial) bonus potential, i.e. the financial targets are the basis of the total bonus potential. This outcome may be reduced depending on the outcomes of the non-financial targets. The non-financial targets are set to support the Company's business strategy and long-term value creation, including its sustainability agenda, and are for 2023 activity-based targets related to, among other things, Skanska's climate target. The outcome is reduced in cases where the non-financial targets are not fully reached. The non-financial targets together represent 50 percent of the total bonus which means that the total bonus outcome may be reduced by up to 50 percent if the non-financial targets are not met. Information on Skanska's climate target is available on pages 46–53 and 68 in the Annual and Sustainability Report 2023.

Table 3 (a) – Performance of the President and CEO in 2023: variable cash remuneration

Name and position	Description of the criteria related to the remuneration component	Relative weighting of the performance criteria	a) Measured performance[1] and b) actual award/remuneration outcome
Anders Danielsson, President and CEO	Income after financial items 2023[2]	100%	a) SEK 2.6 billion b) SEK 0 thousand[3]

1 Starting point and outperform target can be found in Note 37 on page 183 in the Annual and Sustainability Report 2023.
2 The income excludes the operating unit Asset Management (portfolio of PPP assets).
3 Outcome relating to the 2023 financial year will be finally determined after reviewing the operational performance in the first quarter of 2024. The one-year variable cash remuneration for the President and CEO may amount to not more than 75 percent of the fixed annual cash salary.

Table 3 (b) – Performance of the President and CEO in 2023: share-based incentives

Name and position	Description of the criteria related to the remuneration component	Relative weighting of the performance criteria	a) Measured performance[1] and b) actual award/remuneration outcome
Anders Danielsson, President and CEO	Earnings per share 2023[2]	85%	a) SEK 7.8 b) SEK 0 thousand[4]
	Carbon emissions (CO_2e) 2023[3]	15%	a) 161,000 tonnes b) SEK 1,087 thousand[4]

1 Starting point and outperform target for the EPS target and threshold level for the Climate target can be found in Note 37 on page 186 in the Annual and Sustainability Report 2023.
2 Profit for the period attributable to equity holders, divided by the average number of outstanding shares after dilution during the year.
3 Emissions within scope 1 and scope 2 (market based). More information can be found on page 68 in the Annual and Sustainability Report 2023.
4 The value stated refers to a preliminary award of performance shares for 2023's invested saving shares, calculated based on the share price on December 29, 2023 (SEK 182.35). The President and CEO is preliminarily estimated to receive 5,963 performance shares in total for both performance criteria. The estimated number of performance shares for 2023, calculated based on the outcome of the performance conditions, has been reduced as a consequence of the cost limits of the share saving program. The value stated refers to the preliminary number of performance shares after this reduction. The Board will determine the final outcome after reviewing the operational performance in the first quarter of 2024. In order to receive performance shares, an additional three years of service are required.

Group overview

Operations

Sustainability report

Corporate governance

Remuneration report

Remuneration report

Risk and opportunity management

Financial information

Comparative information on the change of remuneration and company performance

Table 4 – Remuneration and company performance over the last reported financial years

Annual change[1]	2018	2019	2020	2021	2022	2023
Executive remuneration (SEK thousands)						
President and CEO remuneration (Anders Danielsson)	16,868	32,347 (+91.8%)	34,399 (+6.3%)	35,772 (+4.0%)	36,757 (+2.8%)	20,458 (-44.3%)[2]
Skanska Group's performance						
Income after financial items (SEK bn)[3]	4.9	7.7 (+58.9%)	11.6 (+50.5%)	9.7 (-16.9%)	9.6 (-0.8%)	3.8 (-60.0%)[4]
Earnings per share (SEK)[5]	9.5	15.5 (+63.2%)	22.5 (+45.2%)	19.8 (-12.0%)	18.6 (-6.1%)	7.9 (-57.5%)[6]
Carbon emissions (tonnes)[7,8]	332,000	291,000	265,000	216,000	182,000	161,000
Average remuneration on a full-time equivalent basis of employees[9] of the Company (SEK thousands)[10]						
Employees[9] of the Company	–	–	1,455	1,603 (+10.2%)	1,589 (-0.9%)	1,231 (-22.5%)[11]

1 The table reports actual outcome and annual change in percentage.

2 Total remuneration in 2023 as set out in Table 1.

3 The income includes eliminations at the Group level. In the remuneration reports for 2020-2022, the income has been reported excluding eliminations at the Group level since the financial targets for the variable cash remuneration has been set based on income after financial items excluding eliminations at the Group level. As of 2023, eliminations at the Group level are no longer excluded from the income for target setting purposes, why the reporting in this table has been changed accordingly.

4 The table reports the income including the operating unit Asset Management (portfolio of PPP assets). In Table 3 (a), the income after financial items is reported excluding the operating unit Asset Management. Variable cash remuneration to the President and CEO for 2023 has been related to income after financial items excluding the operating unit Asset Management, as set forth in Table 3 (a).

5 Profit for the period attributable to equity holders, divided by the average number of outstanding shares during the year.

6 The table reports earnings per share before dilution. In Table 3 (b), earnings per share is reported after dilution. Share-based incentives to the President and CEO for 2023 has been related to earnings per share after dilution, as set forth in Table 3 (b).

7 Scope 1 (direct) and scope 2 (indirect - market based). More information can be found on page 68 in the Annual and Sustainability Report 2023.

8 Carbon emissions are reported in the table without annual change in percentage in accordance with the method used for reporting of sustainability information in the annual and sustainability report available under the heading Sustainability information on pages 66–78 in the Annual and Sustainability Report 2023.

9 Excluding members of the Group Leadership Team.

10 Comparative information on the change of remuneration is not included in the table for 2018–2019. As 2020 is the first financial year for which the reporting obligation exists, the Company does not have readily available the required information for the previous financial years 2018–2019.

11 Average remuneration for the Company's other employees includes payments of remuneration and benefits made in 2023. For one-year variable cash remuneration, the amount included in the table is however preliminary variable cash remuneration related to the 2023 financial year which will be finally determined and disbursed after reviewing the operational performance in the first quarter of 2024. The calculation of the one-year variable cash remuneration is further preliminary insofar as the outcome of the non-financial targets have yet not been taken into account. When calculating the preliminary one-year variable cash remuneration, full outcome of the non-financial targets has consequently been considered. The value included for multi-year variable remuneration (the share saving program Seop 6) refers to preliminary awards of matching and performance shares for 2023's invested saving shares, calculated based on the share price on December 29, 2023 (SEK 182.35). The estimated number of performance shares for 2023, calculated based on the outcome of the performance conditions, has been reduced as a consequence of the cost limits of the share saving program. The value included in the average remuneration refers to the preliminary number of performance shares after this reduction. The Board will determine the final outcome of the share saving program after reviewing the operational performance in the first quarter of 2024. In order to receive matching and performance shares, an additional three years of service are required. The average remuneration further includes pensions vested during the year in defined-benefit plans and pension expenses for defined-contribution plans. The average number of full-time equivalent employees in 2023 was 105 (2022: 74). The higher number of average full-time equivalent employees during 2023 has affected the average remuneration. The average remuneration for 2023 is further affected by a lower outcome for the one-year variable cash remuneration and the share saving program for 2023 compared to 2022.

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Risk and opportunity management
Financial information

Risk and opportunity management

Proactive and structured risk management at all levels provides increased resilience to risks and a greater ability to capture opportunities.

Established by the Board of Directors (the Board), our Group Enterprise Risk Management Policy (ERMP) sets out the framework and responsibilities for risk management across the organization. The overall purpose is to ensure that risk is managed systematically and as efficiently as possible and is assigned the correct priorities to help us achieve our business objectives and goals.

Enterprise risk management
We apply a top-down and bottom-up approach, using established risk identification and analysis techniques and the COSO (Committee of Sponsoring Organizations of the Treadway Commission) framework for guidance. This approach reflects an integrated and robust approach to enterprise risk management (ERM).

The Group Leadership Team is ultimately responsible for risk management and for the implementation of the ERMP. Business units are responsible for managing risk in their respective business operations within the framework set by the ERMP. They also report to the Group Leadership Team on relevant risk management matters.

From business unit to Group level
The ERMP requires each business unit to create an Enterprise Risk Register (ERR). Business units identify, classify and assess their risks and then develop risk management plans. The units retain ownership of their risks. Their ERRs are then collated, sorted, reviewed, and consolidated at Group level to create the Group ERR from which top risks are identified; Group-level risk controls are reviewed and modified as necessary. Enterprise risks are classified as strategic, operational, financial and regulatory. Most Group-level risk controls are set out in the Group policies, procedures and standards, which in turn are part of the Group Governance Framework. A particular risk may be addressed by more than one policy, procedure or standard. For a list of the Group policies read more in our corporate governance report on page 88.

All risks in the business units' ERRs are categorized using the Skanska Risk Universe, which allows us to work more consistently on enterprise risk. We can quickly and easily collate, analyze and respond to the current main risks in a more dynamic and proactive way. We can also consider whether it is appropriate to develop a risk appetite and risk tolerance for certain key risks. Other benefits include support for our compliance programs and more efficient design, implementation and assurance of internal controls. This clearly links to our governance processes and ultimately enables a more integrated system of governance, risk and control.

ERM process 2023
Cybersecurity continues to be a critical risk. In response to the increasing frequency of cyber threats and aligned with a more centralized approach to IT, several significant adjustments to the Group steering documents were made in 2023. These changes include an update to the Group IT Policy, requiring all business units to implement an "Acceptable Use Standard", which establishes rules for the proper use of IT equipment and services, and the handling of information in a secure way. The Group Information Security Standard was overhauled to provide a clearer and more definitive Information Security Management System.

Geopolitical risks were also in focus during the year with the ongoing war in Ukraine and its impacts on the global economy, shifts in the political landscape in Europe and elsewhere, increased tensions in Asia, and the renewed conflict between Israel and Palestine.

Additional changes to the Group governance framework include the introduction of the Group Innovation Policy, which requires business units to align their innovation portfolios with that of the Group.

Strategic risks	Operational risks	Financial risks	Regulatory risks
Relate to our purpose, long-term objectives and strategy.	Threaten the achievement of our business plan and other short-term objectives and goals, or the efficient use of resources.	Threaten our financial strength and financial assets.	Relate to compliance with applicable laws, external regulations, and internal rules.

Group overview

Operations

Sustainability report

Corporate governance

Remuneration report

Risk and opportunity management

Risk and opportunity management

Financial information

Risk universe and top risks
An annual review of Skanska's enterprise risk environment is conducted based on all business units' ERRs. This process includes reviewing existing risks, identifying and responding to potential new risks, and updating the status of risk management activities. The review, which is presented to the Board, ranks various types of enterprise risks. For each of the main risks, the appropriateness and effectiveness of management and mitigation measures are assessed and corrected as required. The table that follows, presents enterprise risks weighed together with risks identified in stakeholder dialogues and materiality analyses. The risks are examples of significant risks to Skanska divided in distinct but overlapping risk categories – a risk may fit into more than one category.

Risk area and description	Potential impact	Mitigation measures/activities
Strategic risks		
Macroeconomic instability		
Economic downturn or macroeconomic instability including impact from changes in key economic factors such as inflation and interest rates or events impacting the macroeconomic stability such as geopolitical instability and epidemics/pandemics.	• Financial and non-financial consequences for projects • Fewer number and/or postponement of new projects, among both public and private customers • Reduced demand from key customer base or several customer categories • Shift in preference to companies with a strong financial position and/or long-term relationships • Increase in land-banking opportunities due to less competition and/or financially stressed sellers	Our diversified and multinational business portfolio – in terms of clients, market sectors, project size, contract types, business models and strategic partnerships – gives us stability in times with macroeconomic instability. Additionally, we carefully manage our balance sheet and overall exposure to risk, including capital at risk in the development streams. We are constantly monitoring and evaluating market trends to anticipate changes in the business environment in the form of political decisions and amended regulations in areas that are important to our operations. In all our home markets we play an active role in the public debate and engage with governments at the local and national levels, as well as with customers, partners and other stakeholders, to advance solutions that benefit society in multiple ways and to drive a more ambitious stance on issues including climate. > Read more on global trends with significance for Skanska's operations on page 12.
Climate risks		
Physical incidents caused by the adverse impact of climate change, such as extreme weather conditions. Failure to adapt to new climate regulations and demands from investors and customers.	• Cost increases or project delays due to extreme weather conditions • Project losses and investment write-downs • Increased cost of carbon (such as carbon taxes) • Damaged reputation and inability to meet project commitments • Fines, penalties, lawsuits	Our Climate Transition Plan and climate target of achieving net-zero carbon emissions by 2045 guides our work on reducing the climate impact of our operations. We create and implement transformative climate solutions. By using solutions that are low in carbon, circular, smart, and sustainable we drive our business forward and empower our customers to succeed in meeting their sustainability goals. We partner to share knowledge and to develop and innovate transformative solutions. We assess climate risks as a part of our risk evaluation process for larger projects, allowing us to mitigate potential risks at an early stage. > Read more about our climate risk and opportunity management on pages 46–52 and according to TCFD (Task force on Climate-related Financial Disclosures) recommendations on pages 76–77.
Diversity and inclusion risks		
Employment discrimination based on social background, ethnicity, disability, gender, age, religion, sexual orientation, or any other protected characteristic. Non-inclusive workplace culture resulting in exclusionary experiences and cases of discrimination and harassment.	• Difficulties attracting, recruiting and/or retaining employees with the necessary skills and experience • Lower employee engagement and productivity due to non-inclusive behaviors and experiences • Damaged reputation and inability to meet project commitments • Fines, penalties, lawsuits	Fostering a diverse and inclusive culture enables us to recruit and retain a diverse talent pool that is essential for building exceptional teams that can better understand our increasingly diverse customer base and deliver outstanding performance. In addition, a diverse workforce and an inclusive workplace is a necessity to find innovative solutions, drive continuous improvements and ensure better decision making to achieve our Group targets including our Group climate targets. Our Group Diversity and Inclusion Procedure specifies that all business units are to work systematically with diversity and inclusion. All business units are required to set up their own diversity and inclusion steering groups as well as action plans and goals, and track metrics to measure their success. > Read more about our work on embracing diversity and inclusion on page 65.

Group overview

Operations

Sustainability report

Corporate governance

Remuneration report

Risk and opportunity management

Risk and opportunity management

Financial information

Risk area and description	Potential impact	Mitigation measures/activities
Strategic risks		
Lack/loss of key employees		
Inability to attract, recruit and retain a skilled, diverse and committed workforce. Loss of, failure to identify need for, or failure to recruit key individuals or teams with critical knowledge.	• Difficulties attracting, recruiting and/or retaining employees with the necessary skills and expertise • Lower employee engagement and productivity • Damaged reputation and inability to meet project commitments • Financial and non-financial consequences for projects	We have an established and solid process for performance and talent management, including robust and fact-based succession planning, structured resource planning and a transparent performance review process based on diversity and inclusion. Seop, the Skanska employee ownership program, provides employees with the opportunity to invest in the company, and creates incentives to contribute to our performance through matching shares and performance shares based on business unit performance. > Read the interview with Therese Tegner, Executive Vice President for Human Resources, on how we maintain a learning and development culture to attract talent on page 17.
Leadership or management failure in strategy execution		
Lack of control of performance and poor implementation of corrective actions, or failure by management to implement or adapt strategies to changing circumstances.	• Operational inefficiency, increasing costs and decreasing profits • Project losses and investment write-downs • Reduced ability to deliver for customers and inability to meet project commitments • Pursuing and winning the wrong project • Damaged reputation	The Group governance framework provides clarity on business unit decision making and accountability. Greater attention is being paid to management of the design process, commercial terms and changes in project scope, while increased employee training creates teams with the expertise needed to make the right decisions in project planning, procurement, design and execution.
IT systems and information		
Cybersecurity breach, or major IT system failure or loss of critical IT infrastructure.	• Cyberfraud • Loss of IT (or project-critical) system availability • Data confidentiality breach • Loss of data availability and integrity • Financial loss • Damaged reputation • Fines, penalties, lawsuits	Our Information Classification Standard and Security Standard both aim to protect us from cyber risks and provide a common baseline for security in business-critical processes and/or business-critical information supported by an IT system. In addition to the frequent penetration testing, e-mail filtering and security functions provided by the Microsoft Office 365 platform, we monitor, follow up and investigate all incidents on a regular basis. We also provide relevant training and updates on security awareness to all users. Our Security Operations Center monitors 24/7/365 for cyber threats and can take action to mitigate, remediate and isolate if needed. We also ensure and verify that suppliers handling Skanska information mitigate cyber risks in line with our minimum requirements. A new common IT infrastructure and Information Security organization was launched on January 1, 2023, to strengthen our information security and ability to deliver IT services efficiently across the Group.

Group overview

Operations

Sustainability report

Corporate governance

Remuneration report

Risk and opportunity management

Risk and opportunity management

Financial information

Risk area and description	Potential impact	Mitigation measures/activities
Operational risks		
Loss-making projects/investment		
Systematic underestimating of cost, schedule, scope, quantities and/or selecting the wrong projects or customers including choosing volume over profit or just to find work for a unit.	• Margin fade, operational inefficiency, increasing costs and decreasing profits • Project losses and investment write-downs • Reduced ability to deliver for customers and inability to meet project commitments • Damaged reputation • Fines, penalties, lawsuits	We have an established process to ensure that risks are assessed and understood before any projects are approved. Improved project reporting and review procedures with additional risk management activities include continual risk monitoring throughout a project so that problems can be solved, improvements made earlier, and project costs reduced. Increased employee training and an inclusive working environment to create teams with diversified skills to fully capitalize on expertise, innovation and best practices across the company. Proactive measures relating to capital at risk, pre-leasing and pre-sales requirements, as well as an increased focus on management of claims and litigation, all contribute to improved project execution. > Read more about our operational risk management on page 105.
Supply chain risks		
Contracting with counterparties who are (or become) unable to fulfill financial obligations or meet contractual commitments. Interruptions to supply chains and shortages of materials and labor resulting in financial and non-financial consequences for projects.	• Margin fade or financial loss due to increased project costs or lower productivity • Environmental or safety incidents, or breaches of human rights throughout the supply chain • Decreased ability to deliver for customers and inability to meet project commitments • Damaged reputation if suppliers and subcontractors act in ways inconsistent with our values • Fines, penalties, lawsuits	Strategic procurement and early commitment of key subcontractors, as well as prequalification or qualification prior to award of a contract, reduce performance risk within projects. Our Supplier Code of Conduct is contractually included in all agreements with suppliers and contractors. We take a risk-based approach to due diligence on third parties. Mandatory ethical due diligence is carried out for intermediaries, joint venture partners and sellers or buyers. A global database for sanctions screening is used, which automatically checks all active suppliers every 24 hours. Product-related sanctions risks are mitigated through additional due diligence, with particular attention given to high-risk suppliers. Our procedures have been enhanced as a result of the increasing risks following the war in Ukraine and other global tensions. > Read more about our responsible supply chain work on pages 63–64.
Health and safety risks		
Injuries, accidents, fatal accidents and ill health affecting people at our sites, or people affected by our operations.	• Fatal accidents, life-changing injuries, and injuries and long-term ill health that reduce life expectancy or quality of life • Fines, penalties, lawsuits • Damaged reputation and loss of trust	To work proactively and achieve continuous improvement, safety performance is reviewed regularly by the Group Leadership Team and the Board. Our Group Sustainability Policy and Group Health and Safety Standard specify expected behavior for all our workplaces; they cover aspects including training, incident management, risk assessment and instructions for proper safety management on site. All business units are required to be certified to the ISO 45001 occupational health and safety management system, which improves our capabilities to drive continuous improvements. We partner to develop and innovate technical solutions, design construction processes and ways of working to reduce health and safety risks in our operations. All business units establish a mandatory Health and Safety Road Map which is reviewed and updated annually. The Road Map is built around four focus areas: Safety culture, Hierarchy of Control, Analysis and Subcontractors. It steers efforts into developing and implementing safety solutions that have a high impact. > Read more about our safety work on pages 61–62.
Resource efficiency		
Inefficient or wasteful use of energy, materials, waste and water.	• Negative environmental impacts • Margin fade, operational inefficiency, increasing costs and decreasing profits • Inability to meet project schedules • Damaged reputation and loss of license to operate • Fines, penalties, lawsuits	Circularity and resource efficiency are linked to operational efficiency and reduced environmental impact. Close cooperation with suppliers and customers, and enhanced digital capabilities, are increasingly important in encouraging innovation, increasing productivity, reducing emissions and waste, and creating new business opportunities. Our Group Sustainability Policy, our climate target and climate transition plan drive development, innovation and improvements on circularity and resource efficiency. All business units have defined their climate plans with key actions to reduce emissions, and we have long had a target to limit the share of waste to sent to landfill. Performance and emissions related to waste, energy, fuels and materials are followed up on a quarterly basis at business unit and Group level. > Read more about our circularity and resource efficiency work on pages 48 and 55–57.

Group overview

Operations

Sustainability report

Corporate governance

Remuneration report

Risk and opportunity management

Risk and opportunity management

Financial information

Risk area and description	Potential impact	Mitigation measures/activities
Operational risks		
Competitive market situation		
Over-competitive markets (e.g., new competitors entering market, very aggressive bidding, commercial develoeprs selling at very low prices, or selection critiera not suiting Skanska).	• Lost business opportunities • Project losses and investment write-downs • Damaged reputation and inability to meet project commitments • Pursuing and winning the wrong projects	Within each business stream, we have a clearly defined commercial direction to maximize value creation. According to the Group Project Scrutiny and Approval Procedure, the Group Tender Approval Procedure, and the Group Investment Approval Procedure, as well as the Limits of Authorization appended to the Board's Procedural Rules, proposed construction and development projects exceeding heat-map thresholds pass through the Business Unit Project Board, Skanska Tender Board at Group level and the Board's Project Review Committee for scrutiny and approval. > Read more about our strategy and our business streams on pages 15 and 22–38.
Environmental risks		
Major environmental incidents in operations or in the supply chain, or pollution or other negative environmental impacts.	• Harm to people and ecosystems • Negative environmental impacts • Margin fade, operational inefficiency, increasing costs and decreasing profits • Inability to meet project schedules • Damaged reputation and loss of license to operate • Fines, penalties, lawsuits	Mandatory ISO 14001 certification ensures systematic management of environmental risks and issues, including investigation of incidents. Group and business unit specialists ensure compliance with our Group Sustainability Policy and related standards, which in most markets is more stringent than local regulations and include retaining ISO 14001 certification. We work with suppliers to minimize risks of supply chain environmental breaches and conduct employee training in environmental practice.
Financial risks		
Funding and other financial risks		
Loss of access to the financial market. In addition, in our operations we are exposed to other financial risks, such as credit risk, liquidity risk and market risk.	• Loss of access to financial market and financing on favorable terms • Breach of financing agreements • Higher costs of funding • Downgrading or bankruptcy of banks	In our Group Financial Policy, the Board has established guidelines, objectives and limits with respect to financial management and financial risk management. Our target of an adjusted net debt not exceeding SEK -10 billion, as well as limits on capital at risk and capital employed in the development streams, help us ensure that our financial position remains strong. We ensure that the Group is well financed and monitor liquidity, financial assets and financial liabilities through active management of financing. > Read more about our financial risks in Note 6, on pages 134–142.

Group overview

Operations

Sustainability report

Corporate governance

Remuneration report

Risk and opportunity management

Risk and opportunity management

Financial information

Risk area and description	Potential impact	Mitigation measures/activities
Regulatory risks		
Ethical breaches, corruption and bribery		
Breach of bribery and corruption laws (such as the UK Bribery Act, US Foreign Corrupt Practices Act, money laundering, proceeds of crime), breaches of EU competition law, US antitrust law or other public procurement law.	• Damaged reputation and loss of trust as a responsible company • Delisting from public procurement • Fines, penalties, civil lawsuits and criminal charges • Decreased ability to deliver for customers and inability to meet project commitments	Our Code of Conduct, Group Anti-Corruption Policy, Competition law manuals and values provide clear direction to employees for appropriate and ethical conduct. The Supplier Code of Conduct requires similar standards from third parties. All employees are required to undergo Code of Conduct training on a regular basis. Targeted anti-corruption and competition law training is also conducted for those in relevant roles. Regular ethics risk assessments identify potential issues and enable preventive and detective measures to be implemented. Identifying ethical and transactional risk is part of the project approval process, and due diligence is performed for potential key parties. The Code of Conduct Hotline reporting system, managed by a third party, provides a mechanism to anonymously report breaches or suspected breaches of our Code of Conduct. Credible reports are always investigated, and action taken where appropriate. > Read more about our focus on ethics, including anti-corruption, bribery and human rights on pages 63–64.
Human rights violations		
Human rights violations, such as unfair working conditions, modern slavery and child labor, or environmental violations at workplaces/sites and by subcontractors or suppliers in our supply chain.	• Harm to people and environment • Damaged reputation and loss of trust as a responsible company • Fines, penalties, civil lawsuits and criminal charges	We support recognized global human rights and fair working conditions for people working on or within the Group's projects, workplaces and supply chain. We have zero tolerance for any form of human trafficking, forced or child labor, and we are vigilant to ensure that no one working on our sites is subjected to any of these. Human rights are integrated into our Code of Conduct and Supplier Code of Conduct. Reported deviations may have consequences such as termination of agreements. > Read more about our responsible supply chain work on page 64.
Politics (external)		
Political event(s) disrupts business (e.g., material changes in legislation, or budget allocations).	• Negative impact on projects or business units • Damaged reputation and loss of trust as a responsible company • Fines, penalties, civil lawsuits and criminal charge	We are subject to a variety of external laws, rules and regulations that affect our operations at Group level, in each of our business streams and in each of the jurisdictions in which we operate. We are committed to ensuring high standards of corporate governance. Good corporate governance ensures oversight across the organization by the Board of Directors, the President and CEO and the Group Leadership Team, a sound risk culture, and a robust risk management to effectively identify and control risks. We work actively to ensure compliance with applicable laws, rules and regulations by all business units and functions in the Group, and endeavor to collaborate and be transparent with all relevant governing bodies but can provide no assurance that we will at all times be fully compliant. > Read more about our governance in the corporate governance report on pages 80–93.
Violation of sanctions		
Breach of applicable export-control regulations and sanctions in force.	• Negative impact on projects or business units • Contractual implications • Damaged reputation and loss of trust as a responsible company • Fines, penalties, civil lawsuits and criminal charge	Our Code of Conduct, Group Sanction Procedure, Supplier Code of Conduct and values provide clear direction to employees for appropriate conduct. Identifying ethical and transactional risk is part of the project approval process. To facilitate compliance with sanctions, we operate a screening process for counterparties via an external database. Screening is mandatory for certain counterparties while others are screened using a risk-based approach. In addition, we automatically check all active suppliers every 24 hours. A dedicated team assesses the alerts identified in the screening process. We perform sanctions training, awareness campaigns and provide guidance for relevant personnel. > Read more about our focus on ethics, including anti-corruption, bribery and sanctions, on pages 63–64.

Group overview

Operations

Sustainability report

Corporate governance

Remuneration report

Risk and opportunity management

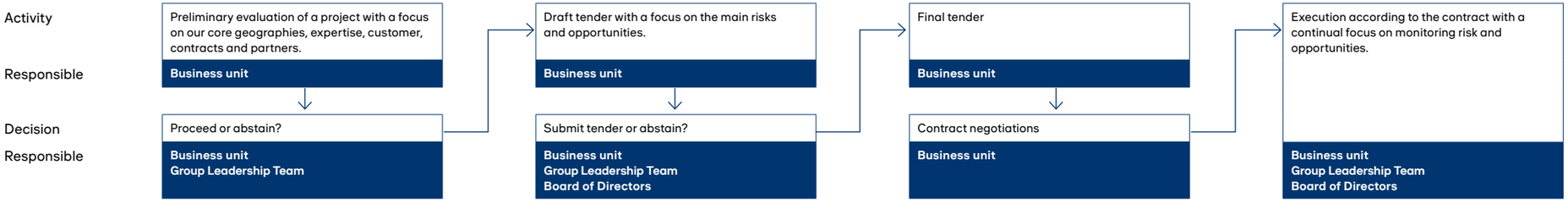
Risk and opportunity management

Financial information

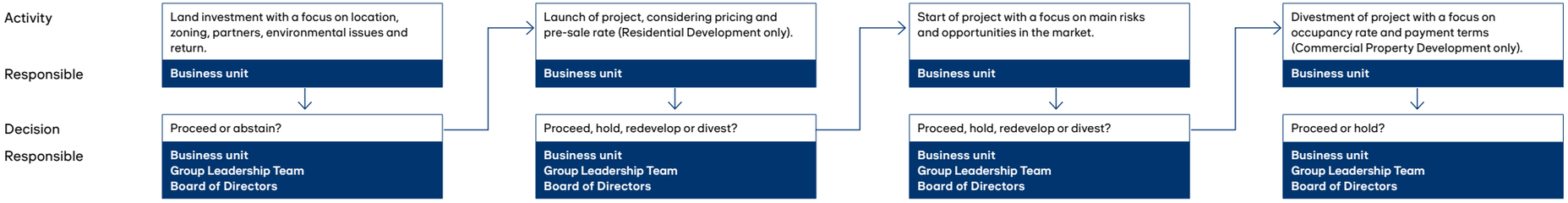
Operational risk management
Construction and Project Development operations depend on properly managing risks and opportunities, which are often specific to each project. According to the Group Project Scrutiny and Approval Procedure, the Group Tender Approval Procedure, the Group Investment Approval Procedure and the Board's Procedural Rules, proposed construction and development projects exceeding heat-map thresholds pass through the Business Unit Project Board, the Skanska Tender Board, which consists of the Group Leadership Team and the Board's Project Review Committee, which consists of board members, for scrutiny and approval.

Ongoing projects
Responsibility for managing project risks rests clearly with the business units' line management. The Group framework for oversight of ongoing projects consists of the Group Project Reporting and Review Procedure and the quarterly reporting/review process. Management of commercial risk in projects is regulated in part by the Group Claims Management Policy.

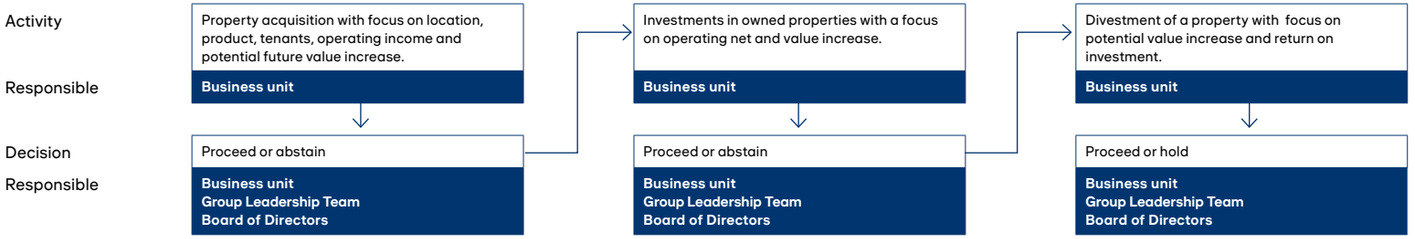
Skanska Tender Approval Procedure: Construction



Skanska Investment Approval Procedure: Commercial Property Development and Residential Development



Skanska Investment Approval Procedure: Investment Properties



Group overview

Operations

Sustainability report

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

- Financial analysis
- Financial statements
- Notes
- Auditor's report
- Auditor's review report of the sustainability report
- Quarterly information
- Share data
- Annual General Meeting
- Investors' calendar and addresses

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Financial information

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Financial analysis

Skanska Group performance for 2023 was defined by solid delivery in our Construction business and the impact from weak property markets on our property businesses. Group segment revenue decreased slightly compared to last year to SEK 157.1 billion. Reduced sales volumes in Project Development were partly offset by increased revenue in Construction. Operating income according to segment reporting was SEK 3.2 billion, significantly impacted by low sales volumes and asset impairment charges/changes in fair market values made in Project Development and Investment Properties to ensure that reported property asset values reflect the best current assessment of the underlying value of our assets. IFRS operating income was SEK 5.3 billion, as a result of a solid number of successful handovers of completed, sold homes and commercial properties.

The operating margin for Construction amounted to 3.5 percent for the year, in line with the long-term target. A balanced portfolio with exposure to different markets, segments and sectors, in combination with a clear strategy of selective bidding and a strong commercial focus, provides stability. Order bookings were stable for the year and the book-to-build ratio was 103 percent. The year-end order backlog remained high and amounted to SEK 229.6 billion, which is equivalent to 18 months of production.

Sales volumes in the Residential Development business stream were lower than normal in all of the Nordic markets, while the Central European market remained stable and delivered healthy results. The portfolio's average sales rate came down and the number of completed unsold homes increased during the year. As a result, and to balance the portfolio, fewer homes have been started and sales activities have focused on completed or nearly completed homes. When the market is dominated by high uncertainty, homebuyers prefer to buy homes closer to completion that are ready to move into in order to allow them to buy and sell in the same market phase. In 2023, 1,136 (2,052) homes were sold and 868 (2,805) homes started production. At the end of the year 4,341 (7,015) homes were under construction and 52 percent of these homes were sold.

Commercial Property Development divested seven properties during the year for a total value of SEK 4,428 M. As a result of a weaker market, divestments were significantly fewer year-on-year. The growth strategy has been paused and we are being selective about new project starts. At the end of the year, the number of ongoing projects amounted to 23, representing a leasable area of 499,000 square meters, and the number of completed unsold projects amounted to 22 with a total leasable area of 406,000 square meters. Leasing market activity in Central Europe improved during the year, resulting in a year-on-year stronger leasing performance and new leases were signed for a total of 213,000 square meters. Tenants focus on sustainability, amenities and attractive locations, all of which our portfolio of properties can provide.

The Investment Properties business stream was launched in 2022 with the objective of building a strong portfolio of high-quality office properties in Sweden with a total value of SEK 12–18 billion. In 2023, we continued to grow this portfolio with two additional office properties developed by Commercial Property Development. At year-end, the portfolio comprised five office properties in Stockholm and Malmö, corresponding to a total property value of SEK 5.1 billion. The portfolio's economic occupancy rate was 91 percent. All properties have the highest sustainability certification, LEED Platinum, and are in attractive locations.

Market outlook

Construction

Our market outlook for Construction encompasses a robust outlook for the US market together with slightly more cautious assessments for the European and Nordic markets. The building market in Europe and the Nordics is affected by lower activity and increased competition, whereas the civil market is more stable. Our US operations are well-positioned toward segments and sectors that remain strong. Federal investment programs are supporting important infrastructure investments and activity in many building sectors remains strong.

Group overview

Operations

Sustainability report

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

Financial analysis

Financial statements

Notes

Auditor's report

Auditor's review report of the sustainability report

Quarterly information

Share data

Annual General Meeting

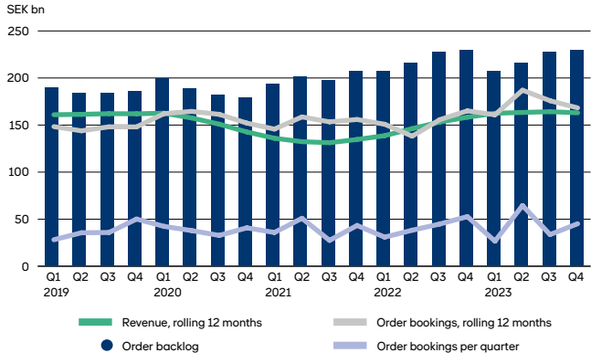
Investors' calendar and addresses

Residential Development
Activity in the Nordic housing market was low in 2023. We expect market activity to remain subdued as homebuyers adjust to higher living costs caused by higher interest rates and inflation. However, cuts in interest rates over the next 12 months could stimulate the market. The market in Central Europe is expected to remain stable with healthy activity among homebuyers.

Commercial Property Development
The real estate investor market has been hesitant. Few comparable transactions has increased uncertainty in property valuations. Compared with the historical average, activity is expected to remain low as the market adjusts to higher interest rates. In 2023, leasing activity improved in Central Europe, where a reduced supply of newly built office properties in attractive locations has started to give rise to a shortage. The Nordic market is stable while the US market continues to note lower rates for the return to offices. Flight to quality is a clear trend that supports the demand for newly built office properties. Tenants focus on flexible, sustainable premises with amenities in attractive locations that help them attract and retain employees.

Investment Properties
Tenant demand remains polarized in the Swedish office market. We are noting stronger demand for high quality, sustainable properties than for older office stock. Tenants prioritize attractive locations, flexibility and turnkey ready premises. The leasing market remains competitive, but rents in Sweden's three largest cities are generally expected to remain stable.

Order bookings, order backlog and revenue in Construction



Order bookings
Order bookings amounted to SEK 165.8 billion (162.7), supported by strong order bookings in the USA and Norway. Order bookings in SEK were 3 percent higher than revenue during the year, compared with 4 percent higher order bookings than revenue the previous year.

Order bookings and order backlog

	Order bookings		Order backlog	
SEK M	**2023**	**2022**	**2023**	**2022**
Nordics	63,642	57,832	72,925	69,496
of which Sweden	27,384	33,960	28,757	33,085
Europe	19,497	26,289	34,283	40,624
USA	82,656	78,544	122,428	119,651
Total	**165,795**	**162,665**	**229,637**	**229,771**

Order backlog
The order backlog was essentially unchanged year-on-year and amounted to SEK 229.6 billion (229.8) at year-end. The order backlog corresponded to 18 (17) months of production.

The US, Nordic and European operations accounted for 53, 32 and 15 percent respectively of the order backlog.

Segment reporting and IFRS
The Group reports its Residential Development and Commercial Property Development business streams according to segment reporting, the method is described in Note 1. The differences between the segment reporting and IFRS for reporting of revenue and operating income are summarized in the tables that follow.

Revenue

SEK M	**2023**	**2022**
Revenue by business stream according to segment reporting		
Construction	160,636	156,004
Residential Development	5,013	8,751
Commercial Property Development	5,331	14,276
Investment Properties	186	40
Central and Eliminations	-14,114	-17,469
Total revenue according to segment reporting	**157,052**	**161,602**
Difference in accounting principles	10,116	1,572
Total revenue in accordance with IFRS	**167,168**	**163,174**

Revenue according to IFRS increased 2 percent (decreased 1 percent in local currency) to SEK 167.2 billion (163.2).

Group overview

Operations

Sustainability report

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

Financial analysis

Financial statements

Notes

Auditor's report

Auditor's review report of the sustainability report

Quarterly information

Share data

Annual General Meeting

Investors' calendar and addresses

Revenue according to segment reporting decreased 3 percent (decreased 3 percent in local currency) to SEK 157.1 billion (161.6). In the Construction business stream revenue increased 3 percent in SEK. SEK 12.6 billion (13.6) of revenue in Construction, equivalent to 8 percent (9), was generated by the Group's Project Development operations. Of the SEK 5,013 M (8,751) revenue in Residential Development, SEK 80 M (54) arose from joint ventures, which has been included line by line according to the proportional method in segment reporting.

Operating income

SEK M	2023	2022
Operating income by business stream according to segment reporting		
Construction	5,632	5,770
Residential Development	-1,262	891
Commercial Property Development	-1,365	3,023
Investment Properties	-62	140
Central	290	-339
Eliminations	-3	-187
Operating income according to segment reporting	**3,231**	**9,297**
Difference in accounting principles	2,051	724
Operating income in accordance with IFRS	**5,282**	**10,021**

Operating income according to IFRS decreased 47 percent (decreased 46 percent in local currency) to SEK 5,282 M (10,021).

Operating income according to segment reporting amounted to SEK 3,231 M (9,297) including impairment of assets and goodwill totaling SEK 3.1 billion due to a weaker property market.

Construction
In the Construction business stream, operating income decreased slightly and amounted to SEK 5,632 M (5,770). The operating margin decreased slightly year-on-year and amounted to 3.5 percent (3.7), in line with the long-term target of 3.5 percent. The business stream delivered stable results with robust results for the Nordics and strong result in the USA.

Residential Development according to segment reporting
In Residential Development, operating income amounted to SEK -1,262 M (891). The weak result was mainly attributable to the SEK -1,117 M impairment of assets, where goodwill impairment losses totaled SEK -158 M and low sales volumes.

The business stream's operating margin decreased to -25.2 percent (10.2).

Commercial Property Development according to segment reporting
Operating income in the Commercial Property Development business stream amounted to SEK -1,365 M (3,023) and included impairment of property assets of SEK -1,695 M, primarily pertaining to current-asset properties in the US portfolio, where Skanska is experiencing the market as weakest. Properties were sold during the year for a value of SEK 4,428 M (13,594), generating divestment gains of SEK 1,014 M (3,839) and income from joint ventures of SEK -54 M (165).

Investment properties
During the year, two properties with a total value of SEK 1,549 M (3,668) were reallocated to the Investment Properties business stream. Operating income amounted to SEK -62 M (140), of which the change in fair market value amounted to SEK -190 M (112).

Central
Central amounted to SEK 290 M (-339). This includes income of SEK 1,280 M (397) from the PPP (public-private partnerships) portfolio where the divestment of Skanska's ownership of La Guardia Terminal B in the USA had a positive effect of SEK 794 M. The SEK -119 M impairment loss for BoKlok's production facility had a negative impact on Central.

Elimination of intra-Group profits
Elimination of profits on internal projects amounted to SEK -3 M (-187). At the Group level, this included elimination of profits relating to property projects in the Construction business stream. Eliminations are reversed when the projects are divested.

Return on equity and capital employed according to segment reporting
Return on equity according to segment reporting amounted to 5.8 percent (15.8) and return on capital employed in Project Development operations amounted to -3.7 percent (8.1) according to segment reporting.

Income in accordance with IFRS

SEK M	2023	2022
Operating income	**5,282**	**10,021**
Financial income	754	395
Financial expense	-145	-104
Net financial items	**609**	**290**
Income after financial items	**5,890**	**10,312**
Income taxes	-861	-2,027
Profit for the year	**5,029**	**8,284**

Financial items amounted to SEK 609 M (290) net, including interest expense from lease liabilities of SEK -243 M (-222). Tax expense for the year amounted to SEK -861 M (-2,027), representing a tax rate of 15 percent (20).

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Investments/divestments

SEK M	2023	2022
Operations – Investments		
Investment Properties	-26	-1
Intangible assets	-20	-24
Property, plant and equipment	-2,575	-2,238
Shares	-318	-696
Current-asset properties	-19,249	-22,609
of which Residential Development	-8,655	-10,375
of which Commercial Property Development	-10,595	-12,233
Investments	**-22,189**	**-25,567**
Total investments	**-22,189**	**-25,567**
Operations – Divestments		
Intangible assets	1	15
Property, plant and equipment	477	476
Shares	1,626	201
Current-asset properties	17,871	19,844
of which Residential Development	11,430	9,257
of which Commercial Property Development	6,441	10,587
Divestments	**19,975**	**20,537**
Strategic divestments		
Divestment of businesses	39	197
Strategic divestments	**39**	**197**
Total divestments	**20,014**	**20,734**
Total net divestments (+)/investments (-)	**-2,175**	**-4,833**
Depreciation/amortization, non-current assets	-2,747	-2,714

The Group's investments amounted to a total of SEK -22,189 M (-25,567), while divestments amounted to SEK 20,014 M (20,734), resulting in net investments of SEK -2,175 M (-4,833).

Net investments in current-asset properties amounted to SEK -1,378 M (-2,765). In Residential Development, investments in current-asset properties amounted to SEK -8,655 M (-10,375), of which SEK -909 M (-2,128) was for acquisitions of land, equivalent to 1,578 (4,777) building rights. Homes were handed over for a volume of SEK 11,430 M (9,257). Net divestments of current-asset properties in Residential Development amounted to SEK 2,775 M (-1,118).

In Commercial Property Development investments in current-asset properties amounted to SEK -10,595 M (-12,233), of which SEK -705 M (-1,310) was for land. Divestments of current-asset properties amounted to SEK 6,441 M (10,587). Net investments in current-asset properties in Commercial Property Development amounted to SEK -4,154 M (-1,646).

Consolidated operating cash flow

SEK M	2023	2022
Cash flow from business operations	6,406	5,885
Change in working capital	-217	-1,520
Net investments (-)/divestments (+)	-2,214	-5,030
Accrual adjustments	-405	468
Cash flow from business operations before taxes paid	**3,570**	**-198**
Taxes paid in business operations	-1,733	-1,501
Cash flow from business operations including taxes paid	**1,837**	**-1,699**
Net interest, other financial items and amortization of lease liabilities	-689	-565
Cash flow from financing activities	**-689**	**-565**
Cash flow from operations	**1,148**	**-2,263**
Net strategic divestments (+)/investments (-)	39	197
Dividend, etc.[1]	-3,611	-4,645
Cash flow before change in interest-bearing receivables and liabilities	**-2,424**	**-6,711**
Change in interest-bearing receivables and liabilities excluding lease liabilities	10,373	5,538
Cash flow for the year	**7,949**	**-1,173**
Cash and cash equivalents, January 1	10,014	10,947
Exchange rate differences in cash and cash equivalents	-50	240
Cash and cash equivalents, December 31	**17,912**	**10,014**
1 Of which repurchases of Class B shares.	-510	-507

Cash flow for the year amounted to SEK 7,949 M (-1,173).

Cash flow from business operations amounted to SEK 1,148 M (-2,263). The main reasons for the change in cash flow comprised of the change in working capital and fewer divestments in Project Development primarily in Commercial Property Development. Divestments by Commercial Property Development to Investment Properties generate no positive cash flow, in contrast to external sales. Taxes paid in business operations amounted to SEK -1,733 M (-1,501). Cash flow for the year was also positively impacted during the year by the issuance of SEK 4.6 billion in bonds.

Cash flow for the year of SEK 7,949 M (-1,173) combined with currency effects of SEK -50 M (240) increased cash and cash equivalents, which amounted to SEK 17,912 M (10,014).

Group overview

Operations

Sustainability report

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

Financial analysis

Financial statements

Notes

Auditor's report

Auditor's review report of the sustainability report

Quarterly information

Share data

Annual General Meeting

Investors' calendar and addresses

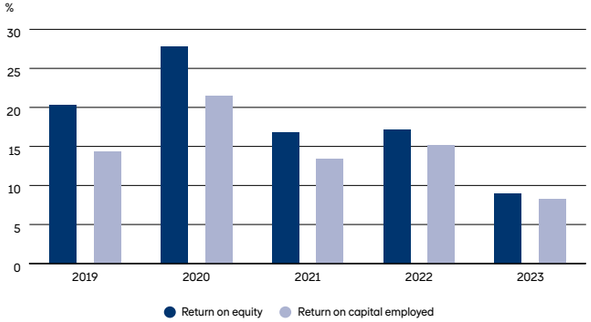
Commercial Property Development projects sold but not yet transferred as of December 31, 2023, will have a positive effect on cash flow of SEK 5.5 billion in the years 2024 to 2026.

Financing and liquidity
At the end of 2023, the Group had interest-bearing net receivables amounting to SEK 9.0 billion (10.3), including SEK 7.0 billion (7.3) in lease liabilities in accordance with IFRS 16.

At the end of the year, cash and cash equivalents and unutilized committed credit facilities amounted to SEK 27.8 billion, of which SEK 18.7 billion is available within one week. The Group's total assets increased by SEK 3.6 billion and amounted to SEK 155.2 billion (151.6).

For financial position, see also Note 6 and Note 14.

Return on equity and capital employed



At the end of the year, equity attributable to shareholders amounted to SEK 56,202 M (55,111). Apart from comprehensive income for the year of SEK 4,212 M, the change in equity was mainly explained by dividends of SEK -3,081 M and share-based payments in connection with the long-term employee ownership programs (Seop) totaling SEK 470 M.

Return on equity increased to 9.0 percent (17.0).

Capital employed at year-end amounted to SEK 77,360 M (72,845).
Return on capital employed amounted to 8.2 percent (15.2).

Equity/assets ratio and debt/equity ratio
The net debt/equity ratio amounted to -0.2 (-0.2) and the equity/assets ratio amounted to 36.3 percent (36.4).

For additional financial information see Note 6 and Note 14.

Parent company
The parent company performs administrative tasks and includes the Group Leadership Team and Group functions.

Profit for the year amounted to SEK 10,919 M (10,030) and mainly consisted of dividends from subsidiaries. The average number of employees was 112 (81).

Senior executive remuneration
The Annual General Meeting (AGM) 2023 adopted the Board of Director's (the Board) proposal on guidelines for salary and other remuneration to senior executives. Information about the most recently approved guidelines for determining salaries and other remuneration for the President and CEO and other senior executives is available in Note 37.

Skanska Employee Ownership Program (Seop)
Skanska's Seop aims to strengthen the Group's ability to retain and recruit qualified employees and to align them more closely to the company and its shareholders.

The programs provide employees with the opportunity to invest in Skanska shares while receiving incentives in the form of the possible allotment (predominantly performance-based) of additional shares.

Shares are only allotted following a three-year vesting period. To earn matching shares and performance shares, employees must have been employed throughout the entire vesting period and have retained the shares purchased within the program framework.

In 2023, costs related to the Seop program amounted to SEK 470 M (471). See also Note 26 and Note 37.

The accounting principles applied for the employee ownership programs can be found in Note 1, IFRS 2 Share-based Payment.

Research and innovation
In 2023, direct research and development expenses amounted to SEK 145 M (61). Skanska's business units lead the research and development efforts. To coordinate this work and facilitate knowledge-sharing and scaling throughout the Group, Skanska has a Group function tasked with creating a Group-wide portfolio of R&D and innovation initiatives. Its focus areas are climate, workplace safety, productivity, digitalization and the customer offering.

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Information on shares
The AGM 2023 resolved on authorizations for the Board to, during the period until the AGM 2024, (i) resolve on acquisitions of not more than 3,500,000 Class B treasury shares on Nasdaq Stockholm to secure delivery of shares to participants in the Skanska employee ownership program for the financial years 2023, 2024 and 2025 resolved by the AGM 2022 (Seop 6); and (ii) resolve on acquisitions of such number of Class B treasury shares on Nasdaq Stockholm that the parent company's holding of own shares after each acquisition amounts to a maximum of one-tenth of the total number of shares in Skanska to give the Board increased freedom of action to be able to adapt the company's capital structure and thereby contribute to increased shareholder value.

During the year, Skanska repurchased a total of 3,060,000 shares at an average price of SEK 166.82. All shares were repurchased to secure delivery of shares to participants in the Seop 6. The average price of all repurchased shares is SEK 146.76. The quota value of the repurchased shares is SEK 3.00 per share, totaling SEK 9.2 M, and the shares represent 0.7 percent of the total share capital. The cost of acquiring the shares amounted to SEK 510 M. During the year 2,118,371 shares were allotted to the employees participating in the employee ownership program. The quota value of these shares is SEK 3.00 per share, totaling SEK 6.4 M, and the shares represent 0.5 percent of the total share capital. The number of treasury shares held as of December 31, 2023 amounted to 9,713,560. The quota value of these shares is SEK 3.00 per share, totaling SEK 29.1 M, and the shares represent 2.3 percent of the total share capital. The cost of acquiring the shares amounted to SEK 1.4 billion.

Proposed dividend
The Board proposes that the AGM on March 27, 2024 resolves to pay a dividend for 2023 of SEK 5.50 (7.50) per share. The Board proposes Tuesday, April 2, 2024 as the record date for receiving the dividend. If the AGM resolves in accordance with the proposal, the dividend is expected to be distributed by Euroclear Sweden AB on Friday, April 5, 2024. The proposed dividend amounts to SEK 2 256 M (3,081) in total. No dividend is distributed for the parent company's holding of Class B treasury shares. The total dividend disbursed may change by the record date, depending on acquisitions of Class B treasury shares and the transfer of Class B shares to participants in Skanska's long-term employee ownership programs.

The Board's justification for its proposed dividend
The Board hereby issues the following reasoned statement pursuant to Chapter 18, Section 4 of the Swedish Companies Act due to the proposed dividend.

The parent company's and the Group's operations, risks in these operations, and governance, processes and mechanisms for managing these risks, the parent company's and the Group's financial positions as of December 31, 2023, and which accounting principles are applied to valuing assets and liabilities are described in this Annual and Sustainability Report.
The parent company's equity amounts to SEK 31.0 billion and the net debt/equity ratio to -0.6. The Group's equity amounts to SEK 56.3 billion and the net debt/equity ratio to -0.2 calculated as of December 31, 2023.

The Group's equity would have been SEK 1.5 billion lower if the financial instruments and investment properties, valued at fair value, had instead been valued at the lower of cost of acquisition and fair value. The proposed dividend reduces the parent company's equity/assets ratio from 97.7 percent to 97.6 percent and the Group's equity/assets ratio from 36.3 percent to 35.4 percent, calculated as per December 31, 2023.

In the Board's assessment, after disbursement of the dividend, the financial strength of the parent company and the Group will remain healthy in relation to the industry in which the parent company and the Group operate. Even taking into account the overall macroeconomic development as well as the war in Ukraine, it will remain fully sufficient to enable the parent company and the Group to fulfil their obligations in the short and the long term. In the Board's assessment, the parent company and the Group are well prepared to manage any changes in liquidity as well as unexpected events. The Board is of the opinion that the parent company and the Group have the capacity to take on future business risks and also to withstand any potential losses. The dividend will not adversely affect the parent company's and the Group's capacity to make commercially motivated investments pursuant to the Board's strategy.

Given the nature, scope and risks of the operations, the Board deems the proposed dividend justifiable in view of what is required in terms of the size of the parent company's and the Group's equity, as well as the parent company's and the Group's consolidation requirements, liquidity and financial position in general. In making this assessment, the Board has considered, inter alia, the parent company's and the Group's historical and expected development as well as the state of the market.

Given the above and based on what has otherwise come to the Board's attention, and following an assessment of the financial positions of the parent company and the Group, the Board concludes that the proposed dividend is justifiable taking into account the requirements set forth in Chapter 17, Section 3 of the Swedish Companies Act.

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Consolidated income statement

SEK M	Note	2023	2022
Revenue	8, 9	167,168	163,174
Cost of sales	10, 12, 13, 36, 41	-153,870	-146,483
Gross income		**13,297**	**16,692**
Selling and administrative expenses	10, 11, 12, 13, 36, 38, 41	-9,386	-8,998
Change in value, investment properties	40	175	1,692
Income from joint ventures and associated companies	20	1,195	636
Operating income		**5,282**	**10,021**
Financial income	14	754	395
Financial expense	14, 15	-145	-104
Net financial items		**609**	**290**
Income after financial items		**5,890**	**10,312**
Income taxes	16	-861	-2,027
Profit for the year		**5,029**	**8,284**
Profit for the year attributable to			
parent company shareholders		4,998	8,256
non-controlling interests		31	28
Earnings per share, SEK	26, 44	12.17	20.04
Earnings per share after dilution, SEK	26, 44	12.07	19.90
Proposed ordinary dividend per share, SEK		5.50	7.50

Consolidated statement of comprehensive income

SEK M	2023	2022
Profit for the year	**5,029**	**8,284**
Other comprehensive income		
Items that will not be reclassified to profit or loss for the year		
Remeasurement of defined-benefit pension plans[1]	273	3,818
Tax related to items that will not be reclassified to profit or loss for the year	-64	-792
	209	**3,026**
Items that have been or will be reclassified to profit or loss for the year		
Translation differences attributable to equity holders	-947	2,290
Translation differences attributable to non-controlling interests	-4	14
Hedging of exchange rate risk in foreign operations	-23	81
Effect of cash flow hedges	-7	108
Share of other comprehensive income of joint ventures and associated companies	-30	178
Tax related to items that have been or will be reclassified to profit or loss for the year	12	-19
	-999	**2,653**
Other comprehensive income for the year after tax	**-790**	**5,679**
Comprehensive income for the year	**4,239**	**13,963**
Comprehensive income for the year attributable to		
parent company shareholders	4,212	13,920
non-controlling interests	27	43
1 Effects of social insurance contributions including special payroll tax are included at	15	717

See also Note 26.

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Consolidated statement of financial position

SEK M	Note	Dec 31, 2023	Dec 31, 2022
ASSETS			
Non-current assets			
Investment properties	40	5,141	3,758
Property, plant and equipment	17	8,035	7,803
Property, plant and equipment, right-of-use assets	41	3,082	3,256
Goodwill	18	3,919	4,160
Other intangible assets	19	348	488
Investments in joint ventures and associated companies	20	2,072	2,901
Non-current financial assets	21	4,992	3,607
Deferred tax assets	16	2,518	995
Total non-current assets		**30,108**	**26,970**
Current assets			
Current-asset properties	22	58,660	58,474
Current-asset properties, right-of-use assets	41	3,613	3,676
Inventories	23	1,275	1,300
Current financial assets	21	7,498	14,413
Tax assets	16	1,246	1,248
Contract assets	9	7,865	7,772
Trade and other receivables	24	27,012	27,726
Cash and cash equivalents	25	17,912	10,014
Total current assets		**125,082**	**124,623**
ASSETS	32	**155,189**	**151,593**
of which interest-bearing non-current financial assets	31	4,954	3,569
of which interest-bearing current assets	31	25,096	24,327
		30,050	**27,896**

SEK M	Note	Dec 31, 2023	Dec 31, 2022
EQUITY	26		
Share capital		1,260	1,260
Paid-in capital		4,656	4,186
Reserves		4,509	5,504
Retained earnings		45,777	44,161
Equity attributable to equity holders		**56,202**	**55,111**
Non-controlling interests		146	144
TOTAL EQUITY		**56,347**	**55,255**
LIABILITIES			
Non-current liabilities			
Non-current financial liabilities	27	7,300	2,714
Lease liabilities	41	6,137	6,328
Pensions	28	3,167	2,891
Deferred tax liabilities	16	2,218	1,943
Total non-current liabilities		**18,822**	**13,876**
Current liabilities			
Current financial liabilities	27	3,615	4,854
Lease liabilities	41	909	953
Tax liabilities	16	779	388
Current provisions	29	11,087	10,368
Contract liabilities	9	23,220	24,059
Trade and other payables	30	40,410	41,840
Total current liabilities		**80,020**	**82,462**
TOTAL LIABILITIES		**98,842**	**96,338**
EQUITY AND LIABILITIES	**32**	**155,189**	**151,593**
of which interest-bearing financial liabilities	31	17,846	14,699
of which interest-bearing pensions and provisions	31	3,167	2,891
		21,014	**17,590**

Information on the Group's pledged assets and contingent liabilities can be found in Note 33.

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Consolidated statement of changes in equity

	Equity attributable to equity holders							
SEK M	**Share capital**	**Paid-in capital**	**Translation reserve**	**Cash flow hedge reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Equity, January 1, 2022	**1,260**	**3,715**	**3,259**	**-394**	**37,510**	**45,351**	**114**	**45,465**
Profit for the year					8,256	8,256	28	8,284
Other comprehensive income for the year			2,371	267	3,026	5,665	14	5,679
Dividend					-4,124	-4,124	-13	-4,137
Repurchase of 2,924,000 Class B shares					-507	-507		-507
Share-based payments		471				471		471
Equity, December 31, 2022	**1,260**	**4,186**	**5,631**	**-127**	**44,161**	**55,111**	**144**	**55,255**
Equity, January 1, 2023	**1,260**	**4,186**	**5,631**	**-127**	**44,161**	**55,111**	**144**	**55,255**
Profit for the year					4,998	4,998	31	5,029
Other comprehensive income for the year			-970	-25	209	-786	-4	-790
Dividend					-3,081	-3,081	-20	-3,101
Changes in the Group structure							-5	-5
Repurchase of 3,060,000 Class B shares					-510	-510		-510
Share-based payments		470				470		470
Equity, December 31, 2023	**1,260**	**4,656**	**4,661**	**-152**	**45,777**	**56,202**	**146**	**56,347**

See also Note 26.

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Consolidated cash flow statement

SEK M	2023	2022
Operating activities		
Operating income	5,282	10,021
Adjustments for items not included in cash flow/items to be included in cash flow	351	-4,640
Income tax paid	-1,733	-1,501
Cash flow from operating activities before change in working capital	**3,900**	**3,880**
Cash flow from change in working capital		
Investments in current-asset properties	-18,348	-21,695
Divestments of current-asset properties	17,871	19,844
Change in inventories and operating receivables	284	-2,708
Change in operating liabilities	-501	1,188
Cash flow from change in working capital	**-693**	**-3,370**
Cash flow from operating activities	**3,207**	**510**
Investing activities		
Investments in investment properties	-26	-1
Investments in intangible assets	-20	-24
Investments in property, plant and equipment	-2,575	-2,238
Investments in shares	-318	-696
Investments in financial assets	-3,736	-677
Interest received	712	355
Dividends received	773	535
Divestment of businesses	39	197
Divestments of intangible assets	1	15
Divestments of property, plant and equipment	477	476
Divestments of shares	1,046	201
Divestments of financial assets	9,624	6,703
Cash flow from investing activities	**5,997**	**4,847**

SEK M	2023	2022
Financing activities		
Borrowings	9,534	3,616
Other financial income and expense	-285	38
Interest paid	-819	-466
Repayment of debt excluding lease liabilities	-5,105	-4,118
Amortization of lease liabilities	-968	-957
Dividend to shareholders	-3,081	-4,124
Dividend to non-controlling interests	-20	-13
Repurchase of Class B shares	-510	-507
Cash flow from financing activities	**-1,255**	**-6,530**
Cash flow for the year	**7,949**	**-1,173**
Cash and cash equivalents, January 1	10,014	10,947
Exchange rate differences in cash and cash equivalents	-50	240
Cash and cash equivalents, December 31	**17,912**	**10,014**

Change in interest-bearing net receivables/net liabilities

SEK M	2023	2022
Interest-bearing net receivables/net liabilities, January 1	**10,306**	**12,598**
Cash flow from operating activities	3,207	510
Cash flow from investing activities excluding change in interest-bearing receivables	108	-1,179
Cash flow from financing activities excluding change in interest-bearing liabilities	-5,684	-6,029
Remeasurement of pension liabilities	255	3,100
Net receivables/net liabilities acquired/divested	21	-51
Translation differences	-52	887
Other	876	470
Interest-bearing net receivables (+)/net liabilities (-), December 31	**9,037**	**10,306**

See also Note 35.

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Consolidated cash flow statement, specification

Consolidated operating cash flow statement and change in interest-bearing net receivables/net liabilities

SEK M	2023	2022
Construction		
Cash flow from business operations	7,954	8,172
Change in working capital	753	-1,657
Net divestments (+)/investments (-)	-2,054	-1,643
Total Construction	**6,653**	**4,871**
Residential Development		
Cash flow from business operations	-996	-540
Change in working capital	-69	62
Net divestments (+)/investments (-)	2,404	-1,267
Accrual adjustments[1]	-43	205
Total Residential Development	**1,296**	**-1,540**
Commercial Property Development		
Cash flow from business operations	-579	-1,227
Change in working capital	-671	137
Net divestments (+)/investments (-)	-2,670	2,094
Accrual adjustments[1]	215	263
Total Commercial Property Development	**-3,705**	**1,267**
Investment Properties		
Cash flow from business operations	129	29
Change in working capital	39	47
Net divestments (+)/investments (-)	-1,575	-3,668
Accrual adjustments[1]	3	
Total Investment Properties	**-1,404**	**-3,593**
Central and Eliminations		
Cash flow from business operations	-102	-548
Change in working capital	-268	-108
Net divestments (+)/investments (-)	1,681	-546
Accrual adjustments[1]	-580	
Total Central and Eliminations	**731**	**-1,203**

SEK M	2023	2022
Total cash flow from business operations	6,406	5,885
Total change in working capital	-217	-1,520
Total net divestments (+)/investments (-)	-2,214	-5,030
Total accrual adjustments[1]	-405	468
Total cash flow from business operations before taxes paid	**3,570**	**-198**
Taxes paid in business operations	-1,733	-1,501
Cash flow from business operations including taxes paid	**1,837**	**-1,699**
Net interest, other financial items and amortization of lease liabilities	-689	-565
Cash flow from financing activities	**-689**	**-565**
Cash flow from operations	**1,148**	**-2,263**
Net strategic divestments (+)/investments (-)	39	197
Dividend, etc.[2]	-3,611	-4,645
Cash flow before change in interest-bearing receivables and liabilities	**-2,424**	**-6,711**
Change in interest-bearing receivables and liabilities excluding lease liabilities	10,373	5,538
Cash flow for the year	**7,949**	**-1,173**
Cash and cash equivalents, January 1	10,014	10,947
Exchange rate differences in cash and cash equivalents	-50	240
Cash and cash equivalents, December 31	**17,912**	**10,014**
1 Refers to payments made during the reporting year related to divestments/investments in prior years, and unpaid divestments/investments related to the reporting year.		
2 Of which repurchase of Class B shares	-510	-507

See also Note 35.

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Parent company income statement

SEK M	Note	2023	2022
Revenue	46	1,213	768
Gross income		**1,213**	**768**
Selling and administrative expenses	38, 49, 50, 62	-1,071	-600
Operating income		**142**	**168**
Income from holdings in Group companies	47	10,250	9,788
Other interest income and similar items	47	565	96
Interest expense and similar items	47	-35	-4
Income after financial items		**10,922**	**10,048**
Income taxes	48	-3	-18
Profit for the year[1]		**10,919**	**10,030**

1 Corresponds to comprehensive income for the year.

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Parent company balance sheet

SEK M	Note	Dec 31, 2023	Dec 31, 2022
ASSETS			
Non-current assets			
Intangible assets	49	**6**	**1**
Property, plant and equipment	50	**23**	**0**
Non-current financial assets	51		
Holdings in Group companies	52	12,497	12,045
Holdings in joint arrangements	53	3	3
Receivables in Group companies	63	18,526	11,422
Deferred tax assets	48	55	56
Other non-current receivables	51	101	101
Total non-current financial assets		**31,182**	**23,627**
Total non-current assets		**31,211**	**23,628**
Current assets			
Current receivables			
Current receivables in Group companies	63	176	16
Tax assets		7	10
Other current receivables		131	116
Prepaid expenses and accrued income	54	184	22
Total current receivables		**498**	**164**
Total current assets		**498**	**164**
ASSETS	59	**31,709**	**23,792**

SEK M	Note	Dec 31, 2023	Dec 31, 2022
EQUITY AND LIABILITIES			
Equity	55		
Share capital		1,260	1,260
Statutory reserve		598	598
Restricted equity		**1,858**	**1,858**
Retained earnings		18,216	11,307
Profit for the year		10,919	10,030
Unrestricted equity		**29,135**	**21,337**
Total equity		**30,993**	**23,195**
Provisions	56		
Provisions for pensions and similar obligations	57	128	134
Other provisions		26	79
Total provisions		**154**	**213**
Non-current liabilities	58		
Liabilities to Group companies	63	64	276
Total non-current liabilities		**64**	**276**
Current liabilities	58		
Trade payables		63	24
Liabilities to Group companies	63	344	2
Other liabilities		6	5
Accrued expenses and prepaid income		85	77
Total current liabilities		**498**	**108**
EQUITY AND LIABILITIES	59	**31,709**	**23,792**

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Parent company statement of changes in equity

SEK M	Share capital	Statutory reserve	Unrestricted equity	Total equity
Equity, January 1, 2022	**1,260**	**598**	**15,468**	**17,326**
Profit for the year[1]			10,030	10,030
Dividend			-4,124	-4,124
Repurchase of 2,924,000 Class B shares			-507	-507
Share-based payments			471	471
Equity, December 31, 2022	**1,260**	**598**	**21,337**	**23,195**
Equity, January 1, 2023	**1,260**	**598**	**21,337**	**23,195**
Profit for the year[1]			10,919	10,919
Dividend			-3,081	-3,081
Repurchase of 3,060,000 Class B shares			-510	-510
Share-based payments			470	470
Equity, December 31, 2023	**1,260**	**598**	**29,135**	**30,993**

1 Corresponds to comprehensive income for the year.

See also Note 55.

Parent company cash flow statement

SEK M	2023	2022
Operating activities		
Operating income	142	168
Adjustments for items not included in cash flow	31	26
Income tax paid	1	-9
Cash flow from operating activities before change in working capital	**174**	**185**
Cash flow from change in working capital		
Change in operating receivables	-337	22
Change in operating liabilities	287	-36
Cash flow from change in working capital	**-50**	**-14**
Cash flow from operating activities	**124**	**171**
Investing activities		
Investments in intangible assets	-8	
Investments in tangible assets	-30	
Interest received	565	96
Dividends received	10,250	10,000
Decrease in interest-bearing receivables		6
Group contributions paid	-211	-212
Increase in interest-bearing receivables	-7,104	- 5,753
Cash flow from investing activities	**3,462**	**4,137**
Financing activities		
Borrowings		142
Payments from subsidiaries for employee ownership programs	252	185
Interest paid	-35	-4
Repayment of debt	-212	
Dividend to shareholders	-3,081	-4,124
Repurchase of Class B shares	-510	-507
Cash flow from financing activities	**-3,586**	**-4,308**
Cash flow for the year	0	0
Cash and cash equivalents, January 1	0	0
Cash and cash equivalents, December 31	**0**	**0**

See also Note 61.

Group overview

Operations

Sustainability report

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

Financial analysis

Financial statements

Notes

Auditor's report

Auditor's review report of the sustainability report

Quarterly information

Share data

Annual General Meeting

Investors' calendar and addresses

Notes including accounting and valuation principles

Amounts in million Swedish kronor (SEK M) unless otherwise specified.

Income is reported in positive figures and expense in negative figures.

Both assets and liabilities are reported in positive figures.

Interest-bearing net receivables/net liabilities are reported in positive figures if they are receivables and negative figures if they are liabilities.

Accumulated depreciation/amortization and accumulated impairment losses are reported in negative figures.

Table of contents, notes

Group	Page	
Note 1	Accounting and valuation principles	122
Note 2	Key estimates and judgments	129
Note 3	Effects of changes in accounting principles	129
Note 4	Operating segments	130
Note 5	Non-current assets held for sale and discontinued operations	133
Note 6	Financial instruments and financial risk management	134
Note 7	Business combinations	142
Note 8	Revenue	142
Note 9	Contract assets and contract liabilities	143
Note 10	Operating expenses by category of expense	144
Note 11	Selling and administrative expenses	144
Note 12	Depreciation and amortization	144
Note 13	Impairment losses/reversals of impairment losses	145
Note 14	Financial items	147
Note 15	Borrowing costs	147
Note 16	Income taxes	148
Note 17	Property, plant and equipment	150
Note 18	Goodwill	152
Note 19	Other intangible assets	153
Note 20 A	Subsidiaries	154
Note 20 B	Investments in joint ventures and associated companies	154
Note 20 C	Joint operations	158
Note 21	Financial assets	159
Note 22	Current-asset properties/Project Development	160

Group	Page	
Note 23	Inventories	161
Note 24	Trade and other receivables	161
Note 25	Cash and cash equivalents	161
Note 26	Equity/earnings per share	162
Note 27	Financial liabilities	164
Note 28	Pensions	165
Note 29	Provisions	169
Note 30	Trade and other payables	170
Note 31	Specification of interest-bearing net receivables/net liabilities per asset and liability	171
Note 32	Expected recovery periods for assets and liabilities	173
Note 33	Assets pledged, contingent liabilities and contingent assets	174
Note 34	Foreign exchange rates and effect of changes in foreign exchange rates	175
Note 35	Cash flow statement	178
Note 36	Personnel	180
Note 37	Remuneration to senior executives and board members	181
Note 38	Fees and other remuneration to auditors	186
Note 39	Related party transaction disclosures	186
Note 40	Investment properties	187
Note 41	Leases	188
Note 42	Events after the reporting period	190
Note 43	Five-year Group financial summary	190
Note 44	Definitions	195

Parent company		Page
Note 1	Accounting and valuation principles	128
Note 45	Financial instruments	198
Note 46	Revenue	199
Note 47	Financial items	199
Note 48	Income taxes	199
Note 49	Intangible assets	200
Note 50	Property, plant and equipment	200
Note 51	Non-current financial assets	200
Note 52	Holdings in Group companies	201
Note 53	Holdings in joint arrangements	201
Note 54	Prepaid expenses and accrued income	201
Note 55	Equity	202
Note 56	Provisions	202
Note 57	Provisions for pensions and similar obligations	202
Note 58	Liabilities	202
Note 59	Expected recovery periods for assets and liabilities	203
Note 60	Assets pledged and contingent liabilities	204
Note 61	Cash flow statement	205
Note 62	Wages and salaries	205
Note 63	Related party transaction disclosures	206
Note 64	Disclosures in accordance with the Annual Accounts Act, Ch. 6, § 2 a	206
Note 65	Supplementary information	207
Note 66	Events after the reporting period	207
Note 67	Allocation of earnings	207

Group overview

Operations

Sustainability report

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

Financial analysis

Financial statements

Notes

Auditor's report

Auditor's review report of the sustainability report

Quarterly information

Share data

Annual General Meeting

Investors' calendar and addresses

Download PDF to print

Note 1. Consolidated accounting and valuation principles

Conformity with laws and standards
In compliance with the ordinance approved by the European Union (EU) on the application of international accounting standards, the consolidated financial statements have been prepared for the financial year ending on December 31, 2023 according to the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS), issued by the International Accounting Standards Board (IASB), as well as the interpretations by the IFRS Interpretations Committee and its predecessor, the Standing Interpretations Committee (SIC), to the extent these standards and interpretations have been approved by the EU. In addition, the Swedish Financial Reporting Board's Recommendation RFR 1 Supplementary Accounting Rules for Groups has been applied, as have the Statements of the Swedish Financial Reporting Board.

Amounts in tables and statements do not always accord with the calculated total of related items due to rounding differences. The aim is that each line agrees with the source, and therefore, rounding differences may arise that affect the total when the presented lines are added together.

The parent company applies the same accounting principles as the Group, except in the cases indicated below in the section Parent company accounting and valuation principles.

The parent company's annual accounts and the consolidated annual accounts were approved for issuance by the Board of Directors and the CEO on February 7, 2024. The parent company income statement and balance sheet, and the consolidated income statement and statement of financial position will be subject to adoption by the Annual General Meeting on March 27, 2024.

Conditions when preparing the Group's financial statements
The functional currency of the parent company is Swedish kronor (SEK), which is also the presentation currency of the parent company and of the Group. The financial reports are therefore presented in SEK. All amounts are rounded to the nearest million, unless otherwise stated.

The financial statements have been prepared on the going concern basis.

Preparing the financial statements in accordance with IFRS requires management to make estimates, and assumptions that affect the application of the accounting principles and the recognized amounts of assets, liabilities, revenue and expenses. Actual outcomes may deviate from these estimates and assumptions.

Estimates and assumptions are reviewed regularly. Changes in estimates are recognized in the period the change is made if the change only affects this period, or in the period the change is made and future periods if the change affects both the period in question and future periods.

Judgments made by management when applying IFRS with a substantial impact on the financial statements and estimates that may lead to significant adjustments in the financial statements of subsequent years are described in more detail in Note 2.

The accounting principles for the Group described in the following have been applied consistently for all periods that are presented in the Group's financial statements, unless otherwise indicated. The accounting principles for the Group have been applied consistently in reporting and consolidation of the parent company, subsidiaries, associated companies and joint arrangements.

New for this year
As a result of a review of the consolidated cash flow statements, changes have been made to the presentation and classification of items in the consolidated cash flow statements from the fourth quarter of 2023. For a further description of these changes, see Note 35.

IAS 1 Presentation of Financial Statements has been amended in terms of the accounting principles subject to disclosure. This amendment only requires the disclosure of material information about accounting principles and therefore Note 1 has not been revised. IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors has been amended regarding the definition of accounting estimates and judgments. This amendment has not had any material effect on Skanska's accounting. IAS 12 Income Taxes has been amended with regard to the exemption from reporting deferred tax on certain transactions. This exemption may no longer be applied. Moreover, IAS 12 has also been amended with regard to disclosure requirements related to the OECD pillar 2 rules. A temporary, mandatory exception from the disclosure of deferred tax pursuant to the above tax rules was concurrently introduced. See Note 16 for a description of the impact of these amendments on Skanska's reporting.

Forthcoming amendments to accounting principles
Other new or amended IFRS, including statements, to date adopted by the IASB are not expected to have any material impact on the Group's accounts.

IAS 1 Presentation of Financial Statements
Income statement
Items recognized as revenue are: project revenue, compensation for other services performed, divestment of current-asset properties, deliveries of materials and merchandise, rental income and other operating revenue. Revenue from the sale of machinery, equipment, non-current-asset properties and intangible assets is not included, but is instead recognized on a net basis among operating expenses against the carrying amounts of the assets. See Note 10.

Items reported as cost of sales include: direct and indirect manufacturing expenses, loss risk provisions, the carrying amounts of divested current-asset properties, bad debt losses and warranty expenses. Also included is depreciation on non-current assets used in construction and property management. Changes in the market value of derivatives related to operations are recognized in operating income.

Unrealized and realized changes in the value of investment properties are recognized net on a separate line in profit or loss.

Selling and administrative expenses include customary administrative expenses, technical expenses and selling expenses, as well as depreciation of plant and equipment that have been used in selling and administrative processes. Goodwill impairment losses are also reported as selling and administrative expenses.

Income from joint ventures and associated companies, after tax, is recognized separately in profit or loss and is included in operating income.

Among items recognized under financial income are interest income, dividends and other financial income. Financial expense includes, inter alia, interest expense and other financial expenses. Changes in the market value of financial instruments, primarily derivatives linked to financing activities, are recognized as a separate sub-item allocated between financial income and financial expense. The net amount of exchange rate differences and gains/losses on divestments of shares are recognized either as financial income or financial expense. Financial income and expense are described in more detail in Note 6 and in Note 14.

Comprehensive income
Aside from profit for the year, the consolidated statement of comprehensive income includes the items that are included under Other comprehensive income. These include translation differences, hedging of exchange rate risks in foreign operations, remeasurement related to pension-linked assets and liabilities, effects of cash flow hedges and tax on these items.

Statement of financial position
Assets
An asset is regarded as a current asset if it is expected to be realized within 12 months from the closing day or within the company's operating cycle. The operating cycle is the period from the signing of a contract until the company receives cash payment following a final inspection or delivery of goods (including properties). Since the Group executes large contracting projects and project development, the operating cycle criterion means that many more assets are designated as current assets than if the only criterion were within 12 months.

In Note 32, assets are allocated between amounts for assets that are expected to be recovered within 12 months of the closing day and assets that are expected to be recovered later than 12 months from the closing day. The allocation between non-current non-financial assets is based on expected annual depreciation. The division for current-asset properties is mainly based on outcomes during the past three years. This division is even more uncertain than for other assets, since the outcome during the coming year is strongly influenced by the dates when large individual properties are handed over.

Note 31 shows the allocation between interest-bearing and non-interest-bearing assets.

Group overview

Operations

Sustainability report

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

Financial analysis

Financial statements

Notes

Auditor's report

Auditor's review report of the sustainability report

Quarterly information

Share data

Annual General Meeting

Investors' calendar and addresses

Equity
The Group's equity is allocated between share capital, paid-in capital, reserves, retained earnings and non-controlling interests.

Acquisitions of treasury shares are recognized as a deduction from retained earnings in equity. Proceeds from the divestment of treasury shares are recognized as an increase in equity. Any transaction costs are recognized directly in equity.

Dividends are recognized as a liability once the general meeting of shareholders has approved the dividend.

A description of equity, the year's changes and disclosures concerning capital management are provided in Note 26.

Liabilities
Liabilities recognized as current liabilities comprise liabilities that are either supposed to be paid within 12 months of the closing day or – in the case of business-related liabilities only – are expected to be paid within the operating cycle. Since the operating cycle is taken into account, no non-interest-bearing liabilities, such as trade payables and accrued personnel expenses, are recognized as non-current. Liabilities that are recognized as interest-bearing due to discounting are included among current liabilities, since they are paid within the operating cycle. Interest-bearing liabilities are recognized as non-current even if they fall due for payment within 12 months of the closing day if the original maturity was longer than 12 months and the entity reaches an agreement on long-term refinancing of the obligation before the end of the reporting period. Information on liabilities is provided in Note 27 and Note 30.

In Note 32, liabilities are allocated between amounts for liabilities to be paid within 12 months of the closing day and liabilities to be paid later than 12 months from the closing day. Additionally, Note 31 also provides information about the allocation between interest-bearing and non-interest-bearing liabilities.

IFRS 10 Consolidated Financial Statements
The consolidated financial statements cover the accounts of the parent company and the companies in which the parent company has a direct or indirect controlling interest.

Skanska initiates and enters into agreements with newly formed Swedish cooperative housing associations or Finnish housing corporations for the construction of homes. Under the terms in these agreements Skanska has a controlling interest and thus consolidates the cooperative housing associations and housing corporations during the construction period and until the end-customer takes possession, at which point Skanska no longer has a controlling interest. During the consolidation period, Skanska recognizes the projects in the balance sheet, with the largest items comprising current-asset properties on the asset side and borrowings for cooperative housing associations and housing corporations are recognized as part of the Group's interest-bearing liabilities. Homes not yet transferred are recognized as current-asset properties.

Intra-Group receivables, liabilities, revenue and expenses are eliminated in their entirety in the preparation of the consolidated financial statements.

Gains that arise from intra-Group transactions and that are unrealized from the standpoint of the Group on the closing day are eliminated in their entirety. Unrealized losses on intra-Group transactions are also eliminated in the same way as unrealized gains, to the extent that the loss does not correspond to an impairment loss.

Goodwill attributable to foreign operations is expressed in the functional currency. Translation to SEK is in accordance with IAS 21. Information on goodwill is provided in Note 18.

IFRS 3 Business Combinations
If the acquisition does not relate to business operations, as is normally the case when Skanska acquires properties, IFRS 3 is not applied. In such cases, the acquisition cost is instead allocated among the individual identifiable assets and liabilities based on their fair values on the acquisition date, without recognizing goodwill and any deferred tax assets/tax liability resulting from the acquisition.

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
If a non-current asset or disposal group is to be classified as held for sale, the asset (disposal group) must be available for sale in its present condition. It must also be highly probable that the sale will occur. In order for a sale to be highly probable, a decision must have been made at management level, and active efforts to locate a buyer and complete the plan must have been initiated. The asset or disposal group must also be actively marketed at a price that is reasonable in relation to its fair value, and it must be probable that the sale will occur within one year. Skanska also applies the principle that with regard to a single non-current asset, its value must exceed EUR 100 M.

IAS 28 Investments in Associates and Joint Ventures
The Group's share of the associated company's or joint venture's income after tax is recognized in profit or loss as income from joint ventures and associated companies. If the Group's share of recognized losses in an associated company or joint venture exceeds the carrying amount of the holdings in the consolidated financial statements, the value of the holding is reduced to zero. Settlement of losses also occurs against long-term unsecured financial assets (subordinated loans), which, in substance, form part of Skanska's net investment in the associated company or joint venture and are thus recognized as shares. Continued losses are only recognized if the Group has provided guarantees to cover losses arising in the associated company or joint venture, and then as a provision.

Elimination of intra-Group profits
When profits arise from transactions between the Group and an associated company or a joint venture, the portion equivalent to the Group's ownership interest is eliminated. If the carrying amount of the Group's holding in the associated company is less than the elimination of internal profit, the excess portion of the elimination is recognized as a provision. If a loss arises from a transaction between the Group and an associated company or a joint venture, the loss is eliminated only if it does not correspond to an impairment loss on the asset.

If a profit or loss has arisen in the associated company or in a joint venture, the elimination affects the income for the transaction year recognized under Income from joint ventures and associated companies. The elimination of the internal profit is reversed in later financial statements based on how the asset is used or when it is divested.

The equity method is applied until the date when the significant influence in an associated company or the joint controlling interest in a joint venture ceases. The sale of an interest in an associated company or in a joint venture is recognized on the date that the Group no longer has control over the holding.

Note 20 B provides information about associated companies and joint ventures.

IFRS 11 Joint Arrangements
Contracting projects executed in collaboration with outside contracting companies, with joint and several liability, are reported by Skanska as joint operations. If the joint arrangement is a separate company but the vast majority of the company's production is acquired by the co-owners and there is no obstacle to its sale to an external party, the joint arrangement is often considered to be a joint operation. In other cases, the arrangement is a joint venture.
If the co-owners of the joint arrangement only have rights to the net assets of the arrangement, it is a joint venture.

For joint operations the revenue, costs, assets and liabilities of the joint operation are included line by line in the consolidated financial statements according to Skanska's interest in the joint operation. Joint operations are described in Note 20 C.

The equity method is used for joint ventures when preparing the consolidated financial statements. This method is described under the heading IAS 28.

In connection with PPP projects, the Group's investment may both include holdings in and subordinated loans to a joint venture. Both are treated in the accounts as participations in joint ventures.

Note 20 B provides information about joint ventures and a specification of significant holdings in joint operations is given in Note 20 C.

IFRIC 12 Service Concession Arrangements
IFRIC 12, which affects Skanska's joint ventures within the PPP portfolio, deals with the question of how the operator of a service concession should account for the infrastructure, as well as the rights it receives and the obligations it undertakes under the agreement. The operator constructs or upgrades infrastructure (construction or upgrade services) used to provide a public service and maintains the infrastructure (operation services) for a specified period of time. Construction or upgrade services and operation services are reported in accordance with IFRS 15. The consideration may be rights to a financial asset or an intangible asset. If the operator has an unconditional right to receive cash and cash equivalents

Group overview

Operations

Sustainability report

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

Financial analysis

Financial statements

Notes

Auditor's report

Auditor's review report of the sustainability report

Quarterly information

Share data

Annual General Meeting

Investors' calendar and addresses

Download PDF to print

in specified or determinable amounts (the consideration model is based on availability through the provision of, for example, a hospital or an airport), a financial asset is recognized. IFRS 9 requires interest to be calculated on this financial receivable. The customer does not pay until the facility is put into operation, and the payment received is then reported as a reduction in the financial receivable. If the operator is instead entitled to charge the users of the public service (the consideration model is based on market risk through, for example, road tolls) an intangible asset is recognized, which is amortized over the life cycle of the project. The road tolls received in payment are recognized as revenue.

IFRS 15 Revenue from Contracts with Customers
Under IFRS 15 revenue is recognized based on a five-step model. Step one involves identifying the contract with a customer. If two or more contracts are entered into with a customer at the same time and the price of one contract is dependent on the other contract, the contracts are combined.

The Construction business stream builds and renovates buildings, industrial facilities and infrastructure. Within the business stream, it also executes service-related assignments, such as construction services, facility operations and maintenance. This business serves both public and private sector customers.

A combination of contracts happens rarely, but contract modifications, such as those related to supplementary orders, are common. In most cases the added goods or services are not distinct and therefore form part of a single performance obligation that is partially met at the time of the contract modification and is reported as being a part of the existing contract.

Most often the contracts within this business stream contain only one performance obligation. Performance obligations in the Construction business stream comprise the construction contract or the service that is to be delivered, for example the construction of a building on the customer's land or the maintenance of existing facilities, such as roads. If an agreement involves operations in different geographical locations, delivered during different time periods or with different risk exposures, the breakdown into several performance obligations may be relevant.

If there is a right to variable remuneration, such as incentive agreements, this is taken into account to the extent that it is highly unlikely it will be reversed at a later date. Revenue is recognized over time in the Construction business stream, when the customer simultaneously receives and consumes the benefits provided through the entity's performance or when Skanska creates or enhances an asset that the customer controls.

Revenue is recognized over time, determined each quarter, on the basis of accumulated project expenses in relation to estimated accumulated project expenses upon completion of the performance obligation.

The Residential Development business stream develops and sells new residential units, including rental units. Its customers are mainly from the private sector. The basis for recognizing revenue is usually an agreement to sell a specific unit, such as a condominium. Contract modifications are rare, but are included in the original contract if they do occur.

Skanska's performance obligation in the Residential Development business stream is the handing over of a home that is ready for occupation. The transaction price is a fixed price according to the terms of the sales agreement.

Revenue is recognized at the point in time when the keys to the home are handed over to the individual homebuyer. In other words, it is recognized when the homebuyer has taken possession of the home and has full control over it as the owner. This is based on Skanska being deemed not to be entitled to full payment until fulfillment of its contract obligation. Even if a certain advance payment is made by the buyer, for the entire duration of the contract, Skanska is not entitled to full payment for the work completed to date. This is due to the fact that sales contracts contain clauses that allow homebuyers in certain situations to withdraw from the contract during construction without reimbursing Skanska in the manner required for the recognition of revenue over time.

As stated under the heading IFRS 8 Operating Segments later in this Note, Segment reporting compared with IFRS reporting, segment reporting applies a different principle to establish when revenue is recognized for the Residential Development business stream.

In the Commercial Property Development business stream Skanska initiates, develops, leases and sells investment holdings in the form of commercial properties to real estate investors.

Within this business stream the performance obligation to the customer (the real estate investor) is to deliver an investment holding in the form of a commercial property, usually with tenants. If legal ownership is transferred prior to the commencement of construction, this is a performance obligation on its own, which means that the construction work becomes a separate performance obligation within the Construction business stream.

The development of commercial projects is a continuous process with a number of clearly defined phases. The average development cycle from the initial project idea to its completion is five to seven years. Divestment normally occurs at the end of the cycle, when a project is completed. The performance obligation is to hand over a fully developed property that usually becomes an investment holding of the customer.

The combination of contracts rarely occurs. In some cases, Skanska also assists the investor with renting out the property, an undertaking that is then deemed to be a separate performance obligation. The transaction price is usually a fixed price according to the terms of the contract.

When the customer contract for the sale of the property is signed, there is no alternative use for the property. If Skanska is entitled to payment for any work performed to date, this would depend on the contractual terms and conditions and on the applicable legislation. Skanska's assessment is, however, that it usually assumes this right only when fulfilling a contract obligation. Prior to the completion of a project, Skanska normally only has the right to an indemnity not equal to accrued expenses. Revenue is therefore normally recognized at the point in time when the property is handed over to the customer.

As stated under the heading IFRS 8 Operating Segments later in this Note, Segment reporting compared with IFRS reporting, segment reporting applies a different principle to establish when revenue is recognized for the Commercial Property Development business stream.

It is considered appropriate to recognize the sale of current-asset properties through divestment of companies in accordance with IFRS 15 and not as divested companies under IFRS 10 as it is an asset that is being divested, not a company with a business.

In the Investment Properties business stream, Skanska owns properties for the purpose of generating rental income and increases in value. Once leases have been signed with tenants, they are considered to essentially contain lease components and rental income is recognized according to IFRS 16. In cases where Skanska also bills the tenant for services, the contract also contains distinct non-lease components. The payment in this case is recognized according to the rules in IFRS 15.

The PPP portfolio includes development of hospitals, airports, roads and other necessary social infrastructure. The accounting of these projects complies with IFRIC 12 Service Concession Arrangements, which in turn recognizes revenue in accordance with IFRS 15.

Contract assets and contract liabilities are recognized net of accrued revenue and invoiced amounts per project. Construction contracts often allow for invoicing in advance. Once an amount has been invoiced, a trade receivable is recognized.

Onerous contracts are expensed immediately and provisions for losses are made for the remaining work to be done and recognized in accordance with IAS 37.

IFRS 16 Leases
Skanska as a lessee
Leases, with the exception of short-term leases (less than 12 months) and leases where the underlying asset is of low value, are recognized in the Statement of financial position as: property, plant and equipment, right-of-use assets; current-asset properties, right-of-use assets; and interest-bearing lease liabilities.

A contract is a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. Non-lease components in a contract, such as servicing costs, are separated out and not included in the calculation of the value of the right-of-use asset where it is possible to separate such costs. Contracts with subcontractors are generally considered to be service agreements since Skanska is requesting a service and the contract does not give Skanska control over a specific asset. The hire of tower cranes and scaffolding, which in large construction projects are generally hired for a long period, is reported as leases.

When assessing whether an asset is of low value, the asset is grouped with assets on which it is heavily dependent or with which it is linked.

Current-asset properties right-of-use assets, which are in practice always extended, are considered to be perpetual rights of use and the lease term is then set at 100 years.

Group overview

Operations

Sustainability report

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

Financial analysis

Financial statements

Notes

Auditor's report

Auditor's review report of the sustainability report

Quarterly information

Share data

Annual General Meeting

Investors' calendar and addresses

Download PDF to print

Rights of use for property, plant and equipment are depreciated over the lease term except in the case of perpetual rights of use of land, which are not depreciated at all since the remaining lease term is always a constant 100 years. Rights of use for current-asset properties – both those considered to be perpetual and those with a fixed lease term – are not depreciated at all since they are reported in accordance with IAS 2.

When making payments on a lease, the payment is divided between interest expense and a reduction of the remaining liability. Payments relating to right-of-use assets that are not depreciated are recognized entirely as interest expense, since – as mentioned earlier – the liability is unchanged. The interest expense is capitalized during the construction period in the case of rights of use for current-asset properties.

Skanska as lessor
Skanska rents out premises primarily through operating leases. Lease payments received for these leases are recognized as revenue on a straight-line basis over the lease term.

IAS 16 Property, Plant and Equipment
Property, plant and equipment that consist of parts with different useful lives are treated as separate components of property, plant and equipment. Depreciation is performed on a straight-line basis during the estimated useful life, or based on degree of use, taking into account any residual value at the end of the period. The depreciation periods applied for office buildings breaks down as follows: foundation and frame, 50 years; installations, 35 years; and non-weight-bearing components, 15 years. In general, industrial buildings are depreciated over a 20-year period without allocation into separate components. Stone crushing and asphalt plants as well as concrete mixing plants are depreciated over 10 to 25 years depending on their condition when acquired and without being divided into separate components. For other buildings and equipment, division into separate components occurs only if major components with different useful lives can be identified. For other plant and equipment, the depreciation period is normally between three and 10 years. Minor equipment is recognized as an expense immediately. Gravel pits and stone quarries are depreciated as materials are removed. Land is not depreciated. Assessments of an asset's residual value and useful life are performed annually.

The carrying amount of a property, plant and equipment item is derecognized from the statement of financial position when it is disposed of or divested, or when no further economic benefits are expected from the use or divestment of the asset.

Repairs are not capitalized and are instead recognized as an expense as they occur.

IAS 38 Intangible Assets
Development expenses, which are expenses for designing new or improved materials, structures, products, processes, systems and services by applying research findings or other knowledge, are recognized as assets if it is probable that the asset will generate future revenue. Other development expenses are recognized directly as an expense. Expenses for regular maintenance and modifications of existing products, processes and systems are not recognized as a development expense. Nor is work performed on behalf of a customer recognized as a development expense.

Amortization is recognized in profit or loss on a straight-line basis, or based on the degree of use, over the useful life of intangible assets, to the extent such a period can be determined. Consideration is given to any residual value at the end of the period. Patents are amortized over 10 years. Investments in major computer systems are amortized over a maximum of seven years.

IAS 36 Impairment of Assets
Impairment losses are determined using the recoverable amounts for the assets. For goodwill, the cash-generating unit is mainly the same as the Group's business unit or other unit reporting to the parent company. If the business unit operates in more than one business stream, the cash-generating unit is no larger than the identified business stream to which goodwill has been allocated. Operations that are not integrated into the business unit's other operations are exempted from the main rule.

In Construction and Residential Development, the recoverable amount of goodwill is based on value in use, which is calculated by discounting expected future cash flows. The discounting factor is the weighted average cost of capital (WACC) applicable to the operation. See Note 18.

IAS 23 Borrowing Costs
Borrowing costs are capitalized provided that it is probable that they will result in future economic benefits and the costs can be measured reliably. Generally speaking, capitalization of borrowing costs is limited to assets that take a substantial period of time for completion, which in the Group's case mainly means the construction of current-asset properties and properties for the Group's own use (non-current-asset properties). Capitalization occurs when expenditure included in the acquisition cost has arisen and activities to complete the building have begun. Capitalization ceases when the building is completed. Borrowing costs during an extended period when work to complete the building is interrupted are not capitalized. If separate borrowing has occurred for the project, the actual borrowing cost is used. In other cases, the cost of the loan is calculated on the basis of the Group's borrowing cost.

IAS 2 Inventories
Aside from customary inventories of goods, the Group's current-asset properties are also encompassed by this accounting standard. Current-asset properties and inventories of goods are both measured item by item in accordance with the lowest cost principle, which means that a property or item is measured either at cost or net realizable value, whichever is lower. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale.

Except for properties that are used in Skanska's own business and for investment properties, the Group's property holdings are reported as current assets, since these holdings are included in the Group's operating cycle. The operating cycle for current-asset properties is around three to five years.

Acquisitions of properties are recognized in their entirety only upon the transfer of legal ownership, which normally occurs on completion of the purchase. Property acquisitions through purchases of property-owning companies are recognized when ownership of the shares has been transferred to Skanska.

When item-by-item measurement cannot be applied, the cost of inventories is assigned by using the first-in, first-out (FIFO) formula and includes expenditure that has arisen from the acquisition of inventory assets and from bringing them to their present location and condition. For manufactured goods, cost includes a reasonable share of indirect costs based on normal capacity utilization. Materials not yet installed at construction sites are not recognized as inventories, but are included among project expenses.

Current-asset properties are divided up between Commercial Property Development and Residential Development. They are also categorized as Development properties, Properties under construction and Completed properties. Note 22 provides information about these properties.

Before impairment losses, properties, both those completed and those under construction, are valued based on costs paid directly, a reasonable proportion of indirect costs and interest expense during the construction period. Information on market appraisal of properties is provided in Note 44.

Information on customary inventories of goods is provided in Note 23.

IAS 37 Provisions, Contingent Liabilities and Contingent Assets
Provisions
Skanska makes provisions for future expenses relating to warranty obligations pursuant to construction contracts that involve a liability for the contractor to remedy errors and omissions that are discovered within a certain period after the contractor has handed over the property to the customer. Such obligations may also be required by law.

Onerous contracts are recognized in the form of a provision for the remaining work to be done.

A provision is made for disputes related to completed projects if it is probable that a dispute will result in an outflow of resources from the Group.

When accounting for interests in joint ventures and associated companies, a provision is made when a loss exceeds the carrying amount of the holding and the Group has a payment obligation.

Contingent liabilities
The amounts of contract fulfillment guarantees are included until the contracted work has been transferred to the customer, which normally occurs upon its approval in a final inspection. If the guarantee covers all or most of the contract sum, the amount of the contingent liability is calculated as the contract sum minus the value of the portion performed. In cases where the guarantee only covers a small portion of the contract sum, the guarantee amount remains unchanged until the contracted work is handed over to the customer. The guarantee amount is not reduced by being offset against payments not yet received from the customer. Guarantees that have been received from

Group overview

Operations

Sustainability report

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

Financial analysis

Financial statements

Notes

Auditor's report

Auditor's review report of the sustainability report

Quarterly information

Share data

Annual General Meeting

Investors' calendar and addresses

subcontractors and suppliers of materials are not taken into account either. If the Group receives reciprocal guarantees related to external consortium members' share of joint and several liability, these are not taken into account.

In connection with contracting assignments, collateral is often provided in the form of a completion guarantee from a bank or insurance institution. The issuer of the guarantee, in turn, normally receives an indemnity from the contracting company or other Group company. Such indemnities related to the Group's own contracting assignments are not reported as contingent liabilities, since they do not involve any increased liability compared to the contracting assignment.

Note 33 presents information about contingent liabilities.

Assets pledged
Participations in joint ventures within the PPP portfolio business stream are reported as assets pledged when the shares in the project company, which may be directly owned by Skanska or owned via an intermediate holding company, are pledged as collateral for loans from banks or lenders other than the co-owners.

Note 33 provides information about assets pledged.

IAS 19 Employee Benefits
Calculation of defined-benefit pension plans in accordance with IAS 19 is carried out in a way that often deviates from local rules in each country. Obligations and costs are calculated according to the projected unit credit method. The purpose is to recognize expected future pension disbursements as expenses in a way that yields more uniform expenses over the employee's period of employment. Actuarial assumptions about the discount rate, wage or salary increases, inflation and life expectancy are taken into account in the calculation. Pension obligations for post-employment benefits are discounted to present value. Discounts are calculated for all three countries where Skanska has defined-benefit pension plans using an interest rate based on the market return on high quality corporate bonds including mortgage bonds, with maturities matching the pension obligations. Plan assets in pension funds are recognized at fair value on the closing day. In the statement of financial position, the present value of pension obligations is recognized after subtracting the fair value of plan assets. The pension expense and the return on plan assets recognized in profit or loss refer to the pension expense and return estimated at the start of the year. The return on plan assets is calculated using the same interest rate as is used to discount the pension obligations. Any differences compared to the actual pension expense and actual return, as well as effects of changed assumptions, together constitute remeasurement and are reported in Other comprehensive income.

The Group's net obligation related to other long-term employee benefits, aside from pensions, amounts to the value of future benefits that employees have earned as compensation for the services they have performed during the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to present value, and the fair value of any plan assets is subtracted. The discount rate is again based on the yield on high quality corporate bonds including mortgage bonds, or government bonds, with a maturity matching the maturity of the obligations. See Note 28.

IFRS 2 Share-based Payment
The Seop 5 and Seop 6 employee ownership programs are recognized as share-based payments settled with equity instruments, in accordance with IFRS 2. This means that the fair value is calculated on the basis of market value at the time of investment (which is the same as the time of allotment according to the standard) and expected fulfillment of targets. This value is allocated over the respective vesting period. After the fair value is established, there is no reappraisal during the remainder of the vesting period, except in the case of changes in the number of shares because the condition of continued employment during the vesting period is no longer met.

Social insurance contributions
Social insurance contributions that are payable in connection with share-based payments are reported in accordance with statement UFR 7 from the Swedish Financial Reporting Board. The cost of social insurance contributions is allocated over the period when the services are performed. The provision that arises is reappraised on each financial reporting date to correspond to the estimated contributions that are due at the end of the vesting period.

IAS 7 Statement of Cash Flows
In preparing its cash flow statement, Skanska applies the indirect method in accordance with the accounting standard. Aside from cash and bank balance flows, cash and cash equivalents are to include short-term investments whose conversion into bank balances may occur in an amount most of which is known in advance. Short-term investments with maturities of less than three months are regarded as cash and cash equivalents. Cash and cash equivalents that are subject to restrictions are reported either as current receivables or as non-current receivables.

In addition to the cash flow statement prepared in accordance with the standard, the Report of the Directors presents an operating cash flow statement that does not conform to the structure specified in the standard. The operating cash flow statement was prepared on the basis of the operations that the different business streams carry out.

IAS 33 Earnings per Share
Earnings per share are reported directly below the consolidated income statement and are calculated by dividing the portion of profit for the year that is attributable to the parent company's equity holders (shareholders) by the average number of shares outstanding during the period.

For the Seop 5 and Seop 6 employee ownership programs, the dilution effect is calculated by adding potential ordinary shares to the number of ordinary shares before dilution. The calculation of potential ordinary shares occurs in two stages. First there is an assessment of the number of shares that may be issued when established targets are reached. The number of shares for the respective program year is then determined the following year, provided that the condition of continued employment is met. In the next step, the number of potential ordinary shares is reduced by the value of the consideration that Skanska is expected to receive, divided by the average market price of a share during the period.

IAS 40 Investment Property
Investment properties are properties that are owned for the purpose of generating rental income and increases in value. Note 40 provides information about these properties.

Investment properties are reported at fair value, applying IFRS 13 Level 3 in the fair value hierarchy. An internal valuation is performed for each property in conjunction with the quarterly and annual financial statements. An external valuation of each property is performed annually in collaboration with an independent external appraiser. Fair value is calculated using a yield-based appraisal method based on cash flow analysis. The calculation period is at least 10 years. Unrealized and realized changes in value are recognized net on a separate line in profit or loss.

A previous current-asset property or a property used in the Group's own operations is reclassified as an investment property when the property's area of use has changed. When a current-asset property or a property used in the Group's own operations is reclassified as an investment property, the difference between the property's fair value on the date of transfer and its previous carrying amount is recognized in profit or loss.

A property may be classified as an investment property even if Skanska leases part of the area. In this case, Skanska's part must not amount to a significant proportion of the total area of the property. Otherwise, the property must be classified as a current-asset property or a property used in Skanska's own operations.

If an investment property is reclassified as a current-asset property or a property used in the Group's own operations, the estimated cost in subsequent reporting is the fair value on the date that its area of use changed.

IFRS 8 Operating Segments
Skanska's operating segments are its business streams: Construction, Residential Development, Commercial Property Development, and Investment Properties.

The Group Leadership Team is the Group's chief operating decision maker.

The principle for segment reporting of Residential Development and Commercial Property Development in the income statement deviates from IFRS on two points. In segment reporting, a divestment gain is recognized on the date a binding sales contract is signed between the buyer and seller. The contract may include clauses under which the buyer in certain situations can withdraw from the contract during construction, in most cases involving reimbursement to Skanska. The risk of withdrawal over time is deemed low. In segment reporting, joint ventures are recognized within Residential Development line by line according to the proportional method of accounting. This means that Construction's revenue

Group overview

Operations

Sustainability report

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

Financial analysis

Financial statements

Notes

Auditor's report

Auditor's review report of the sustainability report

Quarterly information

Share data

Annual General Meeting

Investors' calendar and addresses

from joint ventures within Residential Development operations is eliminated in segment reporting. Note 4 presents a reconciliation between segment reporting and the income statement in accordance with IFRS.

Note 4 provides information about operating segments. Financial reporting to the Group Leadership Team focuses on the areas for which each respective operating segment is operationally responsible: operating income in the income statement and capital employed. For each respective operating segment, the note thus reports external and internal revenue, cost of sales, selling and administrative expenses, and capital employed. Capital employed refers to total assets minus tax assets and receivables invested in Skanska's treasury unit (internal bank) less non-interest- bearing liabilities excluding tax liabilities. In the calculation of capital employed, a capitalized interest expense is removed from total assets for the Residential Development and Commercial Property Development segments. Goodwill has been reported in the operating segment to which it relates.

In transactions between operating segments, pricing occurs on market terms.

Certain parts of the Group do not belong to any operating segment. These are reported in Note 4 under the heading Central and eliminations. Operating segment income includes intra-Group profits and, consequently, these are eliminated during reconciliation with the consolidated income statement and the consolidated statement of financial position.

IAS 32 Financial Instruments: Presentation
Offsetting of financial assets and financial liabilities occurs when an entity has a legal right to offset items against each other and intends to either settle these items on a net basis or simultaneously divest the asset and settle the liability.

Prepaid income and expenses are not financial instruments. Accrued income and expenses that are related to the business are not recognized as financial instruments. Thus, contract assets and contract liabilities are not included under financial instruments. Obligations for employee benefit plans in accordance with IAS 19, such as pension plans, are exempt from IAS 32 and are thus not recognized as financial instruments. Assets and liabilities that are not based on contracts, such as income taxes, are not considered financial instruments.

Information in compliance with the accounting standard is provided mainly in notes 6, 21 and 27.

IFRS 9 Financial Instruments
IFRS 9 Financial Instruments addresses the recognition of financial assets and liabilities. Categories exempt from application in accordance with IFRS 9 include holdings in subsidiaries, associated companies and joint ventures, leases, rights under employment contracts, treasury shares, financial instruments as described in IFRS 2, and rights and responsibilities within IFRS 15 except for the rights in IFRS 15 where an impairment requirement in accordance with IFRS 9 applies. All financial instruments, including derivatives, are recognized as a financial asset or financial liability in the statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The presentation of financial assets is based on the entity's business model and the contractual cash flows of the asset.

A financial asset is measured at amortized cost if the asset is held within the framework of a business model the objective of which is to hold financial assets in order to collect contractual cash flows, and the cash flows on specified dates are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at fair value through other comprehensive income if the asset is held according to a business model the objective of which can be achieved both by collecting contractual cash flows and by selling financial assets, and the cash flows are solely payments of principal and interest on the principal amount outstanding. A financial asset is measured at fair value through profit or loss if it is not measured at amortized cost or at fair value through other comprehensive income.

All financial liabilities are measured at amortized cost with the exception of:
a) financial liabilities measured at fair value through profit or loss (such liabilities, including derivatives that are liabilities, are thereafter to be measured at fair value);
b) financial liabilities arising when a transfer of a financial asset does not meet the criteria for derecognition from the statement of financial position or where a continued commitment is appropriate;
c) financial guarantee contracts;
d) a loan commitment with interest that is below the market interest rate; and
e) a contingent consideration acknowledged by an acquiring party in connection with a business combination covered by IFRS 3 (such contingent consideration is thereafter measured at fair value with changes recognized through profit or loss).

An entity is to apply the impairment requirement to expected credit losses on financial assets and a loss allowance for these is to be recognized as a deduction from the asset. On every closing day the loss allowance is to be equivalent to an amount corresponding to the expected credit losses for the remaining time until maturity if the credit risk has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the loss allowance is to be equivalent to 12 months of expected credit losses. For trade receivables, contract assets and lease receivables, the loss allowance is always to be at an amount equivalent to the remaining time to maturity. An entity is to measure expected credit losses taking into account an objective and probability-weighted amount, the time value of money, reasonable and supportable information about past events, current conditions and forecasts of future economic conditions.

The purpose of hedge accounting is so that, in its financial statements, an entity can report the effect of its risk management where financial instruments are used to manage exposure from specific risks that would impact results.

To a limited extent, Skanska uses hedge accounting for cash flow hedges and hedging of net investment in foreign operations. Hedge accounting is used for cash flow hedges when a future cash flow is attributable to a recognized asset or liability or a highly probable future transaction. Hedge accounting for hedging of net investments in foreign operations is applied when the net investment is in line with IAS 21.

The Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups
The recommendation specifies what further disclosures must be provided in order for the annual accounts to comply with Sweden's Annual Accounts Act. The additional information mainly relates to disclosures on personnel.

Disclosures on the average number of employees, gender distribution and distribution among countries are provided in Note 36. The average number of employees during the year was calculated as an average of the average number of employees during the quarters in the year. In this calculation, part-time employment is equivalent to 60 percent of full-time employment. Employees belonging to operations divested during the year are included up until the date of divestment. Employees of acquired companies are included from the date of acquisition.

Information on the gender distribution among senior executives refers to the situation on the closing day.
Senior executives in the various subsidiaries refers to the members of the management teams of the respective business units. This information is provided in Note 36 and Note 37.

In addition to board members and the CEO, all other persons in the Group Leadership Team must be included in the group for which a separate account is to be provided of the total amounts of salaries and other remuneration, as well as expenses and obligations related to pensions and similar benefits. Furthermore, the same disclosures must be provided individually for each of the board members and for the CEO, as well as individuals previously holding these positions. Employee representatives are exempted.

Note 36 provides information about loans, assets pledged and contingent liabilities from which any board member or CEO within the Group has benefited.

Information is also provided on fees to auditors and the accounting firms where the auditors work. See Note 38.

Group overview

Operations

Sustainability report

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

Financial analysis

Financial statements

Notes

Auditor's report

Auditor's review report of the sustainability report

Quarterly information

Share data

Annual General Meeting

Investors' calendar and addresses

Note 1. Parent company accounting and valuation principles

The parent company has prepared its annual accounts in compliance with the Annual Accounts Act and the Swedish Financial Reporting Board's Recommendation RFR 2, Accounting for Legal Entities. According to RFR 2, the annual accounts of the legal entity must apply the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) issued by the International Accounting Standards Board (IASB), to the extent these have been approved by the EU, as well as the interpretations by the IFRS Interpretations Committee and its predecessor the Standing Interpretations Committee (SIC), as far as this is possible within the framework of the Annual Accounts Act and taking into account the connection between accounting and taxation. A presentation of the various accounting standards can be found in the Group Note 1. The statements of the Swedish Financial Reporting Board must also be applied.

Important differences compared to consolidated accounting principles
In accordance with RFR 2, IFRS 9 is not applied to financial guarantee agreements benefiting subsidiaries, associated companies and joint ventures. Instead, IAS 37 is applied, which normally means that provisions for these measures are not recognized since it is unlikely that an outflow of resources will be required to settle the obligation.

In compliance with RFR 2, IFRS 16 is not applied to leases. Instead lease payments are recognized on a straight-line basis over the term of the lease, unless a different systematic approach better reflects the economic benefit over time.

Group contributions are recognized in accordance with the general rule in RFR 2. Group contributions received from subsidiaries are recognized as financial income. Group contributions issued paid by the parent company to subsidiaries are recognized as increases in holdings in Group companies.

The Seop 5 and Seop 6 employee ownership programs are recognized as share-based payments settled with equity instruments, in accordance with IFRS 2. The portion of the Group's expense for these employee ownership programs that relates to employees of subsidiaries is recognized in the parent company as an increase in the carrying amount of holdings in subsidiaries and an increase in equity. When the amount to be debited to the subsidiary is established, a transfer is made to receivables from subsidiaries. Where compensation from subsidiaries for shares that have been allocated deviates from the previously reported increase in the carrying amount of holdings in subsidiaries, the carrying amount of holdings in subsidiaries is reduced to the portion of the amount that does not exceed the previously reported increase. Any remaining portion of the compensation is recognized directly in equity.

The income statement and balance sheet conform to the presentation formats in the Annual Accounts Act.

Defined-benefit pension plans are reported according to the regulations in the Pension Obligations Vesting Act. Pension obligations secured by assets in pension funds are not recognized in the balance sheet.

Similar to holdings in subsidiaries, holdings in associated companies and joint arrangements are also carried at cost before any impairment losses.

Group overview

Operations

Sustainability report

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

Financial analysis

Financial statements

Notes

Auditor's report

Auditor's review report of the sustainability report

Quarterly information

Share data

Annual General Meeting

Investors' calendar and addresses

Download PDF to print

Note 2. Key estimates and judgments

A. Key estimates and judgments
The Group Leadership Team has discussed with the Board and the Audit Committee the developments and disclosures relating to the Group's important accounting principles and estimates, as well as the application of these principles and estimates.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Goodwill impairment testing
When calculating the recoverable amount of cash-generating units to determine if there is any goodwill impairment, several assumptions about future conditions and estimates of parameters have been made. These are presented in Note 18. As understood from the description in this Note, important changes in the basis for these assumptions and estimates might have a substantial effect on the value of goodwill.

Pension assumptions
Skanska has defined-benefit pension plans in a number of countries. The plans are recognized in accordance with IAS 19, which means that pension commitments are calculated using actuarial assumptions and that plan assets are measured at market value on the closing day. The effects of changed actuarial assumptions and changes in the market value of plan assets are recognized as remeasurements in other comprehensive income. The remeasurements impact interest-bearing pension liabilities and equity.

The assumptions and prerequisites that provide the basis for recognition of pension liability, including a sensitivity analysis, are presented in Note 28.

Revenue recognition over time
Skanska applies revenue recognition over time in the Construction business stream. This means that, based on projected final project results, income is recognized successively during the course of the project according to its degree of completion. In order to do this, project revenue and project expenses must be able to be reliably determined. This in turn requires that the Group has efficient, coordinated systems for calculation, forecasting and revenue/expense reporting. The method also requires consistent assessment (forecasts) of the final outcome of the project, including analysis of deviations from earlier assessments. This critical assessment is performed at least once every quarter. However, actual future project outcomes may deviate, either positively or negatively, from this assessment.

Disputes
Although management's best judgment is used in reporting disputed amounts, the actual future outcomes may deviate from the judgment made. See Note 33 and Note 29.

Current-asset properties
Skanska measures current-asset properties at the lower of cost or net realizable value based on the prevailing price levels in the respective location of the individual properties. The assessment of net realizable value is based on a number of assumptions, such as changes in the supply of similar properties, as well as changes in demand, changes in yield requirements and changes in the leasing market. Changes in assumptions made can result in changes in carrying amounts and give rise to impairment losses.

In Commercial Property Development, the estimated net realizable value for ongoing projects is assessed for each property once it is completed after taking into consideration the expected occupancy rate.

In Residential Development the supply of capital and the price of capital for financing homebuyers' investments are critical factors. The net realizable value assessed here too is the value of the properties once they are completed and taking into account the value that may be added in a normal economic cycle.

Investment Properties
For critical assumptions and judgements in connection with measurement of investment properties, see Note 40. Skanska recognizes its investment properties at fair value where realized and unrealized changes in value are recognized in profit or loss. Results may therefore be affected significantly by changes in market price levels and by changes in assumptions when measuring at fair value.

B. Other estimates
Climate-related risks
Climate change includes physical risks such as extreme weather events and transition risks in the transition to a low-carbon economy.

Where appropriate, the Group takes into account climate-related matters in estimates and assumptions, and recognizes climate-related risks and opportunities. Skanska has also assessed that its business model and products will remain commercially viable after the transition to a low-carbon economy. Skanska's current assessment is that the climate-related risks have no material impact on the financial statements, but closely monitors relevant changes and developments, such as new climate-related legislation. The points and considerations that are most directly affected by climate-related matters are:

- Investments in land and right-of-use assets where Skanska recognizes that the physical risks posed by extreme weather conditions, such as flooding, make it important to evaluate the long-term sustainability of its land investments.
- Current-asset and investment properties where all properties maintain a high level of sustainability with low carbon emissions, which enables the long-term sustainability of property values.
- Investments in production machinery and facilities, where the transition to more sustainable fuels and electric power must be taken into consideration when planning and developing facilities and the equipment park.
- Financing, where due to external regulations, the credit market and lenders are setting increasingly stringent requirements with various forms of links between sustainability and the use and cost of capital. The Group's use and cost of capital is not materially affected by this.

Prices of goods and services
In the Skanska Group's operations there are many different forms of contractual mechanisms. The degree of risk associated with the price of goods and services varies greatly depending on the contract type.

Sharp increases in material prices may pose a risk, particularly to long-term projects with fixed-price commitments. A shortage of personnel and certain inputs may also adversely impact operations. Delays in the design phase or changes in design are other circumstances that may adversely affect projects.

Investments in the PPP portfolio
The estimated investment amounts are presented in Note 20 B. Estimated market value is based on discounting anticipated cash flows for each respective investment. Estimated yield requirements on investments of this type have been used as discount rates. Changes in anticipated cash flows, which in a number of cases extend 20–30 years into the future, and/or changes in yield requirements, may materially affect both the estimated values and the carrying amounts for each investment. The risk of a significant impact is gradually reduced as the number of projects declines.

Note 3. Effects of changes in accounting principles

The accounting rules pursuant to IAS 12 Income Taxes have been amended effective January 1, 2023. The previous exemption from reporting deferred tax on certain transactions may no longer be applied. See Note 16 for a description of the impact on Skanska's reporting.

No changes in accounting principles took place in 2022.

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Note 4. Operating segments

Skanska's business streams – Construction, Residential Development, Commercial Property Development and Investment Properties – represent the Group's operating segments. From January 1, 2023, residential rental units in Sweden have been reallocated to the residential rental property portfolio under Commercial Property Development. Previously, these have been reported within the business stream Residential Development. Historical financial data from 2021 and 2022 has been restated to reflect this reallocation. These business streams coincide with Skanska's operational organization used by the Group Leadership Team to monitor operations. The Group Leadership Team is also Skanska's chief operating decision maker.

Each operating segment carries out distinct types of operations associated with different risks.

Construction includes both building construction and civil construction.

Residential Development develops residential projects for immediate sale. Homes are adapted for selected customer categories. The units in this segment are responsible for planning and selling projects.

Commercial Property Development initiates, develops, leases and divests commercial property projects. Project Development focuses on office buildings, retail, life science and logistics properties.

Construction assignments for the Residential Development and Commercial Property Development segments are performed in most markets by Skanska's Construction segment. Intra-Group pricing between operating segments occurs on market terms.

The Investment Properties business stream owns and manages properties for the purpose of generating rental income and increasing value. Rental income is recognized on a straight-line basis over the lease term. Changes in the value of investment properties are recognized every quarter.

The segment Central includes the cost of Group headquarters, earnings of central companies and operations that are being discontinued. Eliminations consist mainly of profits in Construction operations related to property projects. See also note 1.

Revenue and expenses by operating segment
Each business unit within the business streams has operating responsibility for its income statement down through operating income.

Assets and liabilities by operating segment
Each business unit within the business streams has operating responsibility for its capital employed. The capital employed by each business stream consists of its total assets minus tax assets and intra-Group receivables invested in Skanska's treasury unit (internal bank) less non-interest-bearing liabilities excluding tax liabilities. In the calculation of capital employed, a capitalized interest expense is removed from total assets for the Residential Development and Commercial Property Development segments.

Acquisition goodwill has been reported in the business stream to which it belongs.

Cash flow by segment is presented as a separate statement: Consolidated operating cash flow statement and change in interest-bearing net receivables.

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Note 4. Operating segments, cont.

2023	Construction	Residential Development	Commercial Property Development	Investment Properties	Total operating segments	Central	Eliminations	Total segments	Difference in accounting principles	Total IFRS
External revenue	148,002	5,013	3,729	180	156,924	127		157,052	10,116	167,168
Revenue from internal customers	12,634		1,602	6	14,242	236	-14,478	0		0
Total revenue	**160,636**	**5,013**	**5,331**	**186**	**171,166**	**363**	**-14,478**	**157,052**	**10,116**	**167,168**
Cost of sales	-148,213	-5,346	-5,747	-49	-159,354	-608	14,111	-145,851	-8,019	-153,870
Gross income	**12,423**	**-332**	**-416**	**137**	**11,812**	**-244**	**-367**	**11,200**	**2,097**	**13,297**
Selling and administrative expenses	-6,808	-930	-895	-9	-8,641	-744	-1	-9,386		-9,386
Change in value, investment properties				-190	-190		365	175		175
Income from joint ventures and associated companies	17		-54		-38	1,279		1,242	-46	1,195
Operating income	**5,632**	**-1,262**	**-1,365**	**-62**	**2,943**	**290**	**-3**	**3,231**	**2,051**	**5,282**
of which depreciation/amortization	-2,543	-19	-100		-2,662	-87	3	-2,747		-2,747
of which impairment losses/reversals of impairment losses										
Goodwill		-158			-158			-158		-158
Other assets	-17	-959	-1,695		-2,671	-119	141	-2,649		-2,649
of which gains from sale of commercial properties			1,014		1,014		108	1,122	806	1,927
of which gains from sales from PPP portfolio						830		830		830
Average number of employees	25,826	524	428		26,778	478		27,256		
Gross margin, %	7.7	-6.6								
Selling and administrative expenses, %	-4.2	-18.5								
Operating margin, %	3.5	-25.2								
Net leasing				16						
Economic occupancy rate, %				91						
Surplus ratio, %				74						
Assets, of which										
Investment Properties				5,141	5,141			5,141		5,141
Property, plant and equipment (including right-of-use assets)	10,537	51	359		10,948	169		11,117		11,117
Intangible assets	4,046	156	18		4,220	47		4,267		4,267
Investments in joint ventures and associated companies	292	449	146		887	1,193	-7	2,072		2,072
Current-asset properties (including right-of-use assets)	1	21,104	41,980		63,084		-811	62,273		62,273
Capital employed	-8,055	14,406	40,760	5,076	52,187	25,174		77,360		77,360
Investments	-2,531	-9,038	-10,668	-1,575	-23,813	-53	1,678	-22,189		-22,189
Divestments	516	11,442	7,999		19,957	1,619	-1,562	20,014		20,014
Net investments	**-2,015**	**2,404**	**-2,670**	**-1,575**	**-3,856**	**1,566**	**116**	**-2,175**		**-2,175**
Reconciliation from segment reporting to IFRS										
Revenue according to segment reporting – binding contracts	160,636	5,013	5,331	186	171,166	363	-14,478	157,052		
Plus properties sold before the period		13,862	8,871		22,733		-9	22,724		
Less properties not yet occupied by the buyer on closing day		-7,171	-5,302		-12,474		4	-12,470		
Plus revenue of joint ventures in Residential Development		-80			-80			-80		
Exchange rate differences		-60	1		-58			-58		
Revenue in accordance with IFRS – handover	**160,636**	**11,565**	**8,901**	**186**	**181,287**	**363**	**-14,483**	**167,168**		
Operating income according to segment reporting – binding contracts	5,632	-1,262	-1,365	-62	2,943	290	-3	3,231		
Plus properties sold before the period		2,263	1,469		3,732		121	3,852		
Less properties not yet occupied by the buyer on closing day		-1,023	-718		-1,741		-26	-1,767		
Plus operating income of joint ventures in Residential Development		-42			-42			-42		
Exchange rate differences		4			4		4	7		
Operating income according to IFRS – handover	**5,632**	**-60**	**-615**	**-62**	**4,895**	**290**	**96**	**5,282**		

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Note 4. Operating segments, cont.

2022	Construction	Residential Development	Commercial Property Development	Investment Properties	Total operating segments	Central	Eliminations	Total segments	Difference in accounting principles	Total IFRS
External revenue	142,389	8,727	10,362	40	161,518	85		161,602	1,572	163,174
Revenue from internal customers	13,615	24	3,914		17,554	364	-17,918	0		0
Total revenue	**156,004**	**8,751**	**14,276**	**40**	**179,071**	**449**	**-17,918**	**161,602**	**1,572**	**163,174**
Cost of sales	-143,736	-7,077	-10,418	-10	-161,242	-534	16,154	-145,622	-861	-146,483
Gross income	**12,268**	**1,674**	**3,857**	**30**	**17,829**	**-85**	**-1,764**	**15,981**	**711**	**16,692**
Selling and administrative expenses	-6,534	-783	-999	-2	-8,318	-680		-8,998		-8,998
Change in value, investment properties				112	112		1,581	1,692		1,692
Income from joint ventures and associated companies	36		165		201	425	-3	622	13	636
Operating income	**5,770**	**891**	**3,023**	**140**	**9,824**	**-339**	**-187**	**9,297**	**724**	**10,021**
of which depreciation/amortization	-2,506	-18	-89		-2,613	-103	2	-2,714		-2,714
of which impairment losses/reversals of impairment losses										
Goodwill	-1				-1			-1		-1
Other assets	-24	-7	-43		-74			-74		-74
of which gains from sale of commercial properties			3,839		3,839		112	3,951	279	4,230
of which gains from sales from PPP portfolio						183		183		183
Average number of employees	26,892	565	437		27,894	486		28,380		
Gross margin, %	7.9	19.1								
Selling and administrative expenses, %	-4.2	-9.0								
Operating margin, %	3.7	10.2								
Net leasing				0						
Economic occupancy rate, %				86						
Surplus ratio, %				75						
Assets, of which										
Investment Properties				3,758	3,758			3,758		3,758
Property, plant and equipment (including right-of-use assets)	10,348	46	401	1	10,795	267	-3	11,059		11,059
Intangible assets	4,217	331	19		4,567	81		4,648		4,648
Investments in joint ventures and associated companies	302	138	139		579	2,330	-7	2,901		2,901
Current-asset properties (including right-of-use assets)	1	23,119	39,846		62,966		-816	62,150		62,150
Capital employed	-7,378	16,346	38,547	3,733	51,247	21,597		72,845		72,845
Investments	-2,210	-10,615	-12,294	-3,668	-28,788	-722	3,943	-25,567		-25,567
Divestments	764	9,349	14,389		24,501	150	-3,917	20,734		20,734
Net investments	**-1,446**	**-1,267**	**2,094**	**-3,668**	**-4,287**	**-572**	**26**	**-4,833**		**-4,833**
Reconciliation from segment reporting to IFRS										
Revenue according to segment reporting – binding contracts	156,004	8,751	14,276	40	179,071	449	-17,918	161,602		
Plus properties sold before the period		14,166	9,555		23,721			23,721		
Less properties not yet occupied by the buyer on closing day		-13,862	-8,871		-22,733		9	-22,724		
Plus revenue of joint ventures in Residential Development		-54			-54			-54		
Exchange rate differences		519	110		629			629		
Revenue in accordance with IFRS – handover	**156,004**	**9,521**	**15,069**	**40**	**180,634**	**449**	**-17,909**	**163,174**		
Operating income according to segment reporting – binding contracts	5,770	891	3,023	140	9,824	-339	-187	9,297		
Plus properties sold before the period		2,527	1,668		4,195		92	4,287		
Less properties not yet occupied by the buyer on closing day		-2,263	-1,469		-3,732		-121	-3,852		
Plus operating income of joint ventures in Residential Development		15			15			15		
Exchange rate differences		175	28		203		71	274		
Operating income according to IFRS – handover	**5,770**	**1,346**	**3,250**	**140**	**10,506**	**-339**	**-145**	**10,021**		

Download PDF to print

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Note 4. Operating segments, cont.

External revenue in accordance with IFRS by geographical area

	Sweden		UK		USA		Norway		Other[1]		Total	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Construction	28,048	28,599	17,647	17,448	71,050	65,867	17,228	16,226	14,029	14,250	148,002	142,389
Residential Development	5,768	3,688	406	96			647	1,734	4,738	3,987	11,560	9,506
Commercial Property Development	4,660	3,714			982	1,656	25	55	1,633	5,731	7,299	11,155
Investment Properties	180	40									180	40
Central and Eliminations	49	70	70		9	15					127	85
Total operating segments	**38,705**	**36,111**	**18,123**	**17,544**	**72,041**	**67,537**	**17,899**	**18,015**	**20,400**	**23,968**	**167,168**	**163,174**

1 The Group has no customers that account for 10 percent or more of Group revenue.

Non-current assets and current-asset properties by geographical area

	Investment Properties		Property, plant and equipment		Intangible assets		Investments in joint ventures and associated companies		Current-asset properties	
	Dec 31, 2023	**Dec 31, 2022**	**Dec 31, 2023**	**Dec 31, 2022**	**Dec 31, 2023**	**Dec 31, 2022**	**Dec 31, 2023**	**Dec 31, 2022**	**Dec 31, 2023**	**Dec 31, 2022**
Norway			3,205	2,918	1,077	1,318	407	55	4,533	4,121
Sweden	5,141	3,758	2,473	2,360	661	756	1,106	1,097	12,980	16,030
UK			1,217	1,355	1,406	1,386	7	6	3,890	4,661
USA			2,471	2,622	484	537	321	1,513	18,072	15,813
Other[1]			1,751	1,804	640	652	231	231	22,799	21,525
	5,141	**3,758**	**11,117**	**11,059**	**4,267**	**4,648**	**2,072**	**2,901**	**62,273**	**62,150**

1 No geographical area with revenue accounting for 10 percent or more of the Group's total items is included.

Note 5. Non-current assets held for sale and discontinued operations

Non-current assets held for sale and discontinued operations are recognized in accordance with IFRS 5. See Note 1. No operations were recognized as discontinued in 2023 or 2022.

At the end of both 2023 and 2022, there were no non-current assets that under IFRS 5 are to be recognized as current assets and specified as assets held for sale.

Group overview

Operations

Sustainability report

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

Financial analysis

Financial statements

Notes

Auditor's report

Auditor's review report of the sustainability report

Quarterly information

Share data

Annual General Meeting

Investors' calendar and addresses

Download PDF to print

Note 6. Financial instruments and financial risk management

Financial instruments are recognized in accordance with IFRS 9 Financial Instruments, IAS 32 Financial Instruments: Presentation and IFRS 7 Financial Instruments: Disclosures.

Skanska's contract assets and contract liabilities are not recognized as financial instruments and, accordingly, nor is the risk associated with these receivables and liabilities in this note.

Risks in partly owned joint venture companies in the PPP portfolio are managed within each respective joint venture. Skanska's aim is to ensure that financial risk management within these companies is equivalent to that applied to the Group's wholly owned companies. As the contract period in many cases amounts to decades, management of the interest rate risk in financing is essential in each joint venture. This risk is managed using long-term interest rate swaps. These holdings are recognized according to the equity method of accounting, which entails inclusion of each joint venture's financial instruments under the item Income from joint ventures and associated companies. Information on financial instruments in joint ventures and associated companies is not included in the following disclosures.

Financial risk management
In addition to business risk, Skanska is exposed, through its operations, to various financial risks such as credit risk, liquidity risk and market risk. These risks arise in the Group's reported financial instruments such as cash and cash equivalents, interest-bearing receivables, trade receivables, trade payables, borrowings and derivatives.

Objectives and policy
The Group endeavors to achieve a systematic assessment both of financial and of business risks.
To do this a common risk management model is used. The risk management model does not involve avoidance of risk but is instead aimed at identifying and managing the risks.

Through the Group's Finance Policy, each year the Board of Directors establishes guidelines, objectives and restrictions for management of the Group's finances and financial risk. Skanska's Group Governance Framework regulates the distribution of responsibility among Skanska's Board, the Group Leadership Team, Skanska Financial Services (Skanska's Group Function for financial services) and the business units.

Within the Group, Skanska Financial Services has operational responsibility for securing Group financing and for managing liquidity, financial assets and financial liabilities. A centralized financial unit enables Skanska to leverage synergies and economies of scale.

The objectives and policy for each type of risk are described in the respective sections below.

Credit risk
Credit risk describes the Group's risk from financial assets and arises if a counterparty does not fulfill its contractual payment obligations to Skanska. Credit risk is divided into financial credit risk, which is risk associated with interest-bearing assets and derivatives, and customer credit risk, which refers to the risk from trade receivables.

Financial credit risk – risk in interest-bearing assets and derivatives
Financial credit risk is the risk that the Group is exposed to in its relationships with financial counterparties when investing surplus funds and with respect to balances with banks and investments in financial assets. Credit risk in the form of counterparty risk also arises when using derivatives and is the risk that a potential gain will not be realized if the counterparty does not fulfill its part of the contract.

According to the policy, Skanska must limit its exposure to financial counterparties by using banks and financial institutions assigned a high credit rating by rating agencies Standard & Poor's, Moody's or Fitch. The permitted exposure volume per counterparty is dependent on the counterparty's credit rating and the maturity of the exposure. To reduce the credit risk associated with derivative instruments, the Group has also signed standardized netting agreements (ISDA agreements) with all financial counterparties with whom Skanska enters into derivative contracts.

When investing surplus funds, the objective is to always achieve good risk diversification. At year-end, the surplus funds had primarily been invested with larger banks with a global presence, mainly from the Nordics, Europe, the USA and Japan, and in short-term interest-bearing instruments and money market funds. Skanska currently uses around 10 banks for derivative transactions.

Maximum exposure is equivalent to the fair value of the assets and amounts to SEK 27,223 M (25,620).

The average maturity of interest-bearing assets amounted to 0.2 years (0.3) as of December 31, 2023. The Group's financial interest-bearing assets as of December 31, 2023, primarily consisting of bank balances and investments in short-term debt instruments, were still considered to have a low credit risk as of the closing day as the assets have a high credit rating and thus the loss allowance for these assets is based on 12 months of expected credit losses.

Interest-bearing assets and derivatives	Dec 31, 2023	Dec 31, 2022
Maximum exposure in receivables outstanding	27,223	25,620
of which derivatives	321	100
Less adjustment from fair value	39	-8
Loss allowance for expected credit losses	-16	-16
Carrying amount	**27,246**	**25,596**

Change in impairment losses on interest-bearing assets and derivatives	2023	2022
January 1	16	11
Loss allowance for expected credit losses		5
December 31	**16**	**16**

Customer credit risk – risk in trade receivables
Customer credit risk is managed using the Skanska Group's common review and approval procedures for identifying and managing risks: the Skanska Tender Approval Procedure (STAP) and Project Scrutiny and Approval Procedure (PSAP).

Skanska's credit risk with regard to trade receivables has a high degree of risk diversification due to the large number of projects of varying sizes and types with numerous different customer categories – many of which are in the public sector – in a large number of geographical markets.

The portion of Skanska's operations related to construction projects extends only limited credit, since projects are invoiced in advance as much as possible. In other operations, the extension of credit is limited to customary invoicing periods.

Impairment losses on trade receivables amounted to SEK 284 M (296), of which SEK 121 M (132) pertained to the loss allowance for expected credit losses according to IFRS 9.

Trade receivables	Dec 31, 2023	Dec 31, 2022
Receivables outstanding	14,676	15,468
Impairment losses	-284	-296
Carrying amount	**14,392**	**15,172**

Change in impairment losses, trade receivables	2023	2022
January 1	296	324
Impairment losses for the year	30	18
Reversals of impairment losses	-31	-1
Impairment losses settled	-11	-62
Exchange rate differences	1	17
December 31	**284**	**296**

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Note 6. Financial instruments and financial risk management, cont.

Risk in trade and other receivables including shares
Other financial operating receivables consist of receivables for properties divested, accrued interest income, deposits, etc.

On the closing day no operating receivables were past due and there were no impairment losses.

Holdings with less than 20 percent of voting power in a company are reported as shares. Their carrying amount was SEK 38 M (38).

Other financial operating receivables are reported by time interval with respect to when the amounts fall due in the future.

	Dec 31, 2023	Dec 31, 2022
Due within 30 days	10	39
Due in over 30 days but within one year	97	402
Due after one year	571	11
Total	**164**	**452**

Liquidity and refinancing risk
Liquidity and financing risk is defined as the risk of Skanska not being able to meet its payment obligations due to lack of liquidity or due to difficulties in obtaining or rolling over external loans.

The Group uses liquidity forecasting as a means of identifying and managing the fluctuations in short-term liquidity.

Surplus liquidity is, if possible, to be used primarily to repay the principal on loan liabilities.

Financing
Skanska has several borrowing programs, both committed bank credit facilities and market funding programs, which provide good preparedness for temporary fluctuations in the Group's short-term liquidity requirements and ensure long-term funding. Skanska does not have a credit rating.

In 2023, Skanska arranged new credit facilities totaling EUR 250 M with maturities of two years and with the option of extending for one further year. The syndicated backup facility was increased from EUR 500 M to EUR 571 M by expanding the group of banks from seven to eight participating banks. The facility was concurrently extended by one year until 2028. During the year, a USD 50 M bilateral loan matured; this was refinanced and increased by a further USD 25 M. Furthermore, a new USD 75 M bilateral loan was arranged comprising two tranches with respective maturities of four and six years.

Skanska updated its green bond framework in 2023 and in conjunction issued SEK 4.65 billion in green bonds, of which SEK 750 M with a maturity of two years, SEK 2,400 M with a maturity of three years and SEK 1,500 M with a maturity of five years.

At the end of the year, the central debt portfolio amounted to SEK 8.8 billion (3.7). The unutilized credit facilities of SEK 9.9 billion (6.1) in combination with interest-bearing net receivables excluding cash and cash equivalents with restrictions, lease liabilities and net pension liabilities of SEK 10.4 billion (12.1) ensure that the Group has sufficient financial capacity.

Liquidity reserve and maturity structure
The objective is to have a liquidity reserve of at least SEK 4 billion available within one week in the form of cash liquidity or unutilized committed credit facilities. At year-end, cash and cash equivalents, and unutilized committed credit facilities amounted to SEK 27.8 billion (16.1), of which SEK 18.7 billion (12.3) is, or is expected to be, available within one week.

The Group's policy is for the central loan portfolio's maturity structure to be distributed over time and to have a weighted average residual term of three years, including unutilized committed credit facilities, with authorization to deviate within a two- to four-year interval. On December 31, 2023, the average maturity of the loan portfolio was 3.4 years (3.6), if unutilized credit facilities are taken into account.

Including interest payments, the maturity structure of the Group's financial interest-bearing liabilities, derivatives and lease liabilities is distributed over the next few years according to the table on the next page. For lease liabilities the future payments are in undiscounted amounts.

At year-end the Group's unutilized committed credit facilities amounted to SEK 9,866 M (6,053).

				Dec 31, 2023		Dec 31, 2022	
	Maturity	**Currency**	**Limit in currency**	**Limit in SEK**	**Utilized**	**Limit in SEK**	**Utilized**
Market funding programs							
Commercial paper (CP) program, maturities 0–1 years		SEK/EUR	SEK 6,000 M	6,000		6,000	
Medium-term note (MTN) program, maturities 1–10 years		SEK/EUR	SEK 8,000 M	8,000	4,644	8,000	480
				14,000	**4,644**	**14,000**	**480**
Committed credit facilities							
Bilateral credit facility	2024	USD	USD 25 M	250			
Bilateral credit facility	2025	EUR/USD/SEK	EUR 50 M	554			
Syndicated credit facility	2025	EUR/USD/SEK	EUR 200 M	2,218			
Syndicated credit facility	2028	EUR/USD/SEK/GBP	EUR 571 M	6,337		5,538	
Bilateral loan agreement	2023	USD	USD 50 M			519	519
Bilateral loan agreement	2024	USD	USD 50 M	501	501	519	519
Bilateral loan agreement	2024	USD	USD 100 M	1,001	1,001	1,037	1,037
Bilateral loan agreement	2025	EUR	EUR 50 M	554	554	553	553
Bilateral loan agreement	2027	EUR	EUR 50 M	554	554	553	553
Bilateral loan agreement	2027	USD	USD 35 M	350	350		
Bilateral loan agreement	2028	USD	USD 35 M	350	350		
Bilateral loan agreement	2029	USD	USD 40 M	400	400		
Bilateral loan agreement	2030	USD	USD 40 M	400	400		
Other credit facilities				508	2	515	
				13,977	**4,111**	**9,234**	**3,181**

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Note 6. Financial instruments and financial risk management, cont.

Dec 31, 2023				Maturity			
Maturity period		**Carrying amount**	**Future payment amount**	**Within 3 months**	**After 3 months within 1 year**	**After 1 year within 5 years**	**After 5 years**
Interest-bearing financial liabilities		11,215	12,144	63	3,854	7,226	1,002
Derivatives: Currency forward contracts	Inflow		-6,450	-6,239	-187	-25	
	Outflow	115	6,549	6,334	188	26	
Derivatives: Interest rate swaps	Inflow						
	Outflow						
Lease liabilities		7,047	29,226	307	781	2,779	25,359
Trade payables		13,105	13,105	13,105			
Trade and other payables		369	369	366	1	2	
Total		**31,851**	**54,943**	**13,936**	**4,637**	**10,008**	**26,361**

Dec 31, 2022				Maturity			
Maturity period		**Carrying amount**	**Future payment amount**	**Within 3 months**	**After 3 months within 1 year**	**After 1 year within 5 years**	**After 5 years**
Interest-bearing financial liabilities		7,887	7,936	53	4,707	3,175	
Derivatives: Currency forward contracts	Inflow		-10,343	-10,031	-304	-8	
	Outflow	150	10,490	10,176	306	8	
Derivatives: Interest rate swaps	Inflow		-6		-6		
	Outflow		7	3	4		
Lease liabilities		7,281	29,653	281	741	2,895	25,736
Trade payables		13,998	13,998	13,998			
Trade and other payables		694	694	438	256		
Total		**30,010**	**52,429**	**14,918**	**5,704**	**6,070**	**25,736**

The average maturity for interest-bearing liabilities excluding lease liabilities and unutilized committed credit facilities was 2.8 years (1.2).

Market risk
Market risk is the Group's risk that the fair value of financial instruments or future cash flows from financial instruments will fluctuate due to changes in market prices. The main market risks in the consolidated accounts are interest rate risk and exchange rate risk.

Interest rate risk
Interest rate risk is the risk that changes in interest rates will adversely affect the Group's financial items and cash flow (cash flow risk) or the fair value of financial assets and liabilities (fair value interest rate risk).

To limit the risk, the interest-rate maturities for financial assets and liabilities are to match to the greatest extent possible in the respective borrowing currencies.

When calculating the Group's sensitivity to changes in interest rates, all interest-bearing assets, liabilities and derivatives are included, with the exception of pensions and lease liabilities. For interest rate risk related to pensions, see Note 28. The analysis is based on the assumption that the position as of December 31, 2023 will remain the same in terms of the size of net debt, the ratio of fixed and variable interest rates, and the percentage of financial instruments in foreign currencies.

Fair value sensitivity is measured using three different scenarios: a base scenario with an interest rate increase of one percentage point across all maturities, or an increase or decrease of the base scenario's slope by half of a percentage point over the term. According to this policy, the change in fair value may not exceed SEK 150 M for any of these three interest scenarios.

As of December 31, 2023, the change in fair value estimated using the scenarios above would impact financial items in the range of SEK 21–48 M (18–53) and other comprehensive income by SEK 0 M (0), as hedge accounting was not applied to interest rate swap contracts outstanding. All amounts are stated before tax. Equity would thus be affected by SEK 17–39 M (14–42) taking tax into account.

The Group's cash flow risk must not exceed SEK 150 M over a 12-month period in the event of an increase of one percentage point in market interest rates. Assuming the volume and fixed interest period are the same at year-end, an average increase in the market interest rate of one percentage point from the level at year-end would result in an estimated positive effect on the Group's financial items of around SEK 136 M (135) for the coming 12-month period.

The average fixed interest period for all of the Group's interest-bearing assets was 0.1 years (0.1), taking derivatives into account. The interest rate for these was 4.37 percent (3.52) at year-end. Of the Group's total interest-bearing financial assets, after taking into account derivatives, 42 percent (49) carry fixed interest rates and 58 percent (51) variable interest rates.

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

The average fixed interest period for all interest-bearing liabilities, taking into account derivatives but excluding lease liabilities and pension liabilities, was 0.2 years (0.2). The interest rate for interest-bearing liabilities amounted to 6.17 percent (3.56) at year-end. Taking into account derivatives, the interest rate was 6.06 percent (3.56). Of total interest-bearing financial liabilities, after taking into account derivatives, 0 percent (5) carry fixed interest rates and 100 percent (95) variable interest rates.

As of December 31, 2023, there were two interest rate swap contracts outstanding amounting to a nominal SEK 1,500 M, which were entered into in order to swap parts of the Group's liabilities from fixed to variable interest. During the year two swap contracts totaling SEK 550 M expired, that converted parts of the Group's assets from variable to fixed interest.

Hedge accounting is applied for interest rate swaps with terms that match the hedged loan with respect to nominal amounts, reference rates, date of maturity, and the payment and interest rate adjustment date. The effectiveness is evaluated when the hedging relationship is entered into and on an ongoing basis. Ineffectiveness may arise if the creditworthiness of the contracting parties affects fair value changes to the hedge and the hedged loan differently.

As of December 31, 2023, Skanska has no interest rate swap contracts outstanding for which hedge accounting is applied. The fair value of these hedges totaled SEK 34 M (-1) on December 31, 2023. For these interest rate swaps, changes in fair value are recognized through profit or loss.

There was also an interest rate swap contract arranged in a partly owned joint venture for which hedge accounting is applied.

Foreign exchange rate risk
Foreign exchange rate risk is defined as the risk of a negative impact on the consolidated income statement and statement of financial position due to fluctuations in exchange rates. This risk can be divided into transaction exposure, i.e., net operating and financial (interest/principal payment) flows, and translation exposure related to net investments in foreign subsidiaries.

Transaction exposure
Transaction exposure arises in a local unit when the unit's inflows and outflows of foreign currencies are not matched.

Although the Group has a large international presence, its operations are mainly of a local nature in terms of foreign exchange rate risk, because project revenue and costs are mainly denominated in the same currency. If this is not the case, the objective is for each respective business unit to hedge its exposure in contracted cash flows against its functional currency in order to minimize the effect on earnings caused by shifts in foreign exchange rates. The main tool for this purpose is currency forwards.

The foreign exchange rate risk for the Group may amount to a total of SEK 50 M, with risk calculated as the effect on earnings of a five percentage point shift in exchange rates. As of December 31, 2023, exchange rate risk accounted for SEK 8 M (21) of transaction exposure before tax, which would have an impact of SEK 6 M (17) after tax on other comprehensive income.

Skanska hedges foreign currency flows by matching critical terms such as nominal amount, currency and maturity date. A qualitative assessment of the relationship's effectiveness is made in this way. The effectiveness of a hedge is evaluated when the hedging relationship is entered into and on an ongoing basis. A currency hedge may become ineffective if the timing of the transaction differs from what was initially estimated and if the credit risk associated with the derivative counterparty changes.

Skanska mainly uses hedge accounting to hedge expenses in currencies other than EUR in its European property development operations and in the Swedish Construction business stream. The fair value of these hedges totaled SEK 9 M (69) on December 31, 2023. The hedges fulfill effectiveness requirements, which means that unrealized gains or losses are recognized in other comprehensive income. As of December 31, 2023, the fair value of currency hedges for which hedge accounting is not applied totaled SEK 2 M (2), including the fair value of embedded derivatives. Changes in fair value for these are recognized through profit or loss.

Information on the changes recognized in the consolidated income statement and in other comprehensive income during the period can be found later in this Note in the table Impact of financial instruments on the consolidated income statement, other comprehensive income and equity.

Contracted net flows – as well as hedges for these – in currencies that are foreign to the respective Group company break down into currencies and maturities as shown in the following table.

Dec 31, 2023	The Group's contracted net foreign currency flows			Hedging of foreign currency flows		
SEK M[1]	**2024**	**2025**	**2026 and later**	**2024**	**2025**	**2026 and later**
PLN	-873	-517		664	517	
EUR	-433	-73	-13	433	73	13
HUF	-71	-1		60		
DKK	3	-14	-7		14	7
GBP	-16			16		
RON	13			4		
CZK	31	-11		-38		
USD	42			-42		
Other currencies	-1			1		
Total equivalent value	**-1,305**	**-616**	**-20**	**1,099**	**604**	**20**

1 Flows in PLN, CZK, HUF and RON are mainly related to Property Development project expenses. Flows in EUR are mainly attributable to Construction operations in Sweden and Norway.

Dec 31, 2022	The Group's contracted net foreign currency flows			Hedging of foreign currency flows		
SEK M[1]	**2023**	**2024**	**2025 and later**	**2023**	**2024**	**2025 and later**
PLN	-1,230	-5		1,039	5	
EUR	-853	-70	-79	784	19	
CZK	-303	-14		303	3	
HUF	-25	-2		15	1	
NOK	-14			15		
USD	15	-1		-14	1	
Other currencies	2	-1		21		
Total equivalent value	**-2,408**	**-95**	**-79**	**2,164**	**30**	**0**

1 Flows in PLN, CZK, HUF and RON are mainly related to Property Development project expenses. Flows in EUR are mainly attributable to Construction operations in Sweden and Norway.

Translation exposure
Skanska's policy stipulates that net investments in Commercial Property Development are to be currency-hedged if the intention is to sell these assets over time. These hedges consist of currency forwards and/or foreign currency loans. The positive fair value of the currency forwards amounted to SEK 2 M (1) and their negative fair value to SEK 0 M (0). In 2023 and 2022, no foreign currency loans were used for hedging.

Net investments in other foreign subsidiaries are not normally hedged, unless the Board of Directors of Skanska AB decides otherwise. At year-end 2023, 0 percent (0) of net investments in foreign currency was currency hedged. A change in the exchange rate where the Swedish krona falls/rises 10 percent against other currencies would have an effect of SEK +/-2.7 billion (2.8) on other comprehensive income after tax and taking hedges into account.

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Hedging of net investments outside Sweden

	Dec 31, 2023					Dec 31, 2022				
Currency	**Net investments**	**Hedges[1]**	**Hedged portion, %**	**Net investments[2]**	**Net investments, %[2]**	**Net investments**	**Hedges[1]**	**Hedged portion, %**	**Net investments[2]**	**Net investments, %[2]**
CZK	3,225			3,225	6	3,278			3,278	6
DKK	660			660	1	958			958	2
EUR	3,577			3,577	6	4,521	-20	0	4,501	8
GBP	33	-92	280	-59	0	1,714	-90	5	1,624	3
NOK	6,036			6,036	11	5,685			5,685	10
PLN	709			709	1	438			438	1
USD	13,677			13,677	24	11,949			11,949	22
Other foreign	-1,035			-1 035	-2	-47			-47	0
Total foreign currencies	**26,881**	**-92**	**0**	**26,789**	**48**	**28,497**	**-109**	**0**	**28,388**	**52**
SEK and eliminations				29,413	52				26,723	48
Total				**56,202**	**100**				**55,111**	**100**

1 Hedged amount before subtracting tax portion.
2 After subtracting hedged portion.

Hedge accounting is applied in cases where hedging of net investments takes place outside Sweden. The hedges fulfill effectiveness requirements, which means that gains or losses on the hedges are recognized in other comprehensive income until the hedged transaction takes place, at which point the accumulated change in value is transferred to profit or loss.

The effectiveness of the hedge is evaluated on an ongoing basis to ensure that the relationship meets the criteria. Ineffectiveness may arise in connection with a change in net investments and if the credit risk associated with the derivative counterparty changes.

Information on the changes recognized in the consolidated income statement and in other comprehensive income during the period can be found later in this Note in the table Impact of financial instruments on the consolidated income statement, other comprehensive income and equity.

See also Note 34.

Significance of financial instruments for the Group's financial position and income
Financial instruments in the statement of financial position
The following table shows the carrying amount and fair value of financial instruments by category, as well as a reconciliation with total assets and liabilities in the statement of financial position.

See also Note 21, Note 24, Note 27 and Note 30.

Fair value relating to hedged transaction exposure is reported under Contract assets/liabilities or under Trade and other receivables/liabilities.

Fair value
There are three different levels for establishing fair value. The first level uses the official price quotation in an active market. The second level, which is used when a price quotation in an active market does not exist, calculates fair value by remeasuring at observable exchange rates and discounting future cash flows based on observable market interest rates for each respective maturity and currency. The third level uses substantial input data not observable in the market.

The fair value items in the following table have been measured pursuant to the three levels stated above. Shares and participations and a portion of contingent consideration liabilities are measured at fair value according to level three. The assets relating to bonds have been measured according to level one. All other amounts have been measured according to level two. When calculating fair value in the loan portfolio, Skanska takes into account current market interest rates which include the credit risk premium that Skanska is estimated to pay for its borrowing.

The fair value of financial instruments with option elements is calculated using the Black-Scholes model. As of December 31, 2023, Skanska had no instruments with option elements.

For all financial instruments that are recognized at amortized cost, the fair value is deemed to be largely in line with the carrying amount.

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Note 6. Financial instruments and financial risk management, cont.

Assets Dec 31, 2023	Hierarchy level	Measured at fair value through profit or loss	Measured at fair value through other comprehensive income	At amortized cost	Total carrying amount	Total fair value
Financial instruments						
Interest-bearing assets and derivatives						
Financial assets[1]	1, 2	321		9,013	9,334	9,311
Cash and cash equivalents	–			17,912	17,912	17,912
		321	**0**	**26,925**	**27,246**	**27,223**
Trade receivables[2]				**14,392**	**14,392**	**14,513**
Trade and other receivables including shares and participations						
Shares and participations[3]	3		38		38	38
Trade and other receivables[2, 4]	–			173	173	173
		0	**38**	**173**	**211**	**211**
Total financial instruments		**321**	**38**	**41,490**	**41,849**	**41,947**

Assets Dec 31, 2022	Hierarchy level	Measured at fair value through profit or loss	Measured at fair value through other comprehensive income	At amortized cost	Total carrying amount	Total fair value
Financial instruments						
Interest-bearing assets and derivatives						
Financial assets[1]	1, 2	100		15,482	15,582	15,606
Cash and cash equivalents	–			10,014	10,014	10,014
		100	**0**	**25,496**	**25,596**	**25,620**
Trade receivables[2]				**15,172**	**15,172**	**15,304**
Trade and other receivables including shares and participations						
Shares and participations[3]	3		38		38	38
Trade and other receivables[2, 4]	–			452	452	452
		0	**38**	**452**	**490**	**490**
Total financial instruments		**100**	**38**	**41,120**	**41,258**	**41,414**

1 The carrying amount of financial assets excluding shares and participations, totaling SEK 9,334 M (15,582), is presented in Note 21.
2 See Note 24.
3 Shares and participations are reported in the consolidated statement of financial position among financial assets. See also Note 21.
4 In the consolidated statement of financial position, SEK 27,012 M (27,726) was reported as trade and other receivables. See Note 24. Of this amount, trade receivables accounted for SEK 14,392 M (15,172). These are reported as financial instruments. The remaining amount is SEK 12,620 M (12,554) and breaks down as SEK 173 M (452) for financial instruments and SEK 12,447 M (12,102) for non-financial instruments. The amount reported as financial instruments includes accrued interest income, deposits, etc. Amounts reported as non-financial instruments include, for example, interim items other than accrued interest, VAT receivables, pension-related receivables and other personnel-related receivables.

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Note 6. Financial instruments and financial risk management, cont.

Reconciliation with statement of financial position	Dec 31, 2023	Dec 31, 2022
Assets		
Financial instruments according to the categories in IFRS 9	41,849	41,258
Other assets		
Investment Properties	5,141	3,758
Property, plant and equipment and intangible assets	12,302	12,451
Property, plant and equipment, right-of-use assets	3,082	3,256
Investments in joint ventures and associated companies	2,072	2,901
Net assets in funded pension plans	3,118	2,400
Tax assets	3,764	2,243
Current-asset properties	58,660	58,474
Current-asset properties, right-of-use assets	3,613	3,676
Inventories	1,275	1,300
Receivables from customers for contract work	7,865	7,772
Trade and other receivables[1]	12,447	12,102
Total assets	**155,189**	**151,593**

1 In the consolidated statement of financial position, SEK 27,012 M (27,726) was reported as trade and other receivables. See Note 24. Of this amount, trade receivables accounted for SEK 14,392 M (15,172). These are reported as financial instruments. The remaining amount is SEK 12,620 M (12,554) and breaks down as SEK 173 M (452) for financial instruments and SEK 12,447 M (12,102) for non-financial instruments. The amount reported as financial instruments includes accrued interest income, deposits, etc. Amounts reported as non-financial instruments include, for example, interim items other than accrued interest, VAT receivables, pension-related receivables and other personnel-related receivables.

Liabilities Dec 31, 2023	Hierarchy level	Measured at fair value through profit or loss	Measured at amortized cost	Total carrying amount	Total fair value
Financial instruments					
Interest-bearing liabilities and derivatives					
Financial liabilities[1]	2, 3	530	10,800	11,330	11,406
		530	**10,800**	**11,330**	**11,406**
Operating liabilities					
Trade payables	–		13,105	13,105	13,105
Trade and other payables[2]	–		369	369	369
		0	**13,474**	**13,474**	**13,474**
Total financial instruments		**530**	**24,274**	**24,804**	**24,880**

Liabilities Dec 31, 2022	Hierarchy level	Measured at fair value through profit or loss	Measured at amortized cost	Total carrying amount	Total fair value
Financial instruments					
Interest-bearing liabilities and derivatives					
Financial liabilities[1]	2, 3	619	7,418	8,037	8,058
		619	**7,418**	**8,037**	**8,058**
Operating liabilities					
Trade payables	–		13,998	13,998	13,998
Trade and other payables[2]	–		694	694	694
		0	**14,692**	**14,692**	**14,692**
Total financial instruments		**619**	**22,110**	**22,729**	**22,750**

1 The carrying amount for financial liabilities totaling SEK 11,330 M (8,037) is reported in the statement of financial position along with financial liabilities of SEK 10,915 M (7,568) from Note 27 and contingent considerations of SEK 415 M (469) from Note 29. Contingent considerations are included in financial liabilities measured at fair value at SEK 415 M (469) and in financial liabilities measured at amortized cost at SEK 0 M (0). During the year SEK 0 M (88) of contingent considerations was disbursed and SEK 31 M (39) accrued as interest expense. An additional SEK 0 M (-67) was transferred to non-interest-bearing liabilities and a remeasurement performed that amounted to SEK -85 M (0).

2 Other financial operating liabilities, totaling SEK 13,474 M (14,692), are reported in the statement of financial position together with trade payables of SEK 13,105 M (13,998) and other financial instruments of SEK 369 M (694). The total item in the statement of financial position amounted to SEK 40,410 M (41,840). See Note 30. Accrued interest expense, checks issued but not cashed, liabilities for unpaid properties, etc., are recognized as other financial operating liabilities. Other non-financial operating liabilities are, for example, interim items other than accrued interest, VAT liabilities, pension-related liabilities and other personnel-related liabilities. Operating liabilities are measured at amortized cost.

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Note 6. Financial instruments and financial risk management, cont.

Reconciliation with statement of financial position	Dec 31, 2023	Dec 31, 2022
Equity and liabilities		
Financial instruments	24,804	22,729
Other liabilities		
Equity	56,347	55,255
Pensions	3,167	2,891
Lease liabilities	7,047	7,281
Tax liabilities	2,997	2,331
Provisions	10,672	9,899
Contract liabilities	23,220	24,059
Trade and other payables[1]	26,935	27,148
Total equity and liabilities	**155,189**	**151,593**

1 Other financial operating liabilities, totaling SEK 13,474 M (14,692), are reported in the statement of financial position together with trade payables of SEK 13,105 M (13,998) and other financial instruments of SEK 369 M (694). The total item in the statement of financial position amounted to SEK 40,410 M (41,840). See Note 30. Accrued interest expense, checks issued but not cashed, liabilities for unpaid properties, etc., are recognized as other financial operating liabilities. Other non-financial operating liabilities are, for example, interim items other than accrued interest, VAT liabilities, pension-related liabilities and other personnel-related liabilities. Operating liabilities are measured at amortized cost.

	Dec 31, 2023		Dec 31, 2022	
Disclosures concerning offsetting of financial instruments	**Financial assets**	**Financial liabilities**	**Financial assets**	**Financial liabilities**
Gross amount	41,849	24,804	41,258	22,729
Amounts offset				
Recognized in balance sheet	**41,849**	**24,804**	**41,258**	**22,729**
Amounts covered by netting arrangements	-304	-304	-130	-130
Net amount after netting arrangements	**41,545**	**24,500**	**41,128**	**22,599**

Impact of financial instruments on the consolidated income statement, other comprehensive income and equity

Revenue and expenses from financial instruments recognized in profit or loss	2023	2022
Recognized in operating income		
Interest expense on financial liabilities measured at cost	1	-1
Cash flow hedges removed from equity and recognized in profit or loss	63	20
Total income and expenses in operating income	**64**	**19**
Recognized in financial items		
Interest income on assets measured at fair value	144	147
Interest income on assets measured at amortized cost	436	142
Interest income on cash and bank balances	133	66
Dividends		31
Changes in market value of financial assets measured at fair value through profit or loss	1	2
Changes in market value of financial liabilities measured at fair value through profit or loss	40	7
Total income in financial items	**754**	**395**

Revenue and expenses from financial instruments recognized in profit or loss	2023	2022
Interest expense on financial liabilities measured at fair value through profit or loss	-8	-18
Interest expense on financial liabilities measured at amortized cost	-558	-237
Changes in market value of financial assets measured at fair value through profit or loss		-1
Changes in market value of financial liabilities measured at fair value through profit or loss	-5	-4
Impairment losses attributable to any future credit losses		-5
Net exchange rate differences	-7	-5
Expenses for borrowing programs	-28	-12
Bank-related expenses and other	-55	-29
Total expenses in financial items	**-660**	**-312**
Net income and expenses from financial instruments recognized in profit or loss	**94**	**82**
of which interest income on financial assets not measured at fair value through profit or loss	570	208
of which interest expense on financial liabilities not measured at fair value through profit or loss	-558	-238

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Note 6. Financial instruments and financial risk management, cont.

Reconciliation with financial items	2023	2022
Total income from financial instruments in financial items	754	395
Total expense from financial instruments in financial items	-660	-312
Net interest on pensions	-11	-48
Interest expense for lease liabilities	-243	-222
Capitalized interest expense	768	477
Total financial items	**609**	**290**

See also Note 14.

Income and expenses recognized under other comprehensive income	2023	2022
Cash flow hedges recognized directly in equity	-100	266
Cash flow hedges removed from equity and recognized in profit or loss	63	20
Translation differences	-949	2,464
Resolved translation differences for companies divested	2	-174
Hedging of exchange rate risk in foreign operations	-23	81
Total	**-1,007**	**2,657**
of which recognized in cash flow hedge reserve	-37	286
of which recognized in translation reserve	-970	2,371
	-1,007	**2,657**

Collateral
The Group has provided collateral (assets pledged) in the form of financial receivables amounting to SEK 680 M (772). See also Note 33.

These assets may be utilized by customers if Skanska does not fulfill its obligations according to the respective construction contract. To a varying extent, the Group has obtained collateral for trade receivables in the form of guarantees issued by banks and insurance companies and, in some cases, in the form of guarantees from the parent companies to customers.

Note 7. Business combinations

No business combinations took place during the financial year or in the comparative year.

Note 8. Revenue

Revenue is recognized according to IFRS 15 Revenue from Contracts with Customers and IFRS 16 Leases. See Note 1. For revenue in accordance with IFRS 15, see also Note 9. Revenue from contracts with customers amounted to SEK 166,065 M (162,336) and rental income from leases amounted to SEK 1,103 M (838). As for other types of revenue, dividends and interest income are recognized in financial items. See Note 14.

Revenue by business stream	2023	2022
Construction[1]	160,636	156,004
Residential Development	11,565	9,521
Commercial Property Development	8,901	15,069
Investment Properties	186	40
Other		
Central	363	449
Eliminations, see below	-14,483	-17,909
Total	**167,168**	**163,174**

1 Construction includes SEK 869 M (1,524) in intra-Group construction for joint ventures in the PPP portfolio. Elimination does not occur since this revenue consists of invoices issued to joint ventures, which are recognized according to the equity method of accounting.

Reported in Eliminations

	2023	2022
Intra-Group construction for		
Construction	-17	-20
Residential Development	-4,881	-5,757
Commercial Property Development	-7,732	-7,833
Intra-Group property divestments	-1,562	-3,909
Other	-291	-389
Total	**-14,483**	**-17,909**

Other
For other transactions with related parties, see Note 39.

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Note 9. Contract assets and contract liabilities

Contract assets and contract liabilities are recognized in accordance with IFRS 15 Revenue from Contracts with Customers. See Note 1. For risks in ongoing assignments, see Note 2.

Information from the income statement
Accrued revenue during the year amounted to SEK 149,790 M (137,598).

Information from the statement of financial position	Dec 31, 2023	Dec 31, 2022
Contract assets	7,865	7,772
Contract liabilities	23,220	24,059

Contract assets	2023	2022
January 1	7,772	5,451
Accrued revenue during the year, not yet invoiced	6,062	6,768
Accrued revenue during the year, invoiced during the year	47,210	41,268
Invoiced revenue	-52,801	-46,964
Divestments	-1	-36
Reclassification	-217	916
Exchange rate differences for the year	-161	369
Carrying amount, December 31	**7,865**	**7,772**

Contract liabilities	2023	2022
January 1	24,059	22,664
Invoiced revenue	95,790	91,072
Accrued revenue during the year, invoiced during the year	-84,553	-78,059
Accrued revenue during the year, invoiced in previous years	-11,965	-11,503
Revenue adjustment		-475
Divestments	-4	-105
Reclassification	443	-1,041
Exchange rate differences for the year	-549	1,507
Carrying amount, December 31	**23,220**	**24,059**

Future revenue for remaining performance obligations is broken down between the following years.

Expected revenue recognition for remaining performance obligations in 2023

	2024	2025	2026	2027	≥2028	Total
Construction	112,528	60,280	35,546	14,575	6,708	229,637
Residential Development	5,383	1,594	194			7,171
Commercial Property Development	901	1,423	2,978			5,302
Total	**118,813**	**63,297**	**38,718**	**14,575**	**6,708**	**242,111**

Expected revenue recognition for remaining performance obligations in 2022

	2023	2024	2025	2026	≥2027	Total
Construction	114,963	57,565	33,789	17,417	6,037	229,771
Residential Development	9,876	3,792	194			13,862
Commercial Property Development	4,724	1,139	3,008			8,871
Total	**129,562**	**62,497**	**36,991**	**17,417**	**6,037**	**252,504**

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Note 10. Operating expenses by category of expense

During the year, revenue increased SEK 3,994 M to SEK 167,168 M (163,174). Total costs increased SEK 8,733 M to SEK -161,886 M (-153,153). Operating income decreased SEK 4,739 M to SEK 5,282 M (10,021).

	2023	2022
Revenue	**167,168**	**163,174**
Personnel expenses[1]	-31,397	-30,074
Depreciation and amortization	-2,747	-2,714
Impairment losses[2]	-2,645	-75
Carrying amount of current-asset properties divested	-13,999	-14,321
Income from joint ventures and associated companies	1,195	636
Income from property, plant and equipment sold	182	159
Change in value, investment properties	175	1,692
Other operating expenses[3, 4]	-112,650	-108,456
Total expenses	**-161,886**	**-153,153**
Operating income	**5,282**	**10,021**

1 Note 36 describes what is included in personnel expenses.
2 Excluding impairment losses/reversals of impairment losses in joint ventures and associated companies, which are included in the item Income from joint ventures and associated companies and amount to SEK -162 M (0).
3 Other operating expenses includes purchased materials, machinery rentals and subcontractors.
4 An expense of SEK 145 M (61) has been recognized for research and development expenses and has been included in other operating expenses.

Note 11. Selling and administrative expenses

Selling and administrative expenses are recognized as one item. See Note 1.

Selling and administrative expenses	2023	2022
Construction	-6,808	-6,534
Residential Development	-930	-783
Commercial Property Development	-895	-999
Investment Properties	-9	-2
Central expenses[1]	-745	-680
Total	**-9,386**	**-8,998**

1 Including eliminations.

Note 12. Depreciation and amortization

Depreciation and amortization are carried out in accordance with IAS 16 Property, Plant and Equipment, IFRS 16 Leases and IAS 38 Intangible Assets. See Note 1.

Depreciation and amortization are presented below by business stream. For further information about depreciation and amortization, see Note 17, Note 19 and Note 41.

Depreciation/amortization by asset class and business stream

2023	Construction	Residential Development	Commercial Property Development	Investment Properties	Central and Eliminations	Total
Intangible assets	-115		-2		-43	-161
Property, plant and equipment						
Property (buildings and land)	-90				-5	-95
Plant and equipment	-1,510	-2	-21		-22	-1,555
Property, plant and equipment, right-of-use assets						
Property (buildings and land)	-25					-25
Offices	-540	-6	-71		-14	-631
Cars	-193	-2	-6			-202
Plant and equipment	-38					-38
Other	-31	-8				-39
Total	**-2,543**	**-19**	**-100**	**0**	**-85**	**-2,747**

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Note 12. Depreciation and amortization, cont.

2022	Construction	Residential Development	Commercial Property Development	Investment Properties	Central and Eliminations	Total
Intangible assets	-141	-1	-2		-67	-211
Property, plant and equipment						
Property (buildings and land)	-93				-5	-98
Plant and equipment	-1,466	-1	-21		-15	-1,504
Property, plant and equipment, right-of-use assets						
Property (buildings and land)	-19					-19
Offices	-536	-4	-60		-13	-614
Cars	-158	-1	-6			-165
Plant and equipment	-70					-70
Other	-23	-10				-33
Total	**-2,506**	**-18**	**-89**	**0**	**-101**	**-2,714**

Note 13. Impairment losses/reversals of impairment losses

Impairment losses/reversals of impairment losses are recognized in accordance with IAS 36 Impairment of Assets. See Note 1. Impairment losses/reversals of impairment losses on current-asset properties are recognized in accordance with IAS 2 Inventories.

Impairment losses/reversals of impairment losses are presented below by business stream.

For further information on impairment losses/reversals of impairment losses, see Note 17, Note 18, Note 19, Note 22 and Note 41.

Impairment losses/reversals of impairment losses by asset class and business stream

2023	Construction	Residential Development	Commercial Property Development	Investment Properties	Central and Eliminations	Total
Recognized in operating income						
Intangible assets						
Goodwill		-158				-158
Other intangible assets						0
Property, plant and equipment						
Property (buildings and land)	-11				-48	-59
Plant and equipment	-5				-71	-76
Property, plant and equipment, right-of-use assets						
Site leaseholds						
Offices	-1					-1
Cars						0
Plant and equipment						0
Investments in joint ventures and associated companies		-114	-48			-162
Current-asset properties						
Commercial Property Development			-1,647		141	-1,506
Residential Development		-845				-845
Current-asset properties, right-of-use assets						
Commercial Property Development						
Residential Development						
Total	**-17**	**-1,117**	**-1,695**	**0**	**22**	**-2,807**

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Note 13. Impairment losses/reversals of impairment losses, cont.

Impairment losses/reversals of impairment losses by asset class and business stream

2022	Construction	Residential Development	Commercial Property Development	Investment Properties	Central and Eliminations	Total
Recognized in operating income						
Intangible assets						
Goodwill	-1					-1
Other intangible assets	-11					-11
Property, plant and equipment						
Property (buildings and land)	-7					-7
Plant and equipment	-4					-4
Property, plant and equipment, right-of-use assets						
Site leaseholds						
Offices	1					1
Cars						0
Plant and equipment						0
Investments in joint ventures and associated companies						0
Current-asset properties						
Commercial Property Development			-43			-43
Residential Development	-3	-7				-11
Current-asset properties, right-of-use assets						
Commercial Property Development						0
Residential Development						0
Total	**-25**	**-7**	**-43**	**0**	**0**	**-75**

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Note 14. Financial items

	2023	2022
Financial income		
Interest income	712	355
Dividends		31
Change in market value	41	9
	754	**395**
Financial expense		
Interest expense	-566	-255
Interest expense for lease liabilities	-243	-222
Net interest on pensions	-11	-48
Capitalized interest expense	727	446
Capitalized interest expense from leases	41	31
Change in market value	-5	-5
Net exchange rate differences	-7	-5
Loss allowance for expected credit losses		-5
Other financial expense	-82	-41
	-145	**-104**
Total	**609**	**290**

Information on how large a portion of income and expense in financial items comes from financial instruments is presented in Note 6.

Net interest
Financial items totaled SEK 609 M (290) net, which is explained by a sharp increase in interest rates during the year. Net interest items improved to SEK 661 M (307). Interest income increased to SEK 712 M (355).

Interest expense before capitalized interest increased to SEK -809 M (-477). During the year, Skanska capitalized interest expense of SEK 768 M (477) in its own ongoing projects.

Interest income was received at an average interest rate of 3.36 percent (1.18). Interest expense, excluding interest on pension liabilities, was paid at an average interest rate of 4.55 percent (2.23) during the year. The average interest rate for lease liabilities was 3.30 percent (3.08).

Net interest on pensions, which is the net amount of interest expense for defined-benefit pension obligations calculated at the beginning of the year, based on the 2023 outcome, and the return on plan assets, decreased to SEK -11 M (-48). See also Note 28.

The Group had net interest items of SEK 1 M (-1) that were recognized in operating income. See Note 1 Accounting and valuation principles.

Change in market value
Change in market value amounted to SEK 36 M (4).

Other financial items
Other financial items amounted to SEK -89 M (-20) net and related to various charges for credit facilities and bank guarantees, exchange rate differences, dividends as well as loss allowance for expected credit losses in accordance with IFRS 9.

Note 15. Borrowing costs

Borrowing costs related to investments that require a substantial period for completion are capitalized. See Note 1.

Borrowing costs were capitalized during the year at an interest rate of around 5.88 percent (2.41).

	Capitalized interest during the year		Total accumulated capitalized interest included in cost	
	2023	2022	2023	2022
Current-asset properties	768	477	745	589
Total	**768**	**477**	**745**	**589**

Group overview

Operations

Sustainability report

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

Financial analysis

Financial statements

Notes

Auditor's report

Auditor's review report of the sustainability report

Quarterly information

Share data

Annual General Meeting

Investors' calendar and addresses

Note 16. Income taxes

Income taxes are reported in accordance with IAS 12 Income Taxes.

Tax expense	**2023**	**2022**
Current taxes	-2,189	-1,151
Deferred tax expense from change in temporary differences	1,208	-696
Deferred tax expense from change in losses carried forward	118	-183
Change in provision for tax risk	2	3
Total	**-861**	**-2,027**

Tax items recognized under other comprehensive income	**2023**	**2022**
Deferred taxes attributable to cash flow hedges	12	-19
Deferred taxes attributable to pensions	-64	-792
Total	**-52**	**-811**

Relationship between taxes calculated after aggregating nominal tax rates and recognized taxes
The Group's recognized tax rate is 15 percent (20). The Group's aggregated nominal tax rate has been estimated at 24 percent (22).

The average nominal tax rate in Skanska's home markets in Europe is 21 percent (20) and in the USA just over 27 percent (27), depending on the distribution of income between the different states there.

The relationship between taxes calculated after aggregating nominal tax rates of 24 percent (22) and recognized tax of 15 percent (20) is explained in the table below.

	2023	**2022**
Income after financial items	5,890	10,312
Tax according to aggregation of nominal tax rates, 24 percent (22)	-1,394	-2,269
Tax effect of:		
Property divestments[1]	334	196
Divestment of PPP projects[1]		50
Other	199	-4
Recognized tax expense	**-861**	**-2,027**

1 In a number of the countries where Skanska operates, the sale of property projects and PPP projects via the divestment of companies is tax free.

Income taxes paid in the year amounted to SEK 1,733 M (1,501). Income taxes paid can vary greatly from year to year for the countries where the Group operates. Income taxes are often calculated based on different principles to those that apply to the preparation of the consolidated income statement. If the final income tax is less than the amount provisionally withdrawn in previous years, income taxes paid for the year may be substantially reduced.

The table below shows a breakdown by country of income taxes paid:

Income taxes paid

	2023		**2022**
USA	978	Sweden	554
Sweden	224	USA	362
Czechia	159	Norway	214
UK	112	Finland	140
Finland	102	UK	97
Other	158	Other	134
Total	**1,733**	**Total**	**1,501**

Tax assets and tax liabilities

	Dec 31, 2023	**Dec 31, 2022**
Tax assets	1,246	1,248
Tax liabilities	779	388
Net tax assets (+)/tax liabilities (-)	**467**	**860**

Tax assets and tax liabilities refer to the difference between estimated income tax for the year and preliminary tax paid, as well as income taxes for prior years that have not yet been paid.

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Note 16. Income taxes, cont.

Deferred tax assets and deferred tax liabilities

	Dec 31, 2023	Dec 31, 2022
Deferred tax assets according to the statement of financial position	2,518	995
Deferred tax liabilities according to the statement of financial position	2,218	1,943
Net deferred tax assets (+)/deferred tax liabilities (-)	**300**	**-948**

Deferred tax assets and deferred tax liabilities

	Dec 31, 2023	Dec 31, 2022
Deferred tax assets for lease liabilities	1,421	1,535[1]
Deferred tax assets for losses carried forward	175	65
Deferred tax assets for other assets	404	316
Deferred tax assets for pension provisions	587	630
Deferred tax assets for ongoing projects	734	617
Other deferred tax assets	2,007	1,653
Total before net accounting	**5,328**	**4,816**
Net accounting of offsettable deferred tax assets/tax liabilities	-2,810	-3,821[1]
Deferred tax assets according to the statement of financial position	**2,518**	**995**

	Dec 31, 2023	Dec 31, 2022
Deferred tax liabilities for right-of-use assets	1,395	1,535[1]
Deferred tax liabilities for investment properties	425	362
Deferred tax liabilities for other non-current assets	383	344
Deferred tax liabilities for ongoing projects	1,330	1,736
Deferred tax liabilities for other current assets	308	162
Other deferred tax liabilities	1,187	1,625
Total before net accounting	**5,028**	**5,764**
Net accounting of offsettable deferred tax assets/tax liabilities	-2,810	-3,821[1]
Deferred tax liabilities according to the statement of financial position	**2,218**	**1,943**

1 Restated due to the amendment of IAS 12, whereby the exemption from reporting deferred tax no longer applies.The change has no effect on the balance sheet.

Change in net receivables (+)/net debt (-) deferred tax

	2023	2022
Net receivables (+)/net debt (-) deferred tax, January 1	-948	730
Divestments	18	4
Recognized under other comprehensive income	-52	-811
Deferred tax expense	1,328	-876
Exchange rate differences	-46	5
Net receivables (+)/net debt (-) deferred tax, December 31	**300**	**-948**

Deferred tax assets other than for losses carried forward are temporary differences between carrying amounts for tax purposes and carrying amounts recognized in the statement of financial position. These differences arise, for example, when the Group's valuation principles deviate from those applied locally by a Group company. These deferred tax assets are mostly expected to be realized within five years. Deferred tax assets arise, for example, when a recognized depreciation/amortization/impairment of assets becomes tax-deductible only in a later period, when eliminating intra-Group profits, when there are differences with respect to provisions for defined-benefit pensions between local rules and IAS 19, when the required provisions become tax-deductible in a later period and when advance payments for ongoing projects are taxed on a cash basis.

Deferred tax liabilities for other assets and other deferred tax liabilities are temporary differences between carrying amounts for tax purposes and carrying amounts in the statement of financial position. These differences arise, for example, when the Group's valuation principles deviate from those applied locally by the Group company. For the most part, these deferred tax liabilities are expected to be realized within five years. For example, deferred tax liabilities arise when depreciation/amortization for tax purposes in the current period is larger than the required economic depreciation/amortization and when accrued profits in ongoing projects are taxed only when the project is completed.

Temporary differences and losses carried forward (deficits) that are not recognized as deferred tax assets

	Dec 31, 2023	Dec 31, 2022
Losses carried forward that expire within one year	661	229
Losses carried forward that expire in more than one year but within three years	372	485
Losses carried forward that expire in more than three years	3,498	2,101
Total	**4,531**	**2,815**

Skanska has losses carried forward in a number of countries. In some of these countries the likelihood that losses carried forward will be able to be used is difficult to assess, and therefore no deferred tax asset is recognized. The table pertains to the tax base for losses carried forward and not the tax effect.

New rules on global minimum taxation

Skanska is affected by the new rules on global minimum taxation (Pillar Two) that entered into force on January 1, 2024. These rules mean that Skanska is considered to be low-taxed in countries where the total effective tax rate (ETR), according to the specific calculation methodology, is lower than 15 percent. In cases where a country's ETR is less than 15 percent, a top-up tax corresponding to the difference is payable.

Given the complexity in the regulatory framework for calculating the ETR, a simplified methodology for such calculations is offered (Safe Harbours) during the transition period 2024–2026. Safe Harbours offer an exemption from further action if at least one of three tests (concerning turnover and profit, effective tax and substance) is met. Preliminary calculations show that all of Skanska's markets except Sweden are expected to meet at least one of the three different Safe Harbour tests. However, our Swedish operations do not meet any of these Safe Harbour tests. Therefore, Skanska needs to implement a process for data collection, calculation and reporting in Sweden under the permanent Pillar Two rules ("GloBE") in 2024. However, under these rules, Skanska appears to have a tax rate in Sweden that is higher than 15 percent. Accordingly, our assessment is that Skanska will not have to pay any top-up tax in any country.

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Note 17. Property, plant and equipment

Property, plant and equipment are reported in accordance with IAS 16 Property, Plant and Equipment. See Note 1.

Office buildings and other buildings used in the Group's operations are recognized as property, plant and equipment. Plant and equipment are recognized as a single item.

Property, plant and equipment by asset class

	Dec 31, 2023	Dec 31, 2022
Property (buildings and land)	1,394	1,589
Plant and equipment	6,510	5,920
Property, plant and equipment under construction	131	294
Total	**8,035**	**7,803**

Depreciation of property, plant and equipment by asset class and function

	Cost of sales		Selling and administration		Total	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Property (buildings and land)	-56	-63	-39	-35	-95	-98
Plant and equipment	-1,438	-1,416	-117	-87	-1,555	-1,504
Total	**-1,493**	**-1,480**	**-157**	**-122**	**-1,650**	**-1,602**

Impairment losses/reversals of impairment losses on property, plant and equipment
During the year, impairment losses/reversals of impairment losses in the net amount of SEK -135 M (-11) were recognized. Impairment losses/reversals of impairment losses were recognized in Poland, Sweden and the USA during the year. In the comparative year, impairment losses/reversals of impairment losses were recognized in Poland. Impairment losses/reversals of impairment losses were recognized as cost of sales in the amount of SEK -135 M (-11) and selling and administrative expenses in the amount of SEK 0 M (0).

Impairment losses/reversals of impairment losses

	Property (buildings and land)		Plant and equipment		Total	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Impairment losses	-59	-7	-76	-4	-135	-11
Reversals of impairment losses						
Total	**-59**	**-7**	**-76**	**-4**	**-135**	**-11**

Amount of impairment losses/reversals of impairment losses based on

	Property (buildings and land)		Plant and equipment		Total	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Fair value less selling expenses/costs of disposals			-2		-2	
Value in use	-59	-7	-74	-4	-133	-11
Total	**-59**	**-7**	**-76**	**-4**	**-135**	**-11**

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Note 17. Property, plant and equipment, cont.

Information about cost, accumulated depreciation and accumulated impairment losses

	Property (buildings and land)		Plant and equipment		Property, plant and equipment under construction	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Accumulated cost						
January 1	3,490	3,158	25,264	23,539	294	132
Investments	55	124	2,504	1,952	99	162
Divestments and disposals	-86	-88	-883	-1,573	-3	-2
Reclassifications		6	184	-5	-258	
Exchange rate differences for the year	-63	290	-647	1,352		2
	3,396	**3,490**	**26,423**	**25,264**	**131**	**294**
Accumulated depreciation according to plan						
January 1	-1,692	-1,471	-19,239	-17,800		
Divestments and disposals	14	22	626	1,100		
Reclassifications		-9	-13	9		
Depreciation for the year	-95	-98	-1,555	-1,504		
Exchange rate differences for the year	36	-136	447	-1,044		
	-1,737	**-1,692**	**-19,734**	**-19,239**		
Accumulated impairment losses						
January 1	-209	-185	-105	-94		
Divestments and disposals		4				
Reclassifications		-2		1		
Impairment losses for the year	-59	-7	-76	-4		
Reversals of impairment losses						
Exchange rate differences for the year	2	-19		-7		
	-266	**-209**	**-180**	**-105**		
Carrying amount, December 31	**1,394**	**1,589**	**6,510**	**5,920**	**131**	**294**
Carrying amount, January 1	1,589	1,503	5,920	5,644	294	132

Other
Information about capitalized interest is presented in Note 15. For information on finance leases, see Note 41. Skanska has undertakings to acquire property, plant and equipment in the amount of SEK 1 M (0).

Skanska did not receive any significant compensation from third parties for property, plant and equipment that was damaged or lost during the year or in the comparative year.

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Note 18. Goodwill

Goodwill is recognized in accordance with IFRS 3 Business Combinations. See Note 1. For key judgments, see Note 2.

Goodwill amounted to SEK 3,919 M (4,160). During the year, goodwill decreased SEK 241 M net mainly due to impairment losses and exchange rate differences.

The goodwill recoverable amount is based on value in use. The amounts of goodwill together with other non-current assets, current-asset properties and net working capital are tested annually and also when there is an indication of impairment.

Expected cash flows are based on forecasts for the performance of the Residential Development and Commercial Property Development business streams and the development of construction investments in each market in the countries where the Group has operations. The forecasts are based on the units' two-year forecasts. Future macroeconomic development and changes in interest rates are also important variables. The forecast period is 10 years, which is the period used in models for measurement of other types of assets, for example commercial projects. When 10-year models are used it is easier to make assumptions concerning cycles and there is less reliance on residual values. The growth rate used to extrapolate cash flow forecasts beyond the period covered by the 10-year forecasts is the normal growth rate for the industry in each respective country.

Each business unit uses a unique discount factor based on weighted average cost of capital (WACC). Parameters that affect the WACC are interest rates for borrowing, market risks and the ratio between borrowed funds and equity. The WACC is stated both before and after taxes.

The following table shows how the carrying amount relates to the recoverable amount for the respective business units for Skanska's largest goodwill items. The recoverable amount is expressed as 100. The tests are based on an assessment of anticipated development over the next 10-year period.

Goodwill impairment losses
The Group reported goodwill impairment losses during the year of SEK -158 M (-1). The weak housing market has resulted in a decision to recognize an impairment loss for Skanska Norway's Residential Development.

Impairment losses are based on a calculation of value in use and recognized as selling and administrative expenses in profit or loss.

Goodwill amounts by cash-generating units

	Dec 31, 2023	Dec 31, 2022	Change during the year	Of which impairment losses	Of which exchange rate differences
Construction					
Sweden	17	17			
Norway	933	998	-63		-63
Finland	486	485			
Central Europe	584	598	-13		-13
UK	1,302	1,274	28		28
USA Building	406	421	-15		-15
USA Civil	36	37	-1		-1
Residential Development					
Norway	144	319	-175	-158	-17
Finland	11	11			
Total	**3,919**	**4,160**	**-241**	**-158**	**-83**

	Norway	Finland	Central Europe	UK
Recoverable amount, 100	100	100	100	100
Carrying amount	28	n/a	n/a	n/a
Carrying amount, previous year[1]	29	n/a	n/a	n/a
Interest rate, percent (WACC), before taxes	12	11	15	15
Interest rate, percent (WACC), after taxes	10	10	13	11
Expected growth, %	2	2	3	2
Interest rate, percent (WACC), previous year (before taxes)	13	11	14	12
Interest rate, percent (WACC), previous year (after taxes)	10	9	11	9
Expected growth, %, previous year	2	2	3	2
Carrying amount in relation to recoverable amount, 100 in case of increase in interest rate by				
+1 percentage point	32	n/a	n/a	n/a
+5 percentage points	50	n/a	n/a	n/a
Carrying amount, previous year, in relation to recoverable amount, 100 in case of increase in interest rate by				
+1 percentage point	34	n/a	n/a	n/a
+5 percentage points	59	n/a	n/a	n/a

1 Value > 100 indicates that the recoverable amount is less than the carrying amount and an impairment loss needs to be recognized. For Skanska's operations in Finland and the UK, the carrying amount was negative due to negative working capital exceeding the value of non-current assets.

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Note 19. Other intangible assets

Other intangible non-current assets are recognized in accordance with IAS 38. See Note 1.

Intangible assets and useful life applied

	Dec 31, 2023	Dec 31, 2022	Useful life applied
Intangible assets, externally generated	136	187	3–10 years
Intangible assets, internally generated	213	301	3–7 years
Total	**348**	**488**	

Internally generated intangible assets consist of business systems. Externally acquired intangible assets include acquired software and licenses in the USA, Sweden, Finland and the UK.

Business systems are amortized over a maximum of seven years. Customer contracts are amortized as projects progress to completion and patents are amortized over 10 years.

All intangible assets are amortized as they have a limited useful life.

Amortization by function	2023	2022
Cost of sales	-67	-81
Selling and administration	-95	-130
Total	**-161**	**-211**

Impairment losses/reversals of impairment losses on other intangible assets
Impairment losses/reversals of impairment losses in the net amount of SEK 0 M (-11) were recognized for the year.

Information about cost, accumulated amortization and accumulated impairment losses

	Intangible assets, externally acquired		Intangible assets, internally generated	
	2023	2022	2023	2022
Accumulated cost				
January 1	1,686	1,627	1,005	998
Investments	17	18	3	5
Acquisitions of companies				
Divestments and disposals	-1	-103		
Reclassifications		-1		
Exchange rate differences for the year	-9	145	2	3
	1,694	**1,686**	**1,010**	**1,005**
Accumulated amortization				
January 1	-1,312	-1,173	-705	-587
Divestments and disposals		87		
Amortization for the year	-68	-95	-93	-117
Reclassifications		-17		
Exchange rate differences for the year	16	-115		-1
	-1,365	**-1,312**	**-798**	**-705**
Accumulated impairment losses				
January 1	-188	-188	0	0
Divestments and disposals				
Impairment losses for the year		-11		
Reversals of impairment losses				
Reclassifications		18		
Exchange rate differences for the year	-6	-6		
	-194	**-188**	**0**	**0**
Carrying amount, December 31	**136**	**187**	**213**	**301**
Carrying amount, January 1	187	265	301	411

Other
Information about capitalized interest is presented in Note 15.

Group overview

Operations

Sustainability report

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

Financial analysis

Financial statements

Notes

Auditor's report

Auditor's review report of the sustainability report

Quarterly information

Share data

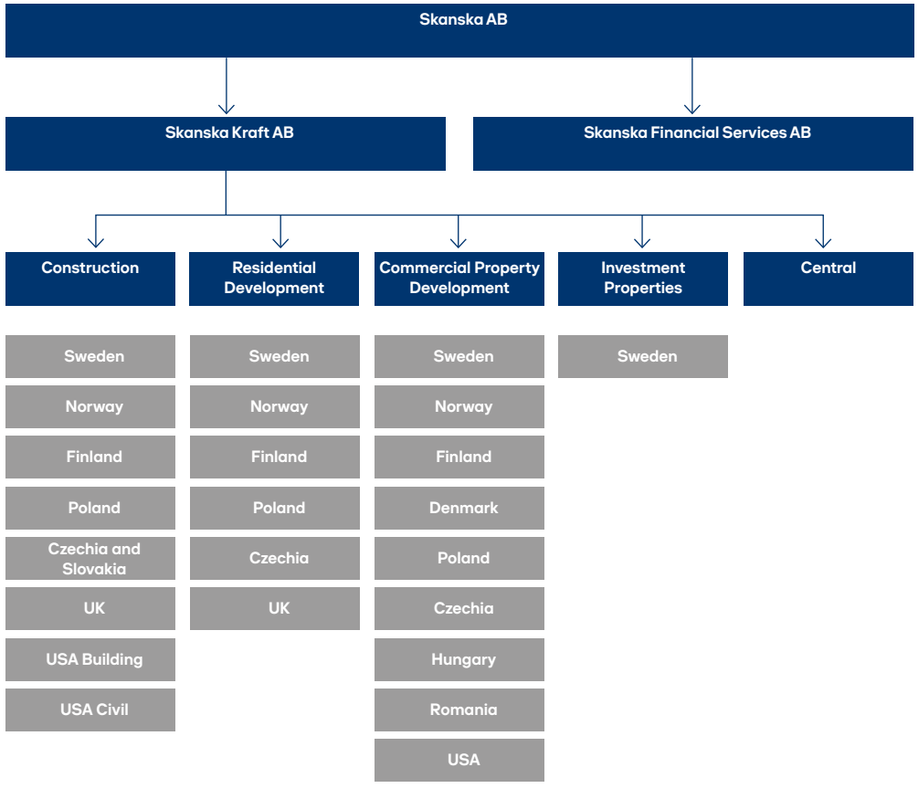
Annual General Meeting

Investors' calendar and addresses

Note 20A. Subsidiaries

The parent company Skanska AB holds 100 percent of the shares in Skanska Financial Services AB and Skanska Kraft AB. Skanska Kraft AB in turn directly or indirectly owns the subsidiaries in the countries in which Skanska has operations. All subsidiaries are independent limited companies, partnerships or equivalent legal forms in each country. Regarding the companies' registered offices, see the parent company notes, Note 52.

Skanska's Corporate Structure



According to Note 26, there are only minor non-controlling interests.

Note 20B. Investments in joint ventures and associated companies

For all joint arrangements an assessment is made of their legal form, agreements between the owning parties and other circumstances. In accordance with IFRS 11 Joint Arrangements, the joint arrangement is reported as a joint venture if the owning parties only have rights to the net assets. See also Note 1.

Investments in joint ventures and associated companies are reported according to the equity method of accounting. Income from joint ventures and associated companies after tax is reported on a separate line in operating income. This income consists of the Group's share of the income in joint ventures and associated companies after tax, adjusted for any impairment losses on consolidated goodwill and intra-Group profits.

Income from joint ventures and associated companies is presented in the following table.

	2023	2022
Share of income in joint ventures according to the equity method	526	454
Share of income in associated companies according to the equity method	-2	
Divestments of joint ventures	833	182
Impairment losses in joint ventures	-162	
Total	**1,195**	**636**

Joint ventures
Joint ventures are recognized in compliance with IAS 28 Investments in Associates and Joint Ventures, see Note 1.

The Group has holdings in joint ventures with a carrying amount of SEK 2,034 M (2,863).

The PPP portfolio includes carrying amounts in joint ventures totaling SEK 1,190 M (2,328).

Income from joint ventures
The share of income in joint ventures, after tax, is recognized in operating income, because these holdings are an element of Skanska's business.

The share of income in joint ventures according to the equity method comes mainly from operations in the PPP portfolio.

PPP portfolio
Public-private partnerships (PPP) are a type of public procurement where a project company owned by private enterprises has overall responsibility for developing, financing, building, operating and maintaining public facilities.

The type of payment for the investments may either be based on market risk, for example road tolls, or based on availability; see also IFRIC 12, Note 1. The concession periods for current investments vary between 30 and 40 years and the ownership interests in the current portfolio are between 32 and 50 percent. At this time the PPP portfolio has investments in Sweden and the USA.

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Note 20B. Investments in joint ventures and associated companies, cont.

The carrying amount according to the statement of financial position and the change that occurred can be seen in the following table.

	2023			2022		
	Joint ventures	**Associated companies**	**Total**	**Joint ventures**	**Associated companies**	**Total**
January 1	2,863	38	2,901	2,145	40	2,185
New acquisitions	313	6	317	703		704
Divestments	-788		-788	-163	-2	-165
Reclassifications	158		158	-55		-55
Exchange rate differences for the year	-74	-3	-71	104	1	105
Change in fair value of derivatives	-30		-30	178		178
Impairment losses for the year	-162		-162			
The year's change in share of income in joint ventures and associated companies after subtracting dividends received	-246	-3	-249	-49	-1	-50
Carrying amount, December 31	**2,034**	**39**	**2,072**	**2,863**	**38**	**2,901**

Specification of major holdings of shares and participations in joint ventures

					Consolidated carrying amount[1]		of which cash flow hedges	
Company	**Business stream**	**Country**	**Percentage of share capital**	**Percentage of voting power**	**Dec 31, 2023**	**Dec 31, 2022**	**Dec 31, 2023**	**Dec 31, 2022**
AB Sydsten	Construction	Sweden	50	50	143	159		
UNIASFALT s.r.o.	Construction	Slovakia	50	50	49	48		
Botkyrka Södra Porten Holding AB	Construction	Sweden	50	50	99	99		
Järvastaden AB	Residential Development	Sweden	50	50	58	5		
Kista Park AB	Residential Development	Sweden	50	50		11		
Kista Valley AB	Residential Development	Sweden	50	50		38		
Nansenløkka Utvikling K3-K6 AS	Residential Development	Norway	50	50	266	17		
Økern Park Holding AS	Residential Development	Norway	50	50	89	32		
Joint ventures in the PPP portfolio[2]					1,190	2,328	-84	-55
Other joint ventures					140	126		
Total joint ventures, Group					**2,034**	**2,863**	**-84**	**-55**

1 Consolidated carrying amounts represent the Group's share of equity including results achieved, Group adjustments and deductions for dividends distributed.

2 Carrying amounts for joint ventures in the PPP portfolio are affected by cash flow hedges. The value of these cash flow hedges amounted to SEK -84 M (-55). When joint ventures where the carrying amount is affected by cash flow hedges are sold, the income from the sale will be affected as the effect of the cash flow hedges is rebooked against income.

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Note 20B. Investments in joint ventures and associated companies, cont.

Unrealized development gain in the PPP portfolio

SEK bn	Dec 31, 2023	Dec 31, 2022
Present value of cash flow from projects	1.9	2.7
Present value of remaining investments	0.0	0.0
Present value of projects	**1.9**	**2.7**
Carrying amount before cash flow hedges	-1.1	-2.2
Unrealized development gain	**0.8**	**0.5**
Cash flow hedge	0.1	0.1
Effect in unrealized equity[1]	**0.9**	**0.6**

1 Tax effects not included.

Details of Skanska's joint ventures
Most of Skanska's joint ventures are in the PPP portfolio, which is reported in accordance with IFRIC 12 Service Concession Arrangements. The amounts below correspond to 100 percent of the joint venture's income statement and statement of financial position.

	PPP portfolio		Other joint ventures		Total all joint ventures	
Income statement	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Revenue	4,393	4,134	1,084	1,449	5,476	5,582
Depreciation and amortization	-844	-1,320	-20	-30	-864	-1,350
Impairment losses			-22		-22	
Other operating expenses	-1,995	-2,684	-1,025	-1,305	-3,020	-3,989
Operating income	**1,554**	**129**	**16**	**114**	**1,570**	**243**
Interest income	1,220	1,045	18	3	1,238	1,048
Interest expense	-1,735	-657	-67	-8	-1,802	-664
Financial items			-4	-1	-4	-1
Income after financial items[1]	**1,040**	**518**	**-37**	**108**	**1,002**	**626**
Taxes	-141	-34	-3	-30	-144	-64
Profit for the year	**898**	**484**	**-40**	**78**	**858**	**562**
Comprehensive income for the year	**898**	**484**	**-40**	**78**	**858**	**562**

1 The amount includes impairment losses in the consolidated accounts.

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Note 20B. Investments in joint ventures and associated companies, cont.

	PPP portfolio		Other joint ventures		Total all joint ventures	
Statement of financial position	**Dec 31, 2023**	**Dec 31, 2022**	**Dec 31, 2023**	**Dec 31, 2022**	**Dec 31, 2023**	**Dec 31, 2022**
Non-current assets	15,078	43,683	1,011	386	16,088	44,068
Current assets	509	1,225	2,577	1,735	3,086	2,960
Cash and bank balances	1,289	4,972	443	449	1,732	5,421
Total assets	**16,875**	**49,879**	**4,031**	**2,570**	**20,906**	**52,449**
Equity attributable to equity holder[1]	2,379	5,416	1,842	1,085	4,222	6,501
Non-current financial liabilities	14,305	42,113	798	253	15,103	42,366
Other non-current liabilities			410	196	410	196
Current financial liabilities			127	542	127	542
Other current liabilities	191	2,350	854	495	1,045	2,845
Total equity and liabilities	**16,875**	**49,879**	**4,031**	**2,570**	**20,906**	**52,449**
Skanska received the following dividend[2]	710	146	61	357	772	504
Reconciliation with participations in joint ventures						
Equity attributable to the investors in joint ventures, 100%	2,379	5,416	1,842	1,085	4,222	6,501
Less equity attributable to investors other than Skanska	-1,390	-3,288	-960	-560	-2,350	-3,848
Skanska's portion of equity in joint ventures, adjusted for surplus value and goodwill	**990**	**2,128**	**882**	**525**	**1,872**	**2,653**
+ Losses recognized as provisions	200	200	123	10	323	210
- Impairment losses			-161		-161	0
Carrying amount of Skanska's holdings	**1,190**	**2,328**	**844**	**535**	**2,034**	**2,863**
of which cash flow hedges	-84	-55			-84	-55

1 Equity includes subordinated loans from the owners.
2 Dividends also include interest paid on the subordinated loans.

Assets pledged
Shares in joint ventures pledged as collateral for loans and other obligations amount to SEK 1,190 M (2,328).

Group overview

Operations

Sustainability report

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

Financial analysis

Financial statements

Notes

Auditor's report

Auditor's review report of the sustainability report

Quarterly information

Share data

Annual General Meeting

Investors' calendar and addresses

Note 20B. Investments in joint ventures and associated companies, cont.

Other
Skanska's joint ventures are owned by Skanska and other investors. They are financed in part by capital from the owning parties, but the majority are financed via banks or credit institutions. The assets of the respective joint ventures are used as collateral for the liabilities. According to agreements with the banks, the ability to access bank account funds from these joint ventures is restricted.

Skanska's portion of the total investment obligations of partly owned joint ventures amounted to SEK 1,110 M (2,074), of which SEK 0 M (0) comprised remaining undertakings to invest in infrastructure in the form of equity holdings and loans. The remaining portion is expected to be financed mainly through bank loans or bonds issued in the respective joint ventures and in the form of participations and loans from other co-owners.

Contingent liabilities for joint ventures amounted to SEK 907 M (258).

Associated companies
Associated companies are recognized in accordance with IAS 28 Investments in Associates and Joint Ventures. See Note 1. The carrying amount of associated companies is SEK 39 M (38).

Information on the Group's share of revenue, income, assets, liabilities and equity in associated companies

	2023	2022
Revenue	0	0
Profit	-2	0
Assets	**39**	**38**
Equity[1]	39	38
Liabilities		
Equity and liabilities	**39**	**38**

1 Reconciliation between equity and carrying amount of holdings, in accordance with the equity method of accounting.

	Dec 31, 2023	Dec 31, 2022
Equity in associated companies	39	38
Carrying amount	**39**	**38**

Other
The associated companies have no liabilities or contingent liabilities which the Group may become responsible for paying. Nor are there any obligations for future investments.

Note 20C. Joint operations

Skanska executes certain projects with a joint party without a separate legal company being formed for the purpose. These projects are then classified as joint operations in accordance with IFRS 11. Joint operations without the formation of a separate company are found mainly in the USA.

Skanska also executes certain projects with a joint party where a separate company is formed for the purpose. These projects are classified as joint operations provided that the other criteria in IFRS 11 are fulfilled.

Specification of significant holdings in joint operations, according to sales in current year

Name of joint operation	Operations	Country	Percentage of share capital
Skanska Costain Strabag Joint Venture	Railway	UK	34
Skanska Balfour Beatty	Campus area	USA	50
Skanska-Traylor-PNB JV	Highway/bridge	USA	80
Hoffman Skanska	Airport	USA	50
Skanska-SG	Hotel	USA	88
Skanska-Traylor-Shea Joint Venture	Tramline	USA	50
Skanska/Walsh	Airport	USA	70
Skanska RJ Industries WWTP	Water treatment plant	USA	80
Skanska Halmar JFK JV	Road network/transport center at airport	USA	70

There are around 100 other small joint operations in the above countries, as well as in Sweden and Czechia.

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Note 21. Financial assets

Financial investments, financial receivables and shareholdings where ownership is less than 20 percent and the Group has no significant influence are recognized as non-current financial assets.

Financial investments and financial receivables are recognized as current financial assets. See also Note 6.

Non-current financial assets	Dec 31, 2023	Dec 31, 2022
Non-current financial assets measured at fair value through profit or loss		
Derivatives		
Other interest-bearing receivables	6	
	6	**0**
Non-current financial assets measured at fair value through other comprehensive income		
Shares and participations[1]	38	38
Other interest-bearing receivables	103	
	141	**38**

1 Shareholdings were affected by impairment losses of SEK 0 M (0) during the year.

Non-current financial assets	Dec 31, 2023	Dec 31, 2022
Non-current financial assets at amortized cost		
Receivables from joint ventures	48	26
Restricted cash and cash equivalents	664	523
Other interest-bearing receivables	1,015	620
	1,727	**1,169**
Other		
Net assets in funded pension plans	3,118	2,400
Total	**4,992**	**3,607**
of which interest-bearing non-current financial assets	4,954	3,569
of which non-interest-bearing non-current financial assets	38	38

Current financial assets	Dec 31, 2023	Dec 31, 2022
Current financial assets measured at fair value through profit or loss		
Derivatives	314	99
	314	**99**
Current financial assets at amortized cost		
Restricted cash and cash equivalents	5,106	5,425
Receivables from joint ventures		79
Other interest-bearing receivables	2,078	8,809
	7,184	**14,313**
Total	**7,498**	**14,413**
of which interest-bearing current financial assets	7,184	14,313
of which non-interest-bearing current financial assets	314	99
Total carrying amount, financial assets	**12,490**	**18,020**
of which financial assets excluding shares and pensions	9,334	15,582

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Note 22. Current-asset properties/Project Development

Current-asset properties are recognized in compliance with IAS 2 Inventories. See Note 1.

The allocation of items in the statement of financial position by business stream is presented below.

Business stream	**Dec 31, 2023**	**Dec 31, 2022**
Commercial Property Development	37,991	35,814
Residential Development	20,670	22,660
Total	**58,660**	**58,474**

Impairment losses/reversals of impairment losses
Current-asset properties are valued in accordance with IAS 2 Inventories, and are thus carried at the lower of cost or net realizable value. Adjustment to net realizable value via an impairment loss is recognized, as are reversals of previous impairment losses, in profit or loss under Cost of sales. Net realizable value is affected by the type and location of the property, and by the yield requirement in the market.

	Impairment losses		Reversals of impairment losses		Total	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Commercial Property Development	-1,506	-66		23	-1,506	-43
Residential Development	-845	-11			-845	-11
Total	**-2,351**	**-76**		**23**	**-2,351**	**-53**

For a further description of the respective business streams, see Note 4. Current-asset properties are divided into completed properties, properties under construction and development properties.

Carrying amounts

	Completed properties		Properties under construction		Development properties		Current-asset properties	
	Dec 31, 2023	**Dec 31, 2022**	**Dec 31, 2023**	**Dec 31, 2022**	**Dec 31, 2023**	**Dec 31, 2022**	**Dec 31, 2023**	**Dec 31, 2022**
Commercial Property Development	9,104	5,039	16,459	18,285	12,428	12,490	37,991	35,814
Residential Development	2,217	549	8,467	11,986	9,986	10,126	20,670	22,660
Total	**11,321**	**5,588**	**24,926**	**30,270**	**22,414**	**22,616**	**58,660**	**58,474**

	Commercial Property Development		Residential Development		Total current-asset properties	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Carrying amount						
January 1	35,814	31,201	22,660	18,544	58,474	49,745
Investments	10,636	12,264	8,655	10,376	19,291	22,639
Carrying amount of properties divested	-4,847	-7,296	-9,152	-7,026	-13,999	-14,321
Impairment losses	-1,506	-66	-845	-11	-2,351	-76
Reversals of impairment losses		23				23
The year's provision for intra-Group profits in contracting work	-329	-316	-145	-152	-474	-468
Reclassifications	-1,053	-2,258	-404	156	-1,458	-2,102
Exchange rate differences for the year	-724	2,262	-99	773	-823	3,035
December 31	**37,991**	**35,814**	**20,670**	**22,660**	**58,660**	**58,474**

The carrying amount of current-asset properties is allocated between properties carried at cost and properties carried at net realizable value as shown in the following table.

	Cost		Net realizable value		Total	
	Dec 31, 2023	**Dec 31, 2022**	**Dec 31, 2023**	**Dec 31, 2022**	**Dec 31, 2023**	**Dec 31, 2022**
Commercial Property Development	31,389	35,760	6,602	54	37,991	35,814
Residential Development	19,558	22,574	1,112	86	20,670	22,660
Total	**50,947**	**58,334**	**7,714**	**140**	**58,660**	**58,474**

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Note 22. Current-asset properties/Project Development, cont.

Difference between fair value and carrying amount for current-asset properties

SEK bn	Surplus value Dec 31, 2023	Surplus value Dec 31, 2022
Commercial Property Development		
Completed projects	1.9	1.2
Development properties	0.6	1.1
Ongoing projects[1]	3.1	8.2
	5.7	**10.5**
Residential Development		
Undeveloped land and development properties	3.4	4.3
Total	**9.1**	**14.8**

1 Estimated market value. Internal appraisal, with valuation on respective completion dates.

Assets pledged
Current-asset properties pledged as collateral for loans and other obligations amount to SEK 0 M (0). See Note 33.

Other
Information about capitalized interest is presented in Note 15.

Investment commitments relating to undeveloped land and development properties not yet in Skanska's ownership amount to SEK 7.0 billion (6.5).

Note 23. Inventories

Inventories are reported in accordance with IAS 2 Inventories. See Note 1.

	Dec 31, 2023	Dec 31, 2022
Raw materials and supplies	414	484
Products being manufactured	97	65
Finished products and merchandise	765	751
Total	**1,275**	**1,300**

There are no significant differences between the carrying amount for inventories and their fair value.

No portion of inventories was adjusted due to an increase in net realizable value.

No merchandise was used as collateral for loans and other obligations.

Note 24. Trade and other receivables

Non-interest-bearing operating receivables are reported as Trade and other receivables. Operating receivables are part of the Group's operating cycle and are recognized as current assets.

	Dec 31, 2023	Dec 31, 2022
Trade receivables, joint ventures	1	1
Trade receivables, others	14,391	15,171
Other operating receivables[1)]	8,242	7,910
Prepaid expenses and accrued income	4,378	4,645
Total	**27,012**	**27,726**
Of which financial instruments reported in Note 6.		
Trade receivables	14,392	15,172
Trade and other receivables including accrued interest income	173	452
	14,565	**15,624**
Of which non-financial instruments	12,447	12,102

1 Of which a receivable of SEK 596 M arising from the sale of our share of LaGuardia.

Note 25. Cash and cash equivalents

Cash and cash equivalents consists of cash and available funds at banks and equivalent financial institutions, as well as short-term investments. Cash and cash equivalents totaled SEK 17,912 M (10,014), of which short-term investments amounted to SEK 8,478 M (2,807) on the closing day.

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Note 26. Equity/earnings per share

Equity in the Group is allocated between equity attributable to equity holders (shareholders) and non-controlling interests (minority interests).

Non-controlling interests account for 0.3 percent of total equity.

Equity changed during the year as follows:

	2023	2022
January 1	**55,255**	**45,465**
of which non-controlling interests	144	114
Comprehensive income for the year		
Profit for the year attributable to		
parent company's shareholders	4,998	8,256
non-controlling interests	31	28
Other comprehensive income		
Items that will not be reclassified to profit or loss for the year		
Remeasurement of defined-benefit pension plans[1]	273	3,818
Tax related to items that will not be reclassified to profit or loss for the year	-64	-792
Total	**209**	**3,026**
Items that have been or will be reclassified to profit or loss for the year		
Translation differences attributable to equity holders[2]	-947	2,290
Translation differences attributable to non-controlling interests	-4	14
Hedging of exchange rate risk in foreign operations[2]	-23	81
Effect of cash flow hedges[3]	-37	286
Tax related to items that have been or will be reclassified to profit or loss for the year	12	-19
Total	**-999**	**2,653**

1 Remeasurement of defined-benefit pension plans, SEK 273 M (3,818), together with tax, SEK -64 M (-792), totaling SEK 209 M (3,026), constitutes the Group's total effect on other comprehensive income of remeasurement of pensions recognized in accordance with IAS 19 and is recognized in retained earnings.

2 Translation differences attributable to equity holders, SEK -947 M (2,290), plus hedging of exchange rate risk in foreign operations, SEK -23 M (81), totaling SEK -970 M (2,371), constitute the change in the Group's translation reserve.

3 The effect on cash flow hedges, SEK -37 M (286), together with taxes SEK 12 M (-19), totaling SEK -25 M (267), constitutes the change in the Group's cash flow hedge reserve.

	2023	2022
Other comprehensive income for the year after tax	**-790**	**5,679**
Comprehensive income for the year	**4,239**	**13,963**
of which attributable to equity holders	4,212	13,920
of which attributable to non-controlling interests	27	43
Other changes in equity not included in comprehensive income for the year		
Dividend to shareholders	-3,081	-4,124
Dividend to non-controlling interests	-20	-13
Changes in the Group structure	-5	
Effects of share-based payments	470	471
Repurchase of shares	-510	-507
Total	**-3,146**	**-4,174**
Equity, December 31	**56,347**	**55,255**
of which non-controlling interests	146	144

Equity attributable to equity holders is allocated as follows:

	Dec 31, 2023	Dec 31, 2022
Share capital	1,260	1,260
Paid-in capital	4,656	4,186
Reserves	4,509	5,504
Retained earnings	45,777	44,161
Total	**56,202**	**55,111**

Paid-in capital
Paid-in capital in excess of quota value from historical issues of new shares is recognized as Paid-in capital.

The change in 2023 and 2022 was attributable to share-based payments and amounted to SEK 470 M (471).

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Note 26. Equity/earnings per share

Reserves

	Dec 31, 2023	Dec 31, 2022
Translation reserve	4,661	5,631
Cash flow hedge reserve	-152	-127
Total	**4,509**	**5,504**

Reconciliation of reserves

	2023	2022
Translation reserve		
Translation reserve, January 1	5,631	3,259
Translation differences for the year	-947	2,290
Hedging of exchange rate risk in foreign operations	-23	81
Translation reserve, December 31	**4,661**	**5,631**
Cash flow hedge reserve		
Hedge reserve, January 1	-127	-394
Cash flow hedges recognized in other comprehensive income		
Hedges for the year	-100	266
Transferred to the income statement	63	20
Taxes attributable to hedging for the year	12	-19
Hedge reserve, December 31	**-152**	**-127**
Total reserves	**4,509**	**5,504**

Translation reserve
The translation reserve consists of accumulated translation differences from the translation of financial statements for foreign operations. The translation reserve also includes exchange rate differences that have arisen when hedging net investments in foreign operations. The translation reserve was reset at zero upon the transition to IFRS on January 1, 2004.

Translation differences for the year amount to SEK -947 M (2,290) and consist of negative translation differences mainly in USD and NOK.

During the year, the translation reserve was affected by exchange rate differences of SEK -23 M (81) due to currency hedging. The accumulated translation reserve totaled SEK 4,661 M (5,631).

Cash flow hedge reserve
Hedge accounting is applied mainly for the PPP portfolio. Unrealized gains and losses on hedging instruments are recognized in the cash flow hedge reserve. The change during the year amounted to SEK -25 M (267), which was attributable to changes in exchange rates and market interest rates for hedges of unrealized cash flows as well as to the portion of carried forward provisions realized in the year and therefore being reclassified to profit or loss. The reserve at year-end amounted to SEK -152 M (-127).

Retained earnings
Retained earnings include the profit for the year plus undistributed Group profits earned in prior years. The parent company's statutory reserve is part of retained earnings, along with remeasurements of pension liabilities, which in accordance with IAS 19 are recognized only under Other comprehensive income.

Remeasurement of defined-benefit pension plans
Equity was affected by remeasurement of defined-benefit pension plans in the amount of SEK 209 M (3,026) after taking into account social insurance contributions and taxes. Remeasurement of pension obligations amounted to SEK 108 M (8,828). Remeasurements of plan assets were made in the amount of SEK 150 M (-5,727) as the actual return on the assets exceeds the estimated return. See also Note 28.

	2023	2022
Remeasurement of pension obligations	108	8,828
Difference between expected and actual return on plan assets	150	-5,727
Social insurance contributions including special payroll tax	15	717
Taxes	-64	-792
Total	**209**	**3,026**

IFRS 2 Share-based Payment
The employee ownership programs introduced in 2020 (Seop 5) and 2023 (Seop 6) are recognized as share-based payments settled with equity instruments, in accordance with IFRS 2. This means that fair value is calculated on the basis of estimated fulfillment of established performance targets during the measurement period. After the end of the measurement period the fair value is established. This value is allocated over the three-year vesting period. There is no reappraisal after fair value is established during the remainder of the vesting period, aside from changes in the number of shares because the condition of continued employment during the vesting period is no longer fulfilled.

Dividend
After the closing day, the Board of Directors proposed a dividend for 2023 of SEK 5.50 per share (7.50). The proposal is equivalent to a dividend distribution totaling SEK 2,256 M (3,081). No dividend is distributed for the parent company's holding of Class B treasury shares. The Board has proposed Tuesday, April 2, 2024 as the record date to receive the dividend. The total dividend amount may change by the record date, depending on acquisitions of Class B treasury shares and the transfer of Class B shares to participants in Skanska employee ownership programs. The decision on dividends to shareholders for 2023 will be made by the AGM on March 27, 2024.

Shares
Information on the number of shares as well as earnings and equity per share is presented in the table below.

	2023	2022
Number of shares at year-end	419,903,072	419,903,072
of which Class A shares	19,619,942	19,654,316
of which Class B shares	400,283,130	400,248,756
Number of Class B treasury shares, December 31	9,713,560	8,771,931
of which repurchased Class B shares during the year	3,060,000	2,924,000
Average price, repurchased Class B shares, SEK	166.82	173.40
Number of shares outstanding, December 31	410,189,512	411,131,141
Average number of shares outstanding	410,758,367	412,037,581
Average number of shares outstanding after dilution	414,137,628	414,922,620
Average dilution, %	0.82	0.70
Earnings per share, SEK	12.17	20.04
Earnings per share after dilution, SEK	12.07	19.90
Equity per share, SEK	137.01	134.05

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Note 26. Equity/earnings per share

Change in number of shares	2023	2022
Number on January 1	411,131,141	412,247,584
Number of Class B shares repurchased	-3,060,000	-2,924,000
Number of shares transferred to employees	2,118,371	1,807,557
Number on December 31	**410,189,512**	**411,131,141**

Dilution effect
In the employee ownership programs introduced in 2020 (Seop 5) and 2023 (Seop 6), the number of potential ordinary shares is calculated during the measurement period based on the estimated number of shares that will be issued upon fulfillment of established targets. After the end of the measurement period, Skanska establishes the number of shares that may be issued provided that the requirement of continued employment is fulfilled. The number of potential ordinary shares thus calculated is then reduced by the difference between the payment Skanska is expected to receive and the average share price during the period.

Excluding social insurance contributions, the cost of both employee ownership programs is estimated at a total of SEK 1,770 M, allocated over the three-year vesting period, equivalent to 5,535,129 shares. The maximum dilution at the end of the vesting period is estimated at 1.33 percent.

In 2023, the cost of both programs amounted to SEK 470 M, excluding social insurance contributions. Share awards earned but not yet allotted by the end of 2023 totaled 3,379,261 shares. The dilution effect up to and including 2023 amounted to 0.82 percent.

Capital management
Capital requirements vary between business streams. Skanska's construction projects are mainly based on customer funding. As a result, in its Construction business stream, the company can operate with free working capital (negative). The free working capital in the Construction business stream combined with the profits from the Group's operations, as well as the possibility of increasing borrowing through credit financing, make it possible for Skanska to finance investments in in-house project development.

In light of the Construction business stream's large volumes with differentiated risk in various types of assignments and customer demands for guarantees, such as performance guarantees in publicly procured projects in the US market, the equity requirement is significant. It is also necessary to take into account financing of goodwill and future investments in Project Development.

A number of financial targets have been established that are deemed to best reflect the profitability of the operations and best demonstrate the financial scope for investments and growth. The return on equity and on capital employed is a measure of how well the capital provided by the shareholders and lenders is being used.

The target for 2023 is a return on the Group's equity of at least 18 percent, an operating margin within Construction of at least 3.5 percent, a return on capital employed for Investment Properties of at least 6 percent and a return on capital employed calculated jointly for the business streams within Project Development of at least 10 percent. There is also a limit for financial indebtedness, measured as adjusted net debt, of SEK -10 billion. Skanska's dividend policy is to pay out 40–70 percent of net profit for the year after tax to the shareholders, provided that the company's overall financial situation is stable.

The Board has determined that the Group's equity is at a reasonable level based on what Skanska's financial position and market circumstances require.

Note 27. Financial liabilities

Financial liabilities are allocated between non-current and current liabilities. Normally, a maturity date within one year is required if a liability is to be treated as current. This does not apply to discounted operating liabilities, which are part of Skanska's operating cycle and are therefore recognized as current liabilities regardless of their maturity date.

For information on financial risks and the Financial Policy, see Note 6.

Non-current financial liabilities	Dec 31, 2023	Dec 31, 2022
Financial liabilities measured at fair value through profit or loss		
Derivatives	1	
Financial liabilities at amortized cost		
Liabilities to credit institutions	2,607	2,662
Bonds issued	4,644	
Other liabilities	47	52
Total	**7,300**	**2,714**
of which interest-bearing non-current financial liabilities	7,298	2,714
of which non-interest-bearing non-current financial liabilities	1	
Current financial liabilities		
Financial liabilities measured at fair value through profit or loss		
Derivatives	114	150
Financial liabilities at amortized cost		
Construction loans, cooperative housing associations	1,965	3,625
Liabilities to credit institutions	1,504	519
Bonds issued		480
Other liabilities	32	80
Total	**3,615**	**4,854**
of which interest-bearing current financial liabilities	3,501	4,704
of which non-interest-bearing current financial liabilities	114	150
Total carrying amount for financial liabilities	**10,915**	**7,568**

Group overview

Operations

Sustainability report

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

Financial analysis

Financial statements

Notes

Auditor's report

Auditor's review report of the sustainability report

Quarterly information

Share data

Annual General Meeting

Investors' calendar and addresses

Note 28. Pensions

Pension provisions are recognized in accordance with IAS 19 Employee Benefits.

Pension liability according to the statement of financial position
According to the statement of financial position, interest-bearing pension liabilities amounted to SEK 3,167 M (2,891) and interest-bearing pension receivables amounted to SEK 3,118 M (2,400). The net amount of interest-bearing pension liabilities and interest-bearing pension receivables was SEK 49 M (491).

Skanska has defined-benefit pension plans in Sweden, Norway and the UK. The pension in these plans is mainly based on final salary or average earnings during the term of employment. The plans include a large number of employees, but Skanska also has defined-contribution plans in these countries. Group companies in other countries have pension plans reported as defined-contribution plans.

Defined-benefit plans
The pension plans mainly consist of retirement pensions. Each respective employer usually has an obligation to pay a lifetime pension. Benefits are based on the number of years of employment. The employee must belong to the plan for a certain number of years to earn full retirement pension entitlement. For each year, the employee earns increased pension entitlements, which are reported as pension earned during the period plus an increase in pension obligation.

Pension plans are funded by securing pension obligations with assets in pension funds and provisions in the accounts.

The plan assets in Sweden are smaller than the pension obligations. The difference is therefore recognized as a liability in the statement of financial position. The plan assets in Norway and the UK exceed the pension obligations. The difference is therefore recognized as a receivable. The ceiling rule which, in some cases, limits the value of these assets in the statement of financial position does not apply according to the existing pension foundation statutes, with the exception of one of the plans in Norway and one of the smaller plans in the UK. The carrying amount of the plan assets was reduced by SEK 33 M (30) due to the limit in the ceiling rule.

On the closing day the pension obligations amounted to SEK 21,787 M (21,693). During the year, pension obligations were affected by remeasurements. The remeasurements are included in other comprehensive income in a net amount of SEK 108 M (8,828). Pension obligations were also affected by the cost of vested pensions and interest expense exceeding pensions paid.

The plan assets amounted to SEK 21,738 M (21,202). The plan assets were affected during the year by remeasurements, since the actual return on the assets exceeded the estimated return. The remeasurements are included in other comprehensive income in the amount of SEK 150 M (-5,727).

The return on plan assets recognized in profit or loss amounted to SEK 849 M (445), while the actual return amounted to SEK 999 M (-5,282).

The plan assets mainly consist of equities, interest-bearing securities, mutual fund units and investments in properties and PPP projects. No assets are used in Skanska's operations. The number of directly owned shares in Skanska AB totaled 0 (0) Class B shares. However, there is an insignificant percentage of indirectly owned shares in Skanska AB via investments in various mutual funds.

There are various types of risk inherent in the company's defined-benefit pension plans. Pension obligations are mainly affected by the relevant discount rate, pay increases, inflation and life expectancy. The risk inherent in the plan assets is mainly market risk. Overall, these risks may result in volatility in the company's equity and in increased future pension costs and higher than estimated pension disbursements. Skanska continually monitors changes in its pension obligations and updates the most important assumptions every quarter and other assumptions at least once a year.

Pension commitments are calculated by independent actuaries. The company has prepared policy documents for the management of plan assets in the form of investment guidelines regulating permitted investments and allocation frameworks for these. In addition, the company uses external investment advisors who continually monitor development of the plan assets. The long duration of the pension obligations is partly matched by long-term investments in PPP projects and property investments, and investments in long-term interest-bearing securities.

The largest defined-benefit plan for Skanska in Sweden is the ITP 2 plan, in which pensions are based on final salary on retirement. ITP 2 covers salaried employees born in 1978 or earlier. The pension obligations are secured through assets in a pension fund and through insurance with PRI Pensionsgaranti. The pension obligation is lifelong and sensitive to changes in the discount rate, pay increases, inflation and life span.

A small portion of the ITP 2 plan is secured by insurance from the retirement insurance company Alecta. This is a multi-employer insurance plan, and there is insufficient information to report these obligations as a defined-benefit plan. Pensions secured by insurance from Alecta are therefore reported as defined-contribution plans. Contributions paid in 2023 amounted to SEK 19 M (22). At the end of 2023, the collective funding ratio of defined-benefit plans in Alecta totaled a preliminary 157 percent (172). The collective funding ratio consists of assets as a percentage of actuarial obligations.

Within Skanska Norway, the largest defined-benefit pension plan is the Skanska Norge Pensionskassa pension fund. This plan covers almost all employees of Skanska in Norway and the pension is based on final salary and number of years of employment with Skanska. The pension obligations are secured through assets in the pension fund. The Skanska Norge Pensionskassa pension fund has been closed for new members since mid-2018. The pension obligation is lifelong and sensitive to changes in the discount rate, pay increases, inflation and life span.

The largest of Skanska's defined-benefit pension plans in the UK is the Skanska Pension Fund. The plan covers salaried employees and is based on average earnings over the period of employment. The pension is remeasured following changes in inflation (index-linked). The pension obligations are secured through assets in the pension fund. The Skanska Pension Fund has been closed for vesting and new members since the end of the first quarter of 2018. The pension commitment is sensitive to changes in the discount rate, inflation and life span.

Net liability related to employee benefits, defined-benefit plans

	Dec 31, 2023	Dec 31, 2022
Pension obligations, funded plans, present value, December 31	21,787	21,693
Plan assets, fair value, December 31	-21,738	-21,202
Net liability according to statement of financial position	**49**	**491**

Pension obligations and plan assets by country

2023	**Sweden**	**Norway**	**UK**	**Total**
Pension obligations	9,264	4,396	8,127	21,787
Plan assets	-6,097	-6,705	-8,936	-21,738
Net liability according to statement of financial position	**3,167**	**-2,309**	**-809**	**49**
2022				
Pension obligations	8,876	4,831	7,986	21,693
Plan assets	-5,985	-6,464	-8,753	-21,202
Net liability according to statement of financial position	**2,891**	**-1,633**	**-767**	**491**

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Note 28. Pensions, cont.

Interest-bearing pension liability, net

	2023	2022
Net pension liability, January 1	491	3,798
Pension expenses	329	575
Benefits paid by employers	-301	-267
Funds contributed by employers	-274	-444
Remeasurements	-258	-3,101
Curtailments and settlements	-43	-11
Exchange rate differences	105	-59
Net liability according to statement of financial position	**49**	**491**

Pension obligations

	2023	2022
January 1	21,693	29,832
Pensions earned during the year	324	532
Interest on obligations	859	493
Benefits paid by employers	-301	-267
Benefits paid from plan assets	-503	-501
Remeasurements:		
– Actuarial gains (-)/losses (+), changed financial assumptions	-511	-10,277
– Actuarial gains (-)/losses (+), changed demographic assumptions	-113	24
– Experience-based changes	516	1,425
Curtailments and settlements	-43	-9
Exchange rate differences	-134	441
Pension obligations, present value	**21,787**	**21,693**

Breakdown of pension obligations and average duration by country

2023	Sweden	Norway	UK
Active members' portion of obligations	35%	38%	4%
Dormant pension rights	28%	16%	54%
Pensioners' portion of obligations	37%	46%	42%
Weighted average duration	17 years	16 years	13 years
2022			
Active members' portion of obligations	38%	42%	4%
Dormant pension rights	26%	15%	54%
Pensioners' portion of obligations	36%	43%	42%
Weighted average duration	17 years	17 years	14 years

Plan assets

	2023	2022
January 1	21,202	26,034
Estimated return on plan assets	849	445
Funds contributed by employers	274	444
Funds contributed by employees	7	5
Benefits paid	-503	-501
Difference between actual return and estimated return	150	-5,727
Curtailments and settlements		2
Exchange rate differences	-241	500
Plan assets, fair value	**21,738**	**21,202**

Amounts contributed are expected to total SEK 350 M in 2024.

Plan assets not included in carrying amount due to the limit in the ceiling rule

	2023	2022
January 1	30	61
Change during the year	3	-31
Plan assets not included in carrying amount	**33**	**30**

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Note 28. Pensions, cont.

Plan assets and return by country

2023	Sweden	Norway	UK
Shares	30%	45%	8%
Interest-bearing securities	33%	40%	63%
Alternative investments	37%	15%	29%
Estimated return	3.70%	3.20%	4.70%
Actual return	3.20%	7.40%	4.60%
2022			
Shares	26%	38%	11%
Interest-bearing securities	35%	50%	58%
Alternative investments	39%	12%	31%
Estimated return	1.60%	1.90%	1.60%
Actual return	-4.70%	-7.60%	-33.60%

Total plan assets by asset class

	Dec 31, 2023	Dec 31, 2022
Equities and mutual funds		
Swedish equities and mutual funds	659	513
Norwegian equities and mutual funds	1,053	939
UK equities and mutual funds	87	620
Global mutual funds	3,702	2,918
Total equities and mutual funds	**5,501**	**4,990**
Interest-bearing securities		
Swedish bonds	1,737	1,839
Norwegian bonds	1,162	1,556
UK bonds	5,274	5,065
Bonds in other countries	2,104	1,908
Total interest-bearing securities	**10,277**	**10,368**
Alternative investments		
Hedge funds	219	530
Property investments	1,894	1,976
PPP investments	1,179	629
Other	2,668	2,709
Total alternative investments	**5,960**	**5,844**
Total plan assets	**21,738**	**21,202**

Equities and mutual funds, interest-bearing securities and hedge funds were measured at current market prices. Property investments and infrastructure projects were measured by discounting future cash flows.

80 percent of total plan assets have a quoted price in an active market.

Actuarial assumptions

2023	Sweden	Norway	UK
Financial assumptions			
Discount rate, January 1	3.70%	3.20%	4.70%
Discount rate, December 31	3.40%	3.50%	4.60%
Estimated return on plan assets for the period	3.70%	3.20%	4.70%
Expected pay increase, December 31	3.25%	2.75%	3.50%
Expected inflation, December 31	1.75%	2.00%	3.00%
Demographic assumptions			
Life expectancy after age 65, men	23 years	22 years	22 years
Life expectancy after age 65, women	25 years	25 years	24 years
Life expectancy table	DUS23	K2013	S3/CMI 2022

2022	Sweden	Norway	UK
Financial assumptions			
Discount rate, January 1	1.60%	1.90%	1.60%
Discount rate, December 31	3.70%	3.20%	4.70%
Estimated return on plan assets for the period	1.60%	1.90%	1.60%
Expected pay increase, December 31	3.25%	3.00%	3.50%
Expected inflation, December 31	2.00%	2.25%	3.25%
Demographic assumptions			
Life expectancy after age 65, men	23 years	22 years	22 years
Life expectancy after age 65, women	25 years	25 years	24 years
Life expectancy table	DUS14	K2013	S3 2021

All three countries where Skanska has defined-benefit plans have an extensive market for high-grade long-term corporate bonds, including mortgage bonds. The discount rate is established on the basis of the market yield for these bonds on the closing day.

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Note 28. Pensions, cont.

Sensitivity of pension obligations to changes in assumptions

	Sweden	Norway	UK	Total[1]
Pension obligations, December 31, 2023	9,264	4,396	8,127	21,787
Discount rate increase of 0.25%	-350	-250	-250	-850
Discount rate decrease of 0.25%	350	250	250	850
Increase of 0.25% in expected pay increase	100	75	0	175
Decrease of 0.25% in expected pay increase	-100	-75	0	-175
Increase of 0.25% in expected inflation	300	100	200	600
Decrease of 0.25% in expected inflation	-300	-100	-200	-600
Life expectancy increase of 1 year	325	175	125	625

1 Estimated change in pension obligation/pension liability if the assumption is increased or decreased for all three countries.
If pension liability increases for all three countries, the Group's equity is reduced by 90 percent of the increase in the pension liability after taking into account deferred tax and social insurance contributions.

Sensitivity of plan assets to changes in estimated return and actual return

	Sweden	Norway	UK	Total[1]
Plan assets, December 31, 2023	6,097	6,705	8,936	21,738
Return increase of 5%	300	350	450	1,110
Return decrease of 5%	-300	-350	-450	-1,110

1 If the actual return exceeds the estimated return by 5 percent, the gain upon remeasurement is expected to amount to SEK 1,110 M.
If the actual return falls below the estimated return by 5 percent, the loss upon remeasurement is expected to amount to SEK 1,110 M.

The sensitivity analyses are based on existing circumstances, assumptions and populations. Application at other levels may produce different effects of changes.

Defined-contribution plans

These plans mainly cover retirement pension, disability pension and family pension. The premiums are paid regularly during the year by the respective Group company to separate legal entities, for example insurance companies. The size of the premium is based on salary. The pension expenses for the period are included in the income statement.

Total pension expenses in the income statement for defined-benefit plans and defined-contribution plans

	2023	2022
Defined-benefit pension plans vested during the period	-324	-532
Less: Funds contributed by employees	7	5
Interest on obligations	-859	-493
Estimated return on plan assets	848	445
Curtailments and settlements	43	11
Pension expenses, defined-benefit plans	**-286**	**-564**
Pension expenses, defined-contribution plans	-1,896	-1,829
Social insurance contributions, defined-benefit and defined-contribution plans[1]	-141	-168
Total pension expenses	**-2,323**	**-2,561**

1 Refers to special payroll tax in Sweden and employer contribution in Norway.

Allocation of pension expenses in the income statement

	2023	2022
Cost of sales	-1,835	-1,989
Selling and administrative expenses	-477	-524
Financial items	-11	-48
Total pension expenses	**-2,323**	**-2,561**

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Note 29. Provisions

Provisions are reported in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. See Note 1.

Provisions are allocated in the statement of financial position between non-current liabilities and current liabilities. Provisions are both interest-bearing and non-interest-bearing. Provisions that are part of the operating cycle are recognized as current. Interest-bearing provisions that fall due within a year are treated as current.

Current provisions

	Dec 31, 2023	Dec 31, 2022
Non-interest-bearing	11,087	10,368
Total	**11,087**	**10,368**

The change in provisions broken down into reserve for legal disputes, provision for warranty obligations and other provisions is presented in the table below. Regarding the reserve for legal disputes, see also Note 33.

	Reserve for legal disputes		Provision for warranty obligations		Other provisions		Total	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
January 1	2,644	2,413	3,770	3,892	3,954	4,935	10,368	11,239
Divested provisions				-17		-5		-22
Provisions for the year	488	527	1,506	1,475	1,835	1,383	3,829	3,386
Provisions utilized	-587	-309	-1,106	-780	-904	-2,092	-2,597	-3,181
Unutilized amounts, reversed	-195	-189	-517	-962	-160	-213	-872	-1,365
Exchange rate differences	228	121	41	170	-19	169	250	459
Reclassifications	20	82	189	-9	-100	-222	109	-148
December 31	**2,597**	**2,644**	**3,883**	**3,770**	**4,606**	**3,954**	**11,087**	**10,368**

Specification of Other provisions

	Dec 31, 2023	Dec 31, 2022
Provisions for restructuring measures	238	124
Employee-related provisions	551	366
Environmental obligations	137	127
Provision for social insurance contributions for pensions and share-based payments	610	669
Contingent considerations[1]	415	469
Provisions for commitments in joint ventures	323	210
Loss allowance	1,012	604
Provisions for properties divested	756	837
Damage restoration	156	161
Tax and VAT (other than corporate tax)	97	87
Other provisions	311	299
Total	**4,606**	**3,954**

1 Acquisitions of current-asset properties. These are reported as financial instruments. See Note 6.

The normal cycle time for Other provisions is one to three years.

Provisions for legal disputes are provisions in the Construction business stream for projects that have been completed, as well as other disputes.

Provisions for warranty obligations are for expenses that may arise during the warranty period and for rent guarantees for properties sold by the Commercial Property Development business stream. Such provisions in Construction are based on individual assessments of each project or average experience-based cost, expressed as a percentage of sales during a five-year period. The expenses are charged to each project on a continuous basis. Provisions for warranty obligations in other business streams are based on individual assessments of each project. The change during the year mainly pertained to Construction, Residential Development and Commercial Property Development.

Provisions for restructuring measures mainly consist of items related to Poland, Sweden, Czechia and the discontinuation of operations in Latin America.

Employee-related provisions consist of items such as the cost of profit-sharing, certain bonus programs and other obligations to employees.

Provisions for environmental obligations include the cost of restoring gravel pits to their natural state in Swedish operations.

Group overview

Operations

Sustainability report

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

Financial analysis

Financial statements

Notes

Auditor's report

Auditor's review report of the sustainability report

Quarterly information

Share data

Annual General Meeting

Investors' calendar and addresses

Note 30. Trade and other payables

Non-interest-bearing liabilities in business operations are recognized as Trade and other payables. Such liabilities are part of the Group's operating cycle and are recognized as current liabilities.

	Dec 31, 2023	Dec 31, 2022
Trade payables	13,105	13,998
Other operating liabilities to associated companies		
Other operating liabilities[1]	8,045	8,681
Accrued expenses and prepaid income	19,260	19,161
Total	**40,410**	**41,840**
Of which financial instruments reported in Note 6 Financial instruments and financial risk management		
Trade payables	13,105	13,998
Trade and other payables including accrued interest expense	369	694
	13,474	**14,692**
Of which non-financial instruments	26,935	27,148

1 Other operating liabilities includes SEK 361 M (407) for checks issued but not yet cashed, mainly in the USA. See Note 1.

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Note 31. Specification of interest-bearing net receivables/net liabilities per asset and liability

	Dec 31, 2023			Dec 31, 2022		
	Interest-bearing	**Non-interest-bearing**	**Total**	**Interest-bearing**	**Non-interest-bearing**	**Total**
ASSETS						
Non-current assets						
Investment Properties		5,141	5,141		3,758	3,758
Property, plant and equipment		8,035	8,035		7,803	7,803
Property, plant and equipment, right-of-use assets		3,082	3,082		3,256	3,256
Goodwill		3,919	3,919		4,160	4,160
Other intangible assets		348	348		488	488
Investments in joint ventures and associated companies		2,072	2,072		2,901	2,901
Non-current financial assets	4,954	38	4,992	3,569	38	3,607
Deferred tax assets		2,518	2,518		995	995
Total non-current assets	**4,954**	**25,154**	**30,108**	**3,569**	**23,401**	**26,970**
Current assets						
Current-asset properties		58,660	58,660		58,474	58,474
Current-asset properties, right-of-use assets		3,613	3,613		3,676	3,676
Inventories		1,275	1,275		1,300	1,300
Current financial assets	7,184	314	7,498	14,313	99	14,413
Tax assets		1,246	1,246		1,248	1,248
Contract assets		7,865	7,865		7,772	7,772
Trade and other receivables		27,012	27,012		27,726	27,726
Cash and cash equivalents	17,912		17,912	10,014		10,014
Total current assets	**25,096**	**99,985**	**125,082**	**24,327**	**100,296**	**124,623**
TOTAL ASSETS	**30,050**	**125,139**	**155,189**	**27,896**	**123,697**	**151,593**

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Note 31. Specification of interest-bearing net receivables/net liabilities per asset and liability, cont.

	Dec 31, 2023			Dec 31, 2022		
	Interest-bearing	**Non-interest-bearing**	**Total**	**Interest-bearing**	**Non-interest-bearing**	**Total**
LIABILITIES						
Non-current liabilities						
Non-current financial liabilities	7,298	1	7,300	2,714		2,714
Lease liabilities	6,137		6,137	6,328		6,328
Pensions	3,167		3,167	2,891		2,891
Deferred tax liabilities		2,218	2,218		1,943	1,943
Total non-current liabilities	**16,603**	**2,219**	**18,822**	**11,933**	**1,943**	**13,876**
Current liabilities						
Current financial liabilities	3,501	114	3,615	4,704	150	4,854
Lease liabilities	909		909	953		953
Tax liabilities		779	779		388	388
Current provisions		11,087	11,087		10,368	10,368
Contract liabilities		23,220	23,220		24,059	24,059
Trade and other payables		40,410	40,410		41,840	41,840
Total current liabilities	**4,411**	**75,609**	**80,020**	**5,657**	**76,805**	**82,462**
TOTAL LIABILITIES	**21,014**	**77,829**	**98,842**	**17,590**	**78,748**	**96,338**
Total equity			**56,347**			**55,255**
EQUITY AND LIABILITIES			**155,189**			**151,593**
Interest-bearing net receivables (+)/net liabilities (-)	9,037			10,306		

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Note 32. Expected recovery periods for assets and liabilities

	Dec 31, 2023			Dec 31, 2022		
Amounts expected to be recovered	**Within 12 months**	**After 12 months**	**Total**	**Within 12 months**	**After 12 months**	**Total**
ASSETS						
Non-current assets						
Investment Properties		5,141	5,141		3,758	3,758
Property, plant and equipment[1]	1,650	6,385	8,035	1,602	6,201	7,803
Property, plant and equipment, right-of-use assets[1]	936	2,147	3,082	901	2,356	3,256
Goodwill		3,919	3,919		4,160	4,160
Other intangible assets[1]	161	187	348	211	277	488
Investments in joint ventures and associated companies[2]		2,072	2,072		2,901	2,901
Non-current financial assets		4,992	4,992		3,607	3,607
Deferred tax assets[3]		2,518	2,518		995	995
Total non-current assets	**2,747**	**27,361**	**30,108**	**2,714**	**24,256**	**26,970**
Current assets						
Current-asset properties[4]	16,900	41,760	58,660	20,600	34,874	58,474
Current-asset properties, right-of-use assets[4]	200	3,413	3,613	400	3,276	3,676
Inventories	1,167	108	1,275	1,128	172	1,300
Current financial assets	7,498		7,498	14,413		14,413
Tax assets	1,246		1,246	1,248		1,248
Contract assets[5]	7,279	585	7,865	6,839	933	7,772
Trade and other receivables[5)]	21,698	5,313	27,012	20,235	7,491	27,726
Cash and cash equivalents	17,912		17,912	10,014		10,014
Total current assets	**73,901**	**51,180**	**125,082**	**74,877**	**46,746**	**124,623**
TOTAL ASSETS	**76,648**	**78,541**	**155,189**	**77,591**	**71,002**	**151,593**

1 In the case of amounts expected to be recovered within 12 months, the expected annual depreciation/amortization has been recognized.
2 The breakdown cannot be estimated.
3 Deferred tax assets are expected to be recovered in their entirety after 12 months.
4 Recovery of current-asset properties and right-of-use assets within one year is based on an historical assessment of the past three years.
5 Current receivables that fall due in more than 12 months' time are part of the operating cycle and are thus recognized as current.

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Note 32. Expected recovery periods for assets and liabilities, cont.

	Dec 31, 2023			Dec 31, 2022[1]		
Amounts expected to be paid	**within 12 months**	**after 12 months**	**Total**	**within 12 months**	**after 12 months**	**Total**
LIABILITIES						
Non-current liabilities						
Non-current financial liabilities		7,300	7,300		2,714	2,714
Lease liabilities		6,137	6,137		6,328	6,328
Pensions[2]	324	2,843	3,167	291	2,600	2,891
Deferred tax liabilities		2,218	2,218		1,943	1,943
Total non-current liabilities	**324**	**18,498**	**18,822**	**291**	**13,585**	**13,876**
Current liabilities						
Current financial liabilities	2,832	783	3,615	3,165	1,689	4,854
Lease liabilities	909		909	953		953
Tax liabilities	779		779	388		388
Current provisions	5,033	6,054	11,087	3,846	6,522	10,368
Contract liabilities	21,215	2,006	23,220	19,444	4,615	24,059
Trade and other payables	37,673	2,736	40,410	38,694	3,146	41,840
Total current liabilities	**68,441**	**11,579**	**80,020**	**66,490**	**15,972**	**82,462**
TOTAL LIABILITIES	**68,765**	**30,077**	**98,842**	**66,781**	**29,557**	**96,338**
Total equity			**56,347**			**55,255**
EQUITY AND LIABILITIES			**155,189**			**151,593**

1 Restated as described in Note 43.
2 Within 12 months refers to expected benefit payments (payments from funded plans are not included).

Note 33. Assets pledged, contingent liabilities and contingent assets

Assets pledged

	Dec 31, 2023	**Dec 31, 2022**
Shares and participations	1,190	2,328
Receivables	680	772
Total	**1,869**	**3,100**

Joint ventures within the PPP portfolio are reported as pledged assets when the holdings in the project company – which may be owned directly by Skanska or owned through intermediate holding companies – are provided as security for loans from banks or lenders other than the co-owners.

Assets pledged for liabilities

	Shares and receivables	
	Dec 31, 2023	**Dec 31, 2022**
Own obligations		
Other liabilities	680	772
Total own obligations	**680**	**772**
Other obligations	1,190	2,328
Total	**1,869**	**3,100**

Assets pledged for other liabilities, SEK 0.7 billion (0.8), relate predominantly to financial instruments pledged as collateral to clients in conjunction with contracting work in the USA.

Group overview

Operations

Sustainability report

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

Financial analysis

Financial statements

Notes

Auditor's report

Auditor's review report of the sustainability report

Quarterly information

Share data

Annual General Meeting

Investors' calendar and addresses

Note 33. Assets pledged, contingent liabilities and contingent assets, cont.

Contingent liabilities
Contingent liabilities are reported in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. See Note 1. Tax cases, court proceedings and arbitration are not included in contingent liability amounts. Instead, a separate description is provided.

Contingent liabilities, excluding obligations for partners' future performance in joint operations, amounted to SEK 1,513 M (1,210). This amount is mainly related to joint ventures and tenant-owners' associations within the Commercial Property Development and Residential Development operating segments.

Skanska's obligations for partners' future performance in joint operations relate to contracting work within Construction and Project Development. If a partner does not fulfill its part of the contract the other partners have joint and several liability for ensuring that this part of the contract is also fulfilled. Partners' share of future performance in joint operations amounted to SEK 22,865 M (31,919). In the event Skanska takes over part of the completion obligation, Skanska's order backlog will increase correspondingly.

Skanska selectively forms joint operations and joint ventures when this is beneficial in view of project size and/or the type of commitments involved in the project. Combining expertise and resources with other construction companies is then a means of optimizing project planning and execution as well as managing specific project risks. External partners in these joint arrangements are scrutinized in accordance with the tender approval process. For more information regarding joint operations and joint ventures, see Note 20 B and Note 20 C.

The Brazilian competition authority, the Administrative Council of Economic Defense (CADE), and the Comptroller General of the Union (CGU) initiated in 2015 administrative procedures against Skanska Brasil in relation to certain Petrobras projects. In 2016, CGU decided that Skanska Brasil shall be excluded from public tenders during no less than two years. Skanska Brasil's appeal is still pending. CADE has yet to decide on the cartel case, which currently is suspended pursuant to a court order.

The Federal Audit Court (TCU) is an authority auditing public contracts, including those of Petrobras, and Skanska Brasil has some contracts under TCU review. In 2020, TCU decided in principle that damages for overpricing in all contracts entered into by members of the Petrobras cartel can be made in accordance with an econometric model. TCU has in an audit report in 2020 recommended application of the model to calculate damages for overpricing in a contract with Petrobras that Skanska Brasil performed in joint venture with others. TCU decided in 2021, based on the econometric damage calculation, to start an administrative process regarding alleged overpricing in the project. Skanska Brasil submitted in 2021 its defense, including a request that the case should be dismissed as it was time-barred. In November 2023, Skanska Brasil filed an appeal to the Federal Supreme Court requesting that the case shall be considered time-barred and must be dismissed by TCU. In the event Skanska Brasil's appeal on the time-bar is unsuccessful, a decision by TCU is expected during 2024. Such decision may, on request by Skanska Brasil, be subject to further review by TCU.

In 2022, TCU technical unit completed an investigation regarding alleged inaccuracies in two change orders in the above-mentioned project. The investigation alleges that Petrobas wrongfully paid a large amount to the joint venture as compensation for Petrobras delaying the project by two years. TCU has not yet decided whether an administrative process should be started in this case. Skanska Brasil considers also this case to be time-barred.

In 2006, tax authorities in Argentina started investigating many companies, including Skanska S.A, for use of fake invoices. Skanska cooperated with the authorities and corrected its tax returns. In 2011, the Appeal Court found no evidence of wrongdoings, but the Supreme Court decided in 2015 that the case should be reopened. In 2017, the Federal Criminal Court decided to once again indict many individuals, including 10 former Skanska S.A employees, for paying bribes and participating in procurement fraud. A trial is now scheduled for April 2024. Skanska sold its Argentine business in 2015, but is managing the case due to an ongoing obligation to the buyer.

Contingent assets
The Group has no contingent assets of significant importance in assessing the position of the Group.

Note 34. Foreign exchange rates and effect of changes in foreign exchange rates

Exchange rates are dealt with in accordance with IAS 21 The Effect of Changes in Foreign Exchange Rates.

Exchange rates
The SEK exchange rate fluctuated during the year against currencies in countries in which the Group does business.

		Average exchange rate			Change, %	
Currency	**Country**	**2023**	**2022**	**2021**	**2022–2023**	**2021–2022**
CZK	Czechia	0.478	0.433	0.396	11	9
DKK	Denmark	1.540	1.429	1.364	8	5
EUR	EU	11.475	10.628	10.146	8	5
GBP	UK	13.196	12.463	11.800	6	6
NOK	Norway	1.005	1.052	0.998	-4	5
PLN	Poland	2.529	2.269	2.222	11	2
USD	USA	10.613	10.117	8.580	5	18

		Closing day exchange rate			Change, %	
Currency	**Country**	**2023**	**2022**	**2021**	**2022–2023**	**2021–2022**
CZK	Czechia	0.449	0.459	0.409	-2	12
DKK	Denmark	1.488	1.490	1.377	0	8
EUR	EU	11.089	11.077	10.239	0	8
GBP	UK	12.760	12.488	12.195	2	2
NOK	Norway	0.986	1.055	1.025	-6	3
PLN	Poland	2.555	2.364	2.230	8	6
USD	USA	10.012	10.374	9.060	-3	15

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Note 34. Foreign exchange rates and effect of changes in foreign exchange rates, cont.

Income statement
During the year, the average exchange rate for the Swedish krona weakened against all of the Group's other currencies with the exception of the Norwegian krona. The total exchange-rate effect on Group revenue was SEK 5,685 M (14,072), equivalent to 3.4 (9.8) percent. The total exchange-rate effect on the Group's operating income was SEK -104 M (587), equivalent to -2.0 (7.1) percent. See the table below.

2023	USD	EUR	GBP	NOK	CZK	PLN	Other	Total
Revenue	3,565	892	1,003	-837	654	404	4	5,685
Operating income	88	-4	-8	-185	33	26	-54	-104
Income after financial items	139	-32	-6	-29	44	29	-54	91
Profit for the period	140	-35	-3	-20	38	26	-54	92

2022	USD	EUR	GBP	NOK	CZK	PLN	Other	Total
Revenue	10,812	694	933	918	634	81	0	14,072
Operating income	377	83	24	54	46	4	-1	587
Income after financial items	447	75	26	60	54	4	-1	665
Profit for the period	281	62	18	47	42	3	-1	452

Consolidated statement of financial position by functional currency
Consolidated total assets increased SEK 3.6 billion, from SEK 151.6 billion to SEK 155.2 billion. The effect of changes in foreign exchange rates was SEK -2.5 billion. The closing exchange rate for SEK weakened against GBP and PLN, and strengthened against USD and NOK.

Dec 31, 2023, SEK bn	USD	GBP	EUR	NOK	CZK	PLN	DKK	Other foreign currencies[1]	Hedges of foreign currency[2]	SEK	Total
Assets											
Investment Properties										5.1	5.1
Property, plant and equipment	1.7	0.4	0.4	2.8	0.7	0.1	0.0	0.0		1.9	8.0
Property, plant and equipment, right-of-use assets	0.8	0.8	0.3	0.4	0.1	0.1	0.0	0.0		0.6	3.1
Intangible assets	0.5	1.4	0.5	1.1	0.1	0.0	0.0	0.0		0.7	4.3
Shares and participations	0.3	0.0	0.1	0.4	0.1	0.0	0.0	0.0		1.1	2.1
Interest-bearing receivables	40.0	3.8	3.4	8.2	2.6	2.3	0.0	-49.9		1.8	12.1
Current-asset properties	15.6	3.9	15.4	4.5	1.9	1.7	3.2	0.0		12.5	58.7
Current-asset properties, right-of-use assets	2.5	0.0	0.5	0.0	0.0	0.1	0.0	0.0		0.5	3.6
Non-interest-bearing receivables	20.9	3.6	2.6	5.7	1.7	0.6	0.1	0.1		5.0	40.2
Cash and cash equivalents	1.3	0.0	0.1	0.1	0.0	0.0	0.0	0.0		16.4	17.9
Total	**83.5**	**14.0**	**23.4**	**23.2**	**7.3**	**4.8**	**3.2**	**-49.8**	**0.0**	**45.5**	**155.2**
Equity and liabilities											
Equity attributable to equity holders[3]	13.7	0.0	3.6	6.0	3.2	0.7	0.7	-1.0	-0.1	29.4	56.2
Non-controlling interests	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0		0.0	0.1
Interest-bearing liabilities	38.0	6.7	13.4	4.6	0.6	1.3	2.3	-49.9	0.1	3.9	21.0
Non-interest-bearing liabilities	31.8	7.3	6.4	12.5	3.4	2.8	0.3	1.1		12.2	77.8
Total	**83.5**	**14.0**	**23.4**	**23.2**	**7.3**	**4.8**	**3.2**	**-49.8**	**0.0**	**45.5**	**155.2**

1 Including elimination of intra-Group receivables and liabilities.
2 Amount refers to hedges before tax deduction. Net investments abroad are currency-hedged to a certain extent through foreign currency loans and currency forwards. See also Note 6. Hedging of net investments through foreign currency loans, mainly in GBP, amounted to SEK 92 M.
3 The respective currencies are calculated including consolidated goodwill and the net amount of Group surpluses after deducting deferred taxes.

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Note 34. Foreign exchange rates and effect of changes in foreign exchange rates, cont.

Dec 31, 2022, SEK bn	USD	GBP	EUR	NOK	CZK	PLN	DKK	Other foreign currencies[1]	Hedges of foreign currency[2]	SEK	Total
Assets											
Investment Properties										3.8	3.8
Property, plant and equipment	1.8	0.6	0.4	2.5	0.7	0.1	0.0	0.0		1.8	7.8
Property, plant and equipment, right-of-use assets	0.8	0.8	0.4	0.5	0.2	0.1	0.0	0.0		0.6	3.3
Intangible assets	0.5	1.4	0.6	1.3	0.1	0.0	0.0	0.0		0.8	4.6
Shares and participations	1.5	0.0	0.2	0.1	0.1	0.0	0.0	0.0		1.1	2.9
Interest-bearing receivables	33.0	4.3	3.7	6.3	2.7	1.8	0.0	-42.8		8.9	17.9
Current-asset properties	13.3	4.6	14.9	4.1	1.8	1.8	2.4	0.0		15.5	58.5
Current-asset properties, right-of-use assets	2.5	0.0	0.5	0.0	0.0	0.1	0.0	0.0		0.5	3.7
Non-interest-bearing receivables	19.6	4.6	2.9	4.8	1.9	0.7	0.0	0.0		4.5	39.1
Cash and cash equivalents	1.3	0.1	0.0	0.1	0.1	0.0	0.0	0.0		8.4	10.0
Total	**74.4**	**16.4**	**23.5**	**19.6**	**7.5**	**4.5**	**2.5**	**-42.8**	**0.0**	**45.9**	**151.6**
Equity and liabilities											
Equity attributable to equity holders[3]	11.9	1.6	4.5	5.7	3.3	0.4	1.0	0.1	-0.1	26.7	55.1
Non-controlling interests	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0		0.0	0.1
Interest-bearing liabilities	29.8	6.6	12.0	3.4	0.5	1.6	1.3	-42.9	0.1	5.2	17.6
Non-interest-bearing liabilities	32.6	8.2	6.9	10.6	3.6	2.5	0.2	0.1		14.1	78.7
Total	**74.4**	**16.4**	**23.5**	**19.6**	**7.5**	**4.5**	**2.5**	**-42.8**	**0.0**	**45.9**	**151.6**

1 Including elimination of intra-Group receivables and liabilities.
2 Amount refers to hedges before tax deduction. Net investments abroad are currency-hedged to a certain extent through foreign currency loans and currency forwards. See also Note 6. Hedging of net investments through foreign currency loans, mainly in GBP, amounts to SEK 90 M.
3 The respective currencies are calculated including consolidated goodwill and the net amount of Group surpluses after deducting deferred taxes.

Effect on the Group of a change in SEK against other currencies and change in USD against SEK
The following sensitivity analysis, based on the 2023 income statement and statement of financial position, shows the sensitivity of the Group to a unilateral 10-percent change in SEK against all currencies, as well as a unilateral 10-percent change in USD against SEK (+ indicates a weakening of SEK, - indicates a strengthening of SEK).

SEK bn	All currencies +/-10%	of which USD +/-10%
Revenue	+/-13.5	+/-7.6
Operating income	+/-0.2	+/-0.4
Equity	+/-2.7	+/-1.4
Net receivables/net liabilities	+/-0.5	+/-0.3

Other
For information on the change in the translation reserve in Equity, see Note 26.

Group overview

Operations

Sustainability report

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

Financial analysis

Financial statements

Notes

Auditor's report

Auditor's review report of the sustainability report

Quarterly information

Share data

Annual General Meeting

Investors' calendar and addresses

Note 35. Cash flow statement

Aside from the cash flow statement prepared in accordance with IAS 7 Statement of Cash Flows, Skanska prepares a cash flow statement based on the operations carried out by the respective business streams. This cash flow statement is called the Consolidated operating cash flow statement.

Changes in the consolidated cash flow statements
As a result of a review of the consolidated cash flow statements, changes have been made to the presentation and classification of items in the consolidated cash flow statements from the fourth quarter of 2023. The cash flow statement pursuant to IAS 7 and the consolidated operating cash flow statement have both been amended and comparative periods restated.

The consolidated cash flow statement pursuant to IAS 7 reports interest and dividends received under investing activities, whereas previously, interest received was reported under financing activities and dividends received under operating activities. All interest paid is reported under financing activities, including capitalized interest, which was previously reported under operating activities as change in working capital.

Taxes paid are only reported under operating activities, and are no longer reported under investing or financing activities. The above entails a change to established practice in Sweden.

All taxes paid are reported under business operations in the consolidated operating cash flow statement and are no longer reported under financing activities.

Adjustments for items not included in cash flow/items to be included in cash flow

	2023	2022
Depreciation/amortization and impairment losses/reversals of impairment losses	5,554	2,789
Income from divestments of non-current assets and current-asset properties	-4,067	-5,674
Gain/loss on divested Group companies/operations before deduction of selling expenses	-14	-108
Income after financial items from joint ventures and associated companies	-524	-453
Provision for the year, intra-Group profits on contracting work	474	466
Pensions recognized as expenses but not related to payments	275	516
Pensions paid	-804	-768
Cost of Seop, employee ownership programs	470	471
Change in value, investment properties	-175	-1,692
Gain/loss on joint ventures divested	-838	-186
Other items that have not affected cash flow from operating activities	2	
Total	**351**	**-4,640**

Cash and cash equivalents

The same rule that was used to determine cash and cash equivalents in the statement of financial position has been used to determine cash and cash equivalents according to the cash flow statement. Cash and cash equivalents in the cash flow statement consist of cash and bank balances as well as short-term investments.

	Dec 31, 2023	Dec 31, 2022
Cash and cash equivalents	17,912	10,014
Total	**17,912**	**10,014**

Other
At year-end, the Group's unutilized credit facilities amounted to SEK 9,866 M (6,053).

Information about assets and liabilities in divested Group companies/operations

	2023	2022
Assets		
Intangible assets	-1	
Property, plant and equipment	-37	-221
Property, plant and equipment, right-of-use assets	-5	
Current-asset properties		
Interest-bearing assets		-51
Non-interest-bearing assets	-32	-348
Cash and cash equivalents	-13	-21
Total	**-86**	**-641**
Liabilities		
Gain/loss on divestments before deduction of selling expenses and exchange rate differences	15	85
Non-controlling interests	-5	
Interest-bearing liabilities	-20	
Non-interest-bearing liabilities	-25	-507
Total	**-35**	**-422**
Consideration	51	219
Exchange rate differences	1	-1
Cash and cash equivalents in divested companies	-13	-21
Effect on cash and cash equivalents, divestment	**39**	**197**

Divested Group companies/operations resulted in a gain of SEK 6 M (86) after deduction of selling expenses and exchange rate differences. This is recognized under cost of sales.

Relationship between the consolidated cash flow statement according to IAS 7 and the consolidated operating cash flow statement
The difference between the consolidated cash flow statement according to IAS 7 Statement of Cash Flows and the consolidated operating cash flow statement is presented below.

The consolidated cash flow statement prepared in accordance with IAS 7 recognizes cash flow divided into:
Cash flow from operating activities
Cash flow from investing activities
Cash flow from financing activities

The consolidated operating cash flow statement recognizes cash flow divided into:
Cash flow from business operations
Cash flow from financing activities
Cash flow from strategic investments
Dividend, etc.
Change in interest-bearing receivables and liabilities

The consolidated operating cash flow statement refers to Operating activities as Business operations. Unlike the cash flow statement pursuant to IAS 7, Business operations also includes dividends received and net investments, which are regarded as an element of business operations. Such net investments are net investments in shares, investment properties, property, plant and equipment and intangible non-current assets, as well as net investments in the PPP portfolio.

Investments of a strategic nature are recognized under cash flow from strategic investments.

Under cash flow from financing activities, the operating cash flow statement recognizes only interest and other financial items. Dividends are recognized separately. Loans provided and repayment of loans are also recognized separately along with changes in interest-bearing receivables at the bottom of the operating cash flow statement, resulting in a subtotal in that statement that shows cash flow before changes in interest-bearing receivables and liabilities.

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Note 35. Cash flow statement, cont.

Cash flow for the year

	2023	2022
Cash flow from business operations including taxes paid according to operating cash flow	1,837	-1,699
Less net investments in shares, property, plant and equipment, and intangible assets (including investment properties)	836	2,266
Less accrual adjustments in investments/divestments of shares, property, plant and equipment, and intangible assets (including investment properties)	580	
Less capitalized interest paid and dividends received from joint ventures and associated companies	-46	-58
Cash flow from operating activities, according to IAS 7	**3,207**	**510**
Cash flow from strategic net divestments (+)/investments (-) according to operating cash flow	39	197
Net investments in shares, property, plant and equipment and intangible assets (including investment properties)	-836	-2,266
Accrual adjustments in investments/divestments of shares, property, plant and equipment, and intangible assets (including investment properties)	-580	
Interest and dividends received	1,485	890
Increase and decrease in interest-bearing receivables	5,888	6,026
Cash flow from investing activities, according to IAS 7	**5,997**	**4,847**
Cash flow from financing activities according to operating cash flow	-689	-565
Capitalized interest paid	-727	-446
Interest and dividends received	-712	-386
Change in interest-bearing receivables and liabilities excluding lease liabilities	10,373	5,538
Less increase and decrease in interest-bearing receivables	-5,888	-6,026
Dividend, etc.[1]	-3,611	-4,645
Cash flow from financing activities, according to IAS 7	**-1,255**	**-6,530**
Cash flow for the year	**7,949**	**-1,173**
1 Of which repurchases of Class B shares.	-510	-507

Relationship between the Group's investments in the cash flow statement according to IAS 7 and investments in the consolidated operating cash flow statement

Total net investments are recognized in the cash flow statement divided into operating activities and investing activities, taking into account the settlement of payments for investments and divestments.

Purchases and sales of current-asset properties are recognized under operating activities, while other net investments are recognized under investing activities.

	2023	2022
Net investments in operating activities[1]	-1,203	-2,296
Net investments in investing activities	-1,377	-2,069
	-2,580	**-4,365**
Less accrual adjustments, cash flow effect of investments	405	-468
Total net divestments (+)/investments (-)	**-2,175**	**-4,833**

1 Of which SEK -727 M (-446) comprised capitalized interest, which is included in interest paid.

The consolidated operating cash flow statement recognizes net investments divided into net investments in operations and strategic net investments as follows.

Investments/divestments

	2023	2022
Operations – Investments		
Investment properties	-26	-1
Intangible assets	-20	-24
Property, plant and equipment	-2,575	-2,238
Shares	-318	-696
Current-asset properties	-19,249	-22,609
of which Residential Development	-8,655	-10,375
of which Commercial Property Development	-10,595	-12,233
	-22,189	**-25,567**
Operations – Divestments		
Investment properties		
Intangible assets	1	15
Property, plant and equipment	477	476
Shares	1,626	201
Current-asset properties	17,871	19,844
of which Residential Development	11,430	9,257
of which Commercial Property Development	6,441	10,587
	19,975	**20,537**
Net divestments (+)/investments (-) in operations	**-2,214**	**-5,030**
Strategic divestments		
Divestment of businesses	39	197
Strategic divestments	**39**	**197**
Total net divestments (+)/investments (-)	**-2,175**	**-4,833**

Change in interest-bearing liabilities pertaining to financing activities

	2023	2022
January 1	14,699	14,997
Items affecting cash flow from financing activities	2,185	-181
Divestment of Group companies	-15	
Other change in leases	957	817
Reclassification	-48	45
Exchange rate differences	69	-978
December 31	**17,846**	**14,699**

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Note 36. Personnel

Wages, salaries, other remuneration and social insurance contributions

	Dec 31, 2023	Dec 31, 2022
Wages, salaries and other remuneration		
Board members, CEOs, Executive Vice Presidents and other executive team members[1, 2]	567	612
Other employees	23,214	21,952
Total wages, salaries and other remuneration	**23,781**	**22,564**
Social insurance contributions including pension expenses[3]	6,127	6,045
Non-monetary remuneration[4]	**1,019**	**994**
Share-based payments	**470**	**471**
Total	**31,397**	**30,074**

1 This amount is for the Boards of Directors, CEOs, Executive Vice Presidents and other executive team members in all Group companies. The amount includes remuneration to former board members, CEOs and Executive Vice Presidents.

2 Of which SEK 154 M (235) in variable remuneration.

3 Of which SEK 2,312 M (2,513) in pension expenses. Of the Group's total pension expenses, SEK 82 M (82) relates to board members, CEOs, Executive Vice Presidents and other executive team members in all Group companies. The amount includes pension expenses for former board members, CEOs and Executive Vice Presidents.

4 The item Non-monetary remuneration includes health insurance expenses.

Men and women on Boards of Directors and executive teams of all Group companies on the closing day

	Dec 31, 2023		Dec 31, 2022	
	of which men, %	of which women, %	of which men, %	of which women, %
Proportion of board members	69	31	70	30
Proportion of CEOs and other members of executive teams	71	29	70	30

Other
No loans, assets pledged or contingent liabilities have been provided for the benefit of any board member or CEO within the Group.

Average number of employees
Personnel is calculated as the average number of employees. See Note 1.

	2023	of which men	%	of which women	%	2022	of which men	%	of which women	%
Sweden	7,750	5,838	75	1,912	25	7,937	5,986	75	1,951	25
Norway	4,177	3,710	89	467	11	4,004	3,607	90	397	10
Finland	1,730	1,409	81	321	19	2,082	1,707	82	375	18
UK	3,424	2,508	73	916	27	3,500	2,562	73	938	27
Poland	1,363	850	62	514	38	1,534	969	63	565	37
Czechia	2,067	1,713	83	355	17	2,123	1,775	84	349	16
Slovakia	614	543	88	71	12	641	575	90	66	10
USA	6,033	4,885	81	1,148	19	6,440	5,270	82	1,170	18
Other countries	98	58	60	39	40	119	74	62	45	38
Total	**27,256**	**21,513**	**79**	**5,743**	**21**	**28,380**	**22,524**	**79**	**5,856**	**21**

The number of employees at the end of the year was 26,543 (27,666).

Group overview

Operations

Sustainability report

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

Financial analysis

Financial statements

Notes

Auditor's report

Auditor's review report of the sustainability report

Quarterly information

Share data

Annual General Meeting

Investors' calendar and addresses

Download PDF for print

Note 37. Remuneration to senior executives and board members

Senior executives include the President and CEO and the other members of the Group Leadership Team. The Group Leadership Team consisted at the end of 2023 of eight persons, including the President and CEO, of which three women and five men. Information on the President and CEO and the other members of the Group Leadership Team can be found on pages 92–93.

Preparation and decision-making processes
The Board of Directors' (the Board) Compensation Committee prepares the Board's proposals for resolution by the Annual General Meeting (AGM) on guidelines for salary and other remuneration to senior executives (the Remuneration Guidelines) when significant modifications of the guidelines become necessary, however at least every fourth year. Salary, variable remuneration and other benefits for the President and CEO are established by the Board following proposals from the Compensation Committee. The Compensation Committee sets salaries, variable remuneration and other benefits for the other members of the Group Leadership Team. The President and CEO regularly informs the Compensation Committee about salaries, variable remuneration and other benefits of the heads of group functions and business units. In 2023 the Compensation Committee consisted of the Chairman of the Board, Hans Biörck, and the board members Pär Boman and Jan Gurander. In 2023, the Compensation Committee held six meetings, of which one was per capsulam (i.e., resolutions were taken by unanimous written consent). The AGM resolves on board fees and fees for work in the committees of the Board following proposals submitted by the Nomination Committee.

Guidelines for salary and other remuneration to senior executives
The AGM 2023 adopted the Board's proposal on guidelines for salary and other remuneration to senior executives. The guidelines are forward-looking, i.e. they are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the AGM 2023. The guidelines do not apply to any remuneration decided by the AGM, including any long-term share related incentive plans.

The guidelines' promotion of the Company's business strategy, long-term interests and sustainability
A prerequisite for the successful implementation of the Company's business strategy and safeguarding of its long-term interests, including its sustainability agenda, is that the Company is able to recruit and retain qualified personnel. To this end, it is necessary that the Company offers competitive remuneration. These guidelines enable the Company to offer the senior executives a competitive total remuneration.

Variable cash remuneration covered by these guidelines shall aim at promoting the Company's business strategy and long-term interests, including its sustainability agenda. This is accomplished through the financial and non-financial targets that determines the outcome of the variable cash remuneration and are clearly linked to the Company's business strategy and sustainability agenda. The variable cash remuneration is further described in the section "Variable cash remuneration" below.

The Company's objectives for having a variable cash remuneration program and a long-term share related incentive plan are to (i) drive behaviors that will support the Company's long and short-term business success and create shareholder value, (ii) make the Company attractive as an employer for top talents, (iii) retain key individuals within the Company, and (iv) increase employees' interest and involvement in the Company's business and development.

For information regarding the Company's business strategy, see the Company's website: www.group.skanska.com/about-us/how-we-work/strategy/.

Total remuneration
The combined remuneration for each senior executive shall be market-related and competitive in the labor market in which the senior executive is placed, and distinguished performance should be reflected in the total remuneration. The remuneration may consist of the following components: fixed cash salary, variable cash remuneration, pension and other benefits. Additionally, the General Meeting may – irrespective of these guidelines – resolve on, among other things, share-related or share price-related remuneration. Fixed salary and variable remuneration shall be related to the senior executive's responsibility and authority.

Variable cash remuneration
The satisfaction of criteria for awarding variable cash remuneration shall be measured over a period of one or several years. The variable cash remuneration shall be capped and related to the fixed salary, and may amount to not more than 100 percent of the fixed annual cash salary.

The variable cash remuneration shall take into account both financial and non-financial performance. The outcome in relation to predetermined and measurable financial targets shall determine the total (financial) bonus potential, i.e. the financial targets shall be the basis of the total bonus potential. This outcome may be reduced depending on the outcomes of the non-financial targets. The variable cash remuneration must be based on results in relation to established targets and be designed to increase the alignment between the shareholders and senior executives of the Company.

The financial targets for the variable cash remuneration may be related to the Group's earnings before taxes, to relevant business unit's earnings before interest and taxes, etc.

The non-financial targets shall be set to support the Company's business strategy and long-term interests, including its sustainability agenda, by for example being clearly linked to the Company's business strategy or sustainability agenda. The non-financial targets should together represent 50 percent of the total bonus which means that the total bonus outcome may be reduced with up to 50 percent if the non-financial targets are not met.

To which extent the criteria for awarding variable cash remuneration has been satisfied shall be evaluated/determined when the measurement period has ended. The Board is responsible for the evaluation so far as it concerns variable cash remuneration to the CEO. For variable cash remuneration to other senior executives, the Compensation Committee is responsible for the evaluation. For financial objectives, the evaluation shall be based on the latest financial information made public by the Company.

The terms for variable cash remuneration shall be structured so that the Board, if exceptional economic conditions prevail, has the possibility to limit or refrain from paying variable remuneration, if such payment is considered unreasonable and incompatible with the Company's responsibility in general to the shareholders, employees and other stakeholders. There shall also be a possibility to limit or refrain from paying variable remuneration if the Board considers that this is appropriate for other reasons. Further, the Board shall have the possibility to reclaim paid out variable cash remuneration if it is discovered after the payment that the senior executive has violated Skanska's Code of Conduct or other Skanska values, policies, standards or procedures.

Further variable cash remuneration may be awarded in extraordinary circumstances, provided that such extraordinary arrangements are limited in time and only made on an individual basis, either for the purpose of recruiting or retaining senior executives, or as remuneration for extraordinary performance beyond the individual's ordinary tasks. Such remuneration may not exceed an amount corresponding to 100 percent of the fixed annual cash salary and may not be paid more than once each year per individual. Any resolution on such remuneration for the CEO shall be made by the Board based on a proposal from the Compensation Committee. Any resolution on such remuneration for other senior executives shall be made by the Compensation Committee based on a proposal from the CEO.

Pension
Pension benefits shall be defined-contribution schemes except where law or collective agreement require a defined-benefit pension. Variable cash remuneration shall not qualify for pension benefits, except when it follows under law or collective agreement. The pension premiums for defined-contribution pension shall amount to not more than 40 percent of the fixed annual cash salary unless a higher percentage results from the application of law or collective agreement.

Other benefits
Other benefits may include, for example, medical insurance (Sw: sjukvårdsförsäkring), health insurance (Sw. sjukförsäkring), double accommodation, home travel, tax compensation, parking and company cars. Such benefits may amount to not more than 20 percent of the fixed annual cash salary.

For employments governed by rules other than Swedish rules, pension benefits and other benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

Senior executives who are expatriates, i.e. based in another country than their home country, may receive additional remuneration and other benefits to the extent reasonable in light of the special circumstances associated with the expat arrangement, taking into account, to the extent possible, the overall purpose of these guidelines. Such benefits may not in total exceed 50 percent of the fixed annual cash salary.

Group overview

Operations

Sustainability report

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

Financial analysis

Financial statements

Notes

Auditor's report

Auditor's review report of the sustainability report

Quarterly information

Share data

Annual General Meeting

Investors' calendar and addresses

Download PDF for print

Long-term share saving programs
Long-term share saving programs, Skanska Employee Ownership Programs (Seop 5 and Seop 6) have been implemented in the Company. Such plans have been resolved by the General Meeting and are therefore excluded from these guidelines. New plans may also be resolved by the General Meeting. Seop 5 and Seop 6 give present and future employees the opportunity of becoming shareholders of Skanska and include permanent employees in the Skanska Group. The performance criteria used to assess the outcome of the plans are clearly linked to the business strategy and thereby to the Company's long term value creation, including its sustainability agenda. The performance criteria consist of financial targets at Group, Business Unit and/or Business Unit Cluster level and as of Seop 6, also a non-financial target at Group level, related to the Group's reduction of carbon emissions. At present, the financial target applicable at Group level is growth in earning per share (EPS). The financial targets applicable at Business Unit and/or Business Unit level vary depending on which business stream the relevant Business Unit or Business Unit Cluster belongs to, as set out in the table below.

Construction	Residential development	Commercial property development	Investment Properties
EBIT[1]	EBIT[1]	EBIT[1]	EBIT[1]
	ROCE[2]	Leasing square meters	

1 Earnings before interest and taxes.
2 Return on capital employed.

Seop 5 and Seop 6 are further conditional upon the participant's own investment and three-year holding and employment period. For more information on Seop 5 and Seop 6, including the criteria which the outcome depends on, please see the Company's website: www.group.skanska.com/corporate-governance/remuneration/incentive-programs/.

Termination of employment
In the event of employment termination by the Company, the normal period of notice is six months, combined with severance pay corresponding to a maximum of 18 months fixed cash salary, or, alternatively, a period of notice of maximum 12 months, combined with severance pay corresponding to a maximum of 12 months fixed cash salary. Fixed cash salary during the notice period and severance pay may not together exceed an amount corresponding to the fixed cash salary for two years. When termination is made by the senior executive, the notice period may not exceed 12 months, without any right to severance pay.

Remuneration to board members in addition to board fees
To the extent that a non-employed board member elected by the General Meeting performs work for the Company, besides the board membership, consultant fee and other remuneration may be granted for such work. Decisions on consultant fees and other remuneration to non-employed board members elected by the General Meeting are made by the Compensation Committee.

Salary and employment conditions for employees
In the preparation of the Board's proposal for these Remuneration Guidelines, salary and employment conditions for employees of the Company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the Compensation Committee's and the Board's basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

The decision-making process to determine, review and implement the guidelines
The Board has established a Compensation Committee. The Compensation Committee's tasks include preparing the Board's decision to propose guidelines for salary and other remuneration to senior executives. The Board shall prepare a proposal for new guidelines at least every fourth year and submit it to the General Meeting. The guidelines shall be in force until new guidelines are adopted by the General Meeting. The Compensation Committee shall also monitor and evaluate programs for variable remuneration for the senior executives, the application of the guidelines for salary and other remuneration to senior executives as well as the current remuneration structures and compensation levels in the Company. The members of the Compensation Committee are independent of the Company and its senior executives. The CEO and other members of the senior executives do not participate in the Board's processing of and resolutions regarding remuneration related matters in so far as they are affected by such matters.

Derogation from the guidelines
The Board may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the Company's long-term interests, including its sustainability agenda, or to ensure the Company's financial viability. As set out above, the Compensation Committee's tasks include preparing the Board's resolutions in remuneration-related matters. This includes any resolutions to derogate from the guidelines.

Description of significant changes compared to the previous guidelines
Pension premiums have previously been restricted to 35 percent of the fixed annual cash salary for the CEO and to 30 percent of the fixed annual cash salary together with up to 30 percent on variable cash remuneration for other senior executives. These guidelines have been changed to a single restriction of 40 percent of the fixed annual cash salary which applies to all senior executives in order to align the cap for pension premiums with prevailing Swedish market practice.

The cap for other benefits has been increased from 15 percent to 20 percent of the fixed annual cash salary. This change has been made to ensure that any senior executives that require for example double accommodation and home travels can be granted such benefits within the limits of these guidelines.

The only further changes are editorial changes primarily following from the implementation of Seop 6.

The shareholders have not expressed any specific views on the guidelines adopted by the Annual General Meeting 2020.

Until the close of the 2023 AGM, the Remuneration Guidelines adopted by the 2020 AGM applied, which are available on the Company's website: www.group.skanska.com/corporate-governance/shareholders-meeting/archive-shareholders-meetings/.

Targets and performance related to variable remuneration
Variable remuneration consist of two parts: annual variable cash remuneration and long-term share programs, which provides compensation in the form of shares. The long-term share programs are described in the sections under the headings "Long-term share programs" and "Previous long-term share programs" in this note.

The table on page 183 presents, by business stream, the starting point, outperform and outcome for the financial targets for the 2023 variable cash remuneration. In addition to the financial targets, the members of the Group Leadership Team have non-financial targets that may reduce the outcome measured only according to the financial targets. The non-financial targets are set to support the Company's business strategy and long-term interests, including its sustainability agenda, by for example being linked to the business strategy or sustainability agenda. The outcome is reduced in cases where the non-financial targets have not been reached.

Annual variable cash remuneration for the Group Leadership Team, excluding the President and CEO, is based on the Group targets and/or on the business units they are directly responsible for. The preliminary outcome for other members of the Group Leadership Team averaged 20 percent (76) of fixed salary. The Board will determine the final outcome of variable cash remuneration after reviewing the operational performance in the first quarter of 2024. The calculation is further preliminary insofar as any deductions as a consequence of the non-financial targets have not yet been taken into account.

Targets and performance related to variable cash remuneration for the President and CEO
For the President and CEO, the variable cash remuneration is maximized at 75 percent of fixed salary. The financial targets were the same as the Group targets presented in the table on page 183. The Board has the option of reducing the final outcome of variable cash remuneration measured solely on the financial targets by a maximum of 50 percent, based on the outcome of the non-financial targets. The preliminary outcome for the President and CEO's variable cash remuneration (i.e., excluding the share saving program) shows an outcome of 0 percent (75) of fixed salary, based on financial targets with a preliminary target fulfillment of 0 percent (100). The Board will determine the final outcome after reviewing the operational performance in the first quarter of 2024.

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Note 37. Remuneration to senior executives and board members, cont.

Financial targets for variable cash remuneration 2023

	Measures	Starting point	Outperform	Outcome	Percentage fulfilled[2]
Group	Income after financial items, SEK bn[1]	5.8	8.2	2.6	0%
Construction	Operating income, SEK bn	4.2	5.8	5.6	64%
	Operating margin, %	2.8	3.6	3.5	62%
Residential Development	Operating income, SEK bn	0.6	1.2	-1.1	17%
	Return on capital employed, %	5	9	-8	17%
	Units sold, thousands	1.3	2.7	1.1	23%
Commercial Property Development	Operating income, SEK bn	0.7	2.0	-1.4	0%
	Operating income cluster, SEK bn[3]	0.6	1.8	-1.4	0%
	Return on capital employed, %[3]	6	9	0	0%
	Leasing, thousands of sqm[3]	39	268	195	56%
Investment Properties	Operating income, SEK bn	0.2	0.2	-0.1	0%
	Leasing, thousands of sqm	1	4	5	100%

1 The income excludes the operating unit Asset Management (portfolio of PPP-assets).

2 Percentage fulfilled is based on the outcomes for the respective business units, which are weighed together. As the fulfillment per business unit cannot be less than 0 percent or more than 100 percent, outcome below the starting point and/or above the outperform for the business units may affect the comparison with the business stream's total outcome.

3 Encompasses the Commercial Property Development business units in the Nordic region, Europe and USA.

Pension benefits
The President and CEO is covered by an individual occupational pension insurance plan. The occupational pension insurance plan is a defined-contribution plan and the total premiums for the occupational pension insurance plan amount to 35 percent of the fixed salary. Other members of the Group Leadership Team in Sweden are entitled to pension benefits according to the ITP occupational pension plan and as of April 1, 2023 a supplementary defined-contribution occupational pension plan. The total old-age pension premiums amount to 35 percent of the fixed salary. The retirement age for members of the Group Leadership Team in Sweden is 65 years. Other members of the Group Leadership Team outside Sweden are covered by local pension plans.

Severance pay
A mutual notice period of 12 months applies between Skanska and the President and CEO, with retention of fixed salary and benefits, excluding variable cash remuneration. After the notice period, in the event of employment termination by the Company, severance pay is disbursed for 12 months. Other income must normally be deducted from the severance pay.

A mutual notice period of 6 months applies between Skanska and the other members of the Group Leadership Team, with retention of fixed salary and benefits, excluding variable cash remuneration. After the notice period, in the event of employment termination by the Company, severance pay is disbursed for 12 to 18 months. Other income must normally be deducted from the severance pay.

Remuneration and benefits expensed in 2023
Board fees
The AGM 2023 resolved, in accordance with the Nomination Committee's proposal, that fees to the Chairman of the Board and to the other board members elected by the AGM not employed by Skanska should be paid in the total amount of SEK 10,750 thousand (10,435) including fees for work in the committees of the Board. For more detailed information on board fees, see table below.

Chairman of the Board
The Chairman of the Board, Hans Biörck, received board fees totaling SEK 2,860 thousand (2,775), of which SEK 535 thousand (525) was for committee work.

Board of Directors

	Director's fee		Audit Committee		Compensation Committee		Project Review Committee		Total fees	
SEK thousands	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Chairman of the Board										
Hans Biörck	2,325	2,250	195	190	115	115	225	220	2,860	2,775
Other board members										
Fredrik Lundberg	775	750	0	0	0	0	225	220	1,000	970
Pär Boman	775	750	280	270	110	110	225	220	1,390	1,350
Catherine Marcus	775	750	0	0	0	0	225	220	1,000	970
Jan Gurander	775	750	195	190	110	110	225	220	1,305	1,270
Åsa Söderström Winberg	775	750	195	190	0	0	225	220	1,195	1,160
Mats Hederos	775	750	0	0	0	0	225	220	1,000	970
Ann E. Massey	775	750	0	0	0	0	225	220	1,000	970
Total	**7,750**	**7,500**	**865**	**840**	**335**	**335**	**1,800**	**1,760**	**10,750**	**10,435**

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Note 37. Remuneration to senior executives and board members, cont.

Group Leadership Team

	Base salary		Variable cash renumeration[1]		Awarded value, share saving programs[2]		Other remuneration and benefits		Pension expense		Total remuneration	
SEK thousands	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
President and CEO												
Anders Danielsson	14,250	13,750	0	10,313	1,087	7,756	133	126	4,988	4,812	20,458	36,757
Other members of the Group Leadership Team (7 individuals)[3]	42,951	36,501	8,716	27,692	2,250	20,315	1,265	1,398	13,851	11,077	69,033	96,983
Total	**57,201**	**50,251**	**8,716**	**38,005**	**3,338**	**28,071**	**1,398**	**1,525**	**18,839**	**15,890**	**89,491**	**133,740**

1 Variable cash remuneration relating to the 2023 financial year is preliminary and will be finally determined and disbursed after reviewing the operational performance in the first quarter of 2024. The variable cash remuneration agreements include a general clause stipulating that the Board and the Compensation Committee are entitled to wholly or partly reduce variable cash remuneration. The amounts included under the heading "Variable cash remuneration" for 2022 in the table above refer to actual disbursements for the 2022 financial year.

2 The value stated for 2023 refers to preliminary awards of performance shares for 2023's invested saving shares, calculated based on the share price on December 29, 2023 (SEK 182.35). The estimated number of performance shares for 2023, calculated based on the outcome of the performance conditions, has been reduced as a consequence of the cost limits of the share saving program. The value stated refers to the preliminary number of performance shares after this reduction. The Board will determine the final outcome for 2023 after reviewing the operational performance in the first quarter of 2024. In order to receive performance shares, an additional three years of service are required. The total cost has not yet been expensed as the cost is distributed over three years in accordance with IFRS 2, see the section under the heading "Long-term share programs" on page 185. See table "Skanska Employee Ownership Program - Group Leadership Team" below for an overview of invested, preliminary awarded and vested shares for the President and CEO and other members of the Group Leadership Team.

3 During 2022, other members of the Group Leadership Team consisted of six individuals.

Skanska Employee Ownership Program - Group Leadership Team

	Number of saving shares acquired[1]		Value of saving shares acquired[2]		Number of share awards[3]		Value of share awards[4]		Number of shares vested[5]		Value of shares vested[6]	
Number of shares and value of shares SEK thousands	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
President and CEO												
Anders Danielsson	8,560	7,834	1,561	1,293	5,963	47,004	1,087	7,756	38,277	37,741	6,980	6,227
Other members of the Group Leadership Team (7 individuals)[7]	17,714	20,912	3,230	3,450	12,340	123,120	2,250	20,315	97,144	91,343	17,714	15,072
Total	**26,275**	**28,746**	**4,791**	**4,743**	**18,303**	**170,124**	**3,338**	**28,071**	**135,421**	**129,084**	**24,694**	**21,299**

1 The number of saving shares the President and CEO and the other members of the Group Leadership Team have invested in for the financial year.

2 The value stated for 2023 refers to invested saving shares for the 2023 financial year, calculated based on the share price on December 29, 2023 (SEK 182.35).

3 The number of future performance shares awarded to the President and CEO and the other members of the Group Leadership Team relating to the invested saving shares for the financial year. The number of performance shares relating to the 2023 financial year is preliminary. The estimated number of performance shares for 2023, calculated based on the outcome of the performance conditions (which preliminarily is 15 percent for 2023 before reduction), has been reduced as a consequence of the cost limits of the share saving program. The number of shares stated refer to the preliminary number of performance shares after this reduction. The Board will determine the final outcome for 2023 after reviewing the operational performance in the first quarter of 2024. In order to receive performance shares, an additional three years of service are required.

4 The value stated for 2023 refers to preliminary awards of performance shares for 2023's invested saving shares, calculated based on the share price on December 29, 2023 (SEK 182.35).

5 The number of shares the President and CEO and the other members of the Group Leadership Team, after a three-year lock-up period, have received as part of the previous share saving programs Seop 4 and Seop 5.

6 The value stated for 2023 refers to vested shares awarded for the 2020 financial year, calculated based on the share price on December 29, 2023 (SEK 182.35).

7 During 2022, other members of the Group Leadership Team consisted of six individuals.

Group overview

Operations

Sustainability report

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

Financial analysis

Financial statements

Notes

Auditor's report

Auditor's review report of the sustainability report

Quarterly information

Share data

Annual General Meeting

Investors' calendar and addresses

Board members
Members of the Board did not receive any remuneration for their role as board members beyond their regular directors' fees and fees for committee work. For board members appointed by the employees, no disclosures are made concerning salaries and remuneration or pensions as they do not receive these in their capacity as board members. For board members who were employees of the company before the beginning of the financial year, disclosures are made concerning pension obligations in their former role as employees.

President and CEO
Remuneration to the President and CEO, Anders Danielsson, is presented in the table "Group Leadership Team" on page 184. The President and CEO is participating in the Group's ongoing share saving program, Seop 6, which involves allotment of performance shares, see the section under the heading "Long-term share programs" in this note and the table "Skanska Employee Ownership Program - Group Leadership Team" on page 184.

Other members of the Group Leadership Team
At the end of 2023 the other members of the Group Leadership Team consisted of seven individuals. Remuneration to the other members of the Group Leadership Team is presented in the table "Group Leadership Team" on page 184. The other members of the Group Leadership Team are covered by the Group's ongoing share saving program, Seop 6, involving allotment of performance shares, see the section under the heading "Long-term share programs" in this note and the table "Skanska Employee Ownership Program - Group Leadership Team" on page 184.

All remuneration and benefits in the table "Group Leadership Team" on page 184 is charged to Skanska AB, except for SEK 20,880 thousand (31,961) for other members of the Group Leadership Team, which is charged to other Group companies.

Pension obligations to current and former senior executives
Outstanding pension obligations in 2023 for the President and CEO and former CEOs amount to SEK 135,056 thousand (135,557). Outstanding obligations to other current and former members of the Group Leadership Team amount to SEK 97,922 thousand (102,001).

Long-term share programs
Share saving program – Skanska Employee Ownership Program, Seop 6 (2023–2025)
The AGM on 2022 resolved, in accordance with the Board's proposal, on a long-term share saving program for the financial years 2023, 2024 and 2025 (Seop 6) for permanent employees of the Group. Seop 6 is essentially an extension of the previous share saving program Seop 5 that ran from 2020 to 2022. The terms and conditions are the same in all material respects as those of the previous program Seop 5. However, to further emphasize Skanska's sustainability focus, the earnings per share target at Group level has been supplemented with a climate target at Group level linked to the Group's reduction of carbon emissions, in line with Skanska's long-term climate target.

The program is aimed at about 27,000 permanent employees of the Skanska Group, of whom approximately 2,000 are key employees and about 300 are executives, including the President and CEO and other members of the Group Leadership Team.

The program offers employees, key employees and executives the opportunity – provided they have made their own investment in Skanska Class B shares during a given financial year (saving shares) – to receive Skanska Class B shares from Skanska free of charge. For each four Skanska Class B shares purchased, the employees and key employees will be entitled, after a three-year lock-up period, to receive one Skanska Class B share free of charge (matching share). In addition, after the lock-up period, employees, key employees and executives will be able to receive additional Skanska Class B shares free of charge conditional upon the fulfillment of certain performance conditions during the acquisition period (performance shares).

The acquisition period covers the years 2023–2025 and the lock-up period runs for three years from the month in which the saving share is acquired. For each four saving shares purchased, employees may, in addition to one matching share, receive a maximum of three performance shares. For each four saving shares, key employees may, in addition to one matching share, receive a maximum of seven performance shares. For each four saving shares, executives (split into three subcategories) may receive a maximum of 16, 20 or 24 performance shares. The maximum number of saving shares that each employee participating in the program may acquire, through monthly saving, depends on the employee's salary and whether the employee is participating in the program as an employee, a key employee or an executive.

To qualify to receive matching- and/or performance shares, a participant must be employed within the Group throughout the lock-up period and must have retained their saving shares during this lock-up period.

The program has two cost limits. The first limit depends on the extent to which the financial target at Group level is met, which limits Skanska's total cost per year to SEK 230–850 M. The first cost limit is adjusted in accordance with the consumer price index, with 2022 as the base year for Seop 6. The other cost limit is that Skanska's total cost per year may not exceed 15 percent of EBIT at the Group level. The actual cost limit will be the lower of these two cost limits. In addition to the cost limits, the number of shares that may be transferred to participants as part of the three-year program is also limited to 12,000,000 shares. A preliminary assessment of the outcome for 2023 shows that the first cost limit is exceeded, which means that the allotment level will be preliminarily reduced proportionately for the program participants. The outcome is finally established by the Board after reviewing the operational performance in the first quarter of 2024.

The table on page 186 shows the preliminary Seop 6 target fulfillment in 2023 for each business stream. In the Skanska Group, a total of around 39 percent (42) of permanent employees participated in Seop 6 in 2023.

The total cost, excluding social insurance contributions, related to Seop 6 for investments in 2023 is preliminarily estimated to amount to SEK 238 M, of which SEK 47 M has been expensed in 2023. The remaining cost for Seop 6 up to and including 2028 is estimated to SEK 191 M.

The dilution effect through 2023 of Seop 6 for the 2023 program is estimated at 147,327 shares or 0.04 percent of the number of Skanska Class B shares outstanding. Maximum dilution for the 2023 program is expected to be 279,372 shares or 0.07 percent.

The number of issued shares will not change; instead the matching and performance shares will be distributed from repurchased shares. The repurchases will be evenly distributed over time. There will therefore be essentially no dilution effect.

Previous long-term share programs
Share saving program – Skanska Employee Ownership Program, Seop 5 (2020–2022)
Shares for the previous share saving program, which ran from 2020 to 2022, were distributed in 2023. These were shares that were related to the 2020 financial year, which, after a three-year lock-up period, were distributed to those who had been employed by the Group throughout the lock-up period and who had retained their saving shares during this lock-up period.

The total cost, excluding social insurance contributions, for Seop 5 is estimated to amount to SEK 1,532 M, of which SEK 768 M has been expensed in 2020–2022, while the cost for 2023 amounts to SEK 423 M. The remaining cost for Seop 5 up to and including 2025 is estimated to SEK 341 M.

The dilution effect through 2023 of Seop 5 is estimated at 3,231,935 shares or 0.78 percent of the number of Skanska Class B shares outstanding. Maximum dilution for the program at the end of the vesting period in 2025 is expected to be 5,255,757 shares or 1.26 percent.

Local remuneration
Salaries and other remuneration are established taking into account conditions prevailing in the rest of the construction industry and customary practices in each local market. The Skanska Group applies a remuneration model for the relevant executives and managers that consists of a fixed salary plus variable remuneration based on financial targets reached.

Group overview

Operations

Sustainability report

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

Financial analysis

Financial statements

Notes

Auditor's report

Auditor's review report of the sustainability report

Quarterly information

Share data

Annual General Meeting

Investors' calendar and addresses

Download PDF for print

Performance conditions for the share saving program, Seop 6, 2023[1]

	Measures	Starting point	Outperform/ Threshold level[2]	Outcome	Percentage fulfilled[3]
Group	Earnings per share, SEK[4]	19.5	20.5	7.8	0%
	Carbon emissions (CO_2e), thousands of tonnes[5]		169	161	100%
Contruction	Operating income, SEK bn	5.8	6.8	5.6	26%
Residential Development	Operating income, SEK bn	1.2	1.6	-1.1	17%
	Return on capital employed, %[6]	4	9	-22	47%
Commercial Property Development	Operating income, SEK bn	2.0	2.8	-1.4	0%
	Leasing, thousands of sqm[7]	39	268	195	56%
Investment Properties	Operating income, SEK bn	0.2	0.2	-0.1	0%

1 For further information, see the table "Financial targets for variable cash remuneration 2023" on page 183.

2 Carbon emissions are evaluated in relation to a threshold level instead of starting point and outperform.

3 Percentage fulfilled is based on the outcomes for the respective business units, which are weighed together. As the fulfillment per business unit cannot be less than 0 percent or more than 100 percent, outcome below the starting point and/or above the outperform for the business units may affect the comparison with the business stream's total outcome.

4 Profit for the period attributable to equity holders divided by the average number of outstanding shares after dilution during the year.

5 Emissions within scope 1 and scope 2 (market based).

6 Encompasses the Residential Development business units in Central Europe and BoKlok.

7 Encompasses the Commercial Property Development business units in the Nordic region, Europe and USA.

Note 38. Fees and other remuneration to auditors

EY	2023	2022
Audit assignments	81	67
Audit work in addition to the audit assignment	2	2
Tax advisory services	3	3
Other services	1	1
Total	**87**	**73**

For the parent company, fees for audit assignments during the year amounted to SEK 7 M. Audit work in addition to the audit assignment amounted to SEK 1 M and other assignments to SEK 1 M.

Audit assignments refers to the statutory audit of the annual accounts and accounting documents as well as of the administration of the company by the Board of Directors and the CEO, and audit and other review work conducted according to agreements or contracts. This includes other tasks that are incumbent upon the company's auditors as well as advisory services or other assistance required as a result of observations made during such review work or the completion of such other tasks.

Other services refer to advisory services relating to accounting issues, advisory services concerning the divestment and acquisition of businesses, and advisory services relating to processes and internal control.

Note 39. Related party transaction disclosures

Disclosures on related parties, transactions with related parties and balances outstanding are provided according to IAS 24. For information on investments in Skanska's joint ventures and associated companies, see Note 20 B. Transactions with these related parties are reported below.

Transactions with joint ventures	2023	2022
Sales to joint ventures	440	675
Purchases from joint ventures	113	122
Interest income from joint ventures	93	128
Dividends from joint ventures	772	504
Receivables from joint ventures	49	106

No transactions were conducted by Skanska with its associated companies during the year or the comparative year.

For information on remuneration to senior executives and board members, see Note 37 and Note 62. Other than the information provided in Note 37 and Note 62, no transactions with natural persons that are related parties took place in 2023.

Fredrik Lundberg, member of the parent company's Board of Directors, has a controlling interest in the Lundberg Group. In 2023, the parent company's indirectly wholly owned subsidiary SMEBAB Daggros AB acquired a share of a development property in Enköping for SEK 8 M from Fastighets AB L E Lundberg. Moreover, Lundberg Group engaged Skanska for construction contracts valued at SEK 6 M (12). Sales for the year amounted to SEK 8 M (11) and the total order backlog on the closing day was SEK 0 M (2).

Skanska's pension funds own 0 (0) shares in Skanska directly. There is an insignificant percentage of indirectly owned shares via investments in various mutual funds. In 2023, Skanska Trean Allmän Pensionsstiftelse, through its wholly owned subsidiary Skanska Hedmarksvegen Invest AB, and Skanska Norge Konsernpensjonskasse acquired 50 percent each of Skanska's E10/rv. 85 road project in Norway for a total of SEK 36 M.

Skanska has received reimbursements from the pension funds, and other services performed by Skanska were charged for. For information on Skanska's pension funds, see Note 28.

All transactions were completed on market terms.

Group overview

Operations

Sustainability report

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

Financial analysis

Financial statements

Notes

Auditor's report

Auditor's review report of the sustainability report

Quarterly information

Share data

Annual General Meeting

Investors' calendar and addresses

Download PDF for print

Note 40. Investment properties

Investment properties are recognized in accordance with IAS 40 Investment Property and rental income associated with them is recognized in accordance with IFRS 16 Leases. In cases where Skanska invoices tenants for services (non-lease components), this revenue is recognized in accordance with IFRS 15. See also Note 1.

Investment properties are properties that are owned for the purpose of generating rental income and capital appreciation. Investment properties are recognized at fair value in accordance with IFRS 13, hierarchy level 3. The fair value is based on internal appraisals which are quality-assured through annual external appraisals. Changes in value are recognized in profit or loss.

During the year, two properties were acquired internally (reclassification) and no properties were sold.

Operating net	**2023**	**2022**
Rental income[1]	176	38
Service income	10	3
Total revenue	**186**	**40**
Operating costs	-22	-4
Repairs and maintenance	-2	0
Property administration	-3	-1
Property tax	-21	-5
Total expenses	**-49**	**-10**
Operating net	**137**	**30**
Surplus ratio, %	74	75
Net leasing	16	0

1 For more information on operating leases, see Note 41 B. Skanska as lessor.

Property appraisals
Each quarter, internal appraisals are conducted for all properties based on a 10-year cash flow model. Property appraisals are carried out individually by calculating the present value of future cash flows for 10 years as well as the residual value in year 10.

Assumptions regarding rent, and operating and maintenance costs are derived from current and budgeted revenue and expenses. Any changes in occupancy rates, rent, investment, and operating and maintenance costs are taken into account.

Rental income is expected to follow inflation due to indexation clauses in existing contracts. On contract expiry, an assessment is made of the current market rent. Vacancies are estimated based on the current vacancy rate, location and condition of the property.

The cash flow calculations include a long-term inflation assumption of 2 percent, see table on the right. The market's yield requirements and assumed interest rates are based on analysis of comparable transactions in the property market. Dialogs have also been conducted with advisors, authorized appraisal bodies and other relevant external sources such as banks to be able to anchor the assumptions in the market appraisals in the current market with few comparable transactions. The property's geographical location and quality are taken into account and, accordingly, the yield requirement varies from property to property. All properties are appraised by an external authorized appraiser once each year for the purpose of assuring the quality of internal appraisals.

Fair value is an assessment of the most probable price that would be achieved through a sale in the open market. Fair value can only be determined with certainty when a property is actually sold. Some deviations for individual properties are assumed to offset each other in a property portfolio and, accordingly, an estimated reasonable uncertainty range for the property portfolio is +/-5 percent.

The internal appraisal on December 31, 2023 set the carrying amount for investment properties at SEK 5,141 M. The internal appraisal dated December 31, 2023 arrived at a value that was 3.8 percent or SEK 197 M lower than the external appraisal.

Summary of the internal appraisal on December 31, 2023 (December 31, 2022)

Calculation period	Normally 10 (10) years
Inflation assumption	Long-term inflation assumption of 2 (2) percent
Yield at the end of the calculation period	Varies between 4.6 (3.8) and 5.0 (4.2) percent
Assumed interest rate	Between 6.6 (5.8) and 7.0 (6.2) percent
Long-term vacancy rate	Individual assessment, normally around 5 (5) percent

The average yield requirement at the end of the calculation period was 4.5 (3.93) percent.

Change in carrying amount for investment properties
On December 31, 2023, the carrying amount for investment properties was SEK 5.1 billion.

	2023	**2022**
January 1	3,758	
Investments/reclassifications	1,207	2,066
Change in value[1]	175	1,692
Fair value, December 31	**5,141**	**3,758**

1 Of which SEK 391 M (1,581) pertains to the difference between the properties' fair value on the date of transfer (IAS 40) and their previous carrying amount as current-asset properties (IAS 2).

Sensitivity analysis
The table below shows the effect on value of the property portfolio, based on changes in the parameters listed below:

	Base value	**Change in assumption**	**Change in value, SEK M**
Rental value	3,932	+/-SEK 100/sq m	+134/-132
Operating costs	350	+/-SEK 25/sq m	+43/-41
Long-term vacancy rate, %	5.0	+/-1 percentage point	+51/-48
Average yield requirement, %	4.5	+/-0.5 percentage points	+641/-509

Property portfolio on the closing day

Property type	**Location**	**Leasable area, sq m²**	**Annual rental value, SEK M**	**Economic occupancy rate, %**	**Environmental certification, %**
Offices	Malmö	38,543	134	92	100
Offices	Stockholm	42,962	187	91	100
Total		**81,505**	**321**	**91**	**100**

Property investments/reclassifications carried out during the year

Property	**Location**	**Internal appraisal, SEK M**	**Average external appraisal, SEK M**	**Deviation, %**
Hyllie Terrass	Malmö	739	779	-5.1
Sthlm 04	Stockholm	834	875	-4.6

Group overview

Operations

Sustainability report

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

Financial analysis

Financial statements

Notes

Auditor's report

Auditor's review report of the sustainability report

Quarterly information

Share data

Annual General Meeting

Investors' calendar and addresses

Note 41. Leases

Leases are managed in accordance with IFRS 16 Leases. See Note 1.

When Skanska is a lessee, the lease assets are recognized as a right-of-use asset in the statement of financial position, while the future obligation to the lessor is recognized as a liability in the statement of financial position.

As a lessor Skanska has both finance and operating leases.

Skanska is a lessor of finance leases via subleases for external office space.

As an operating lessor, Skanska leases properties to tenants via its Investment Properties and Commercial Property Development business streams.

A. Skanska as a lessee

Right-of-use assets by asset class

	Dec 31, 2023	Dec 31, 2022
Property (buildings and land)	99	99
Offices	2,469	2,735
Cars	416	316
Machinery	52	70
Other	46	37
Total property, plant and equipment, right-of-use assets[1]	**3,082**	**3,256**
Right-of-use assets, ground leases	3,613	3,676
Total current-asset properties, right-of-use assets[1]	**3,613**	**3,676**

1 Short-term leases and leasing of assets of low value are not included as these are expensed immediately. The cost of short-term leases amounted to SEK 756 M (688) and the cost of low-value lease assets amounted to SEK 952 M (796).

For information on depreciation and amortization, see Note 12.

Impairment losses/reversals of impairment losses on right-of-use assets
During the year, impairment losses/reversals of impairment losses in the net amount of SEK -1 M (1) were recognized. Impairment losses/reversals of impairment losses were recognized in Poland during the year and for the comparative year.

Impairment losses/reversals of impairment losses were recognized within cost of sales and selling and administrative expenses.

	Impairment losses		Reversals of impairment losses		Total	
Impairment losses/reversals of impairment losses	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Property (buildings and land)						
Offices	-1		1	2	-1	1
Cars						
Machinery						
Other						
Total property, plant and equipment, right-of-use assets	**-1**	**0**	**1**	**2**	**-1**	**1**
Right-of-use assets, ground leases						
Total current-asset properties, right-of-use assets	**0**	**0**	**0**	**0**	**0**	**0**

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Note 41. Leases, cont.

Carrying amount

	Property (buildings and land)		Offices		Cars		Machinery		Other right-of-use assets, non-current		Right-of-use assets, current	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
January 1	99	97	2,735	2,782	316	287	70	99	37	48	3,676	3,289
New leases	19	17	304	285	296	190	16	36	49	18	12	122
Remeasurement	7		109	129	8	-5	4			2	52	32
Leases sold			-3	-3	-1						-42	-118
Divestments			-5									
Depreciation and amortization	-25	-19	-631	-614	-202	-165	-38	-70	-39	-33		
Impairment losses			-1									
Reversals of impairment losses			1									
Reclassifications			-3	-13		1					-1	-14
Exchange rate differences for the year		3	-35	167		9		5	-1	2	-83	364
December 31	**99**	**99**	**2,469**	**2,735**	**416**	**316**	**52**	**70**	**46**	**37**	**3,613**	**3,676**

Lease liabilities
Lease liabilities amount to SEK 7,047 M (7,281). For a maturity analysis of the undiscounted liabilities, see Note 6.

The interest expense amounted to SEK -243 M (-222) and is also presented in Note 14.

The cost of variable lease payments that are not included in the measurement of the lease liability amounts to SEK 0 M (0).

The total cash flow from leases, excluding short-term leases and low-value lease assets, amounted to SEK -1,211 M (-1,178), where SEK -968 M (-957) pertained to the amortization of lease liabilities and SEK -243 (-222) to interest paid.

Future undiscounted cash flows not reflected in lease liabilities amount to SEK 965 M (974). These relate to options to extend and cancel, and to leases that have not yet started but that Skanska has committed to.

Other
Revenue from subleasing of right-of-use assets consists mainly of leasing of offices and amounts to SEK 22 M (15).

In 2023, Skanska USA Civil sold one building together with associated land to 121 Sampson Creek Road Industrial LLC. Skanska is leasing back a smaller parcel of the land for three years. After elimination of the sale and leaseback transaction, the profit amounted to SEK 47 M. The effect on cash flow of the sale and leaseback transaction amounted to SEK 107 M. No sale and leaseback transactions were conducted in the comparative year.

There are no leases containing special restrictions or special terms and conditions.

B. Skanska as lessor
Finance leases
Skanska USA Civil, Skanska Central Europe and Commercial Property Development Europe have external leases that are subleased. These are recognized as a financial receivable of SEK 52 M (60).

Operating leases
Operating leases in the form of property leases are mainly entered into by the Investment Properties and Commercial Property Development business streams. For information on investment properties, see Note 40 and for current-asset properties, see Note 22.

The rental income for the year amounted to SEK 1,103 M (838).

The Group's variable lease income for operating leases for the year amounted to SEK 96 M (69), which is not dependent on an index or an interest rate.

The due dates of future undiscounted payments relating to operating leases break down as follows:

Income, due	**2023**	**2022**
Within one year	998	676
Later than one year but within five years	3,251	2,309
Later than five years	4,612	3,746
Total	**8,860**	**6,731**

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Note 42. Events after the reporting period

There are no material events after the end of the reporting period to report for the Group.

Note 43. Five-year Group financial summary

Income statements, in accordance with IFRS

	2023	2022	2021	2020[1]	2019
Revenue	167,168	163,174	143,865	160,344	172,846
Cost of sales	-153,870	-146,483	-128,156	-143,457	-156,540
Gross income	**13,297**	**16,692**	**15,709**	**16,887**	**16,306**
Selling and administrative expenses	-9,386	-8,998	-7,865	-8,269	-9,469
Change in value, investment properties	175	1,692			
Income from joint ventures and associated companies	1,195	636	449	4,015	591
Operating income	**5,282**	**10,021**	**8,293**	**12,633**	**7,428**
Net financial items	609	290	-168	-229	-88
Income after financial items	**5,890**	**10,312**	**8,125**	**12,404**	**7,340**
Income taxes	-861	-2,027	-1,238	-2,839	-1,286
Profit for the year	**5,029**	**8,284**	**6,887**	**9,565**	**6,054**
Profit for the year attributable to					
parent company shareholders	4,998	8,256	6,864	9,543	6,031
non-controlling interests	31	28	23	22	23
Other comprehensive income					
Items that will not be reclassified to profit or loss for the year					
Remeasurement of defined-benefit pension plans	273	3,818	2,585	-1,003	-895
Tax related to items that will not be reclassified to profit or loss for the year	-64	-792	-575	211	166
	209	**3,026**	**2,010**	**-792**	**-729**

1 In the second quarter of 2022 a subsidiary in the USA discovered a computational error in the 2020 tax expense. A correction has been made and the result is an increase of SEK 332 M in the tax liability recognized for the fourth quarter of 2020 and all quarters thereafter. Profit for the period was not affected for any of the quarters in 2021. The effect on cash flow was taken in 2021. Since the error arose before the earliest reported period, the opening balance of equity and tax liabilities for 2021 has been restated taking the error into account. The five-year financial summary has been corrected correspondingly.

Other comprehensive income, cont.

	2023	2022	2021	2020	2019
Items that have been or will be reclassified to profit or loss for the year					
Translation differences attributable to equity holders	-947	2,290	1,808	-2,120	672
Translation differences attributable to non-controlling interests	-4	14	7	-7	3
Hedging of exchange rate risk in foreign operations	-23	81	40	-19	4
Effect of cash flow hedges	-7	108	2	35	31
Share of other comprehensive income of joint ventures and associated companies	-30	178	113	-176	-41
Tax related to items that have been or will be reclassified to profit or loss for the year	12	-19	-3	21	-10
	-999	**2,653**	**1,966**	**-2,266**	**659**
Other comprehensive income for the year after tax	**-790**	**5,679**	**3,977**	**-3,058**	**-70**
Comprehensive income for the year	**4,239**	**13,963**	**10,863**	**6,507**	**5,984**
Comprehensive income for the year attributable to					
parent company shareholders	4,212	13,920	10,834	6,492	5,958
non-controlling interests	27	43	30	15	26
Cash flow					
Cash flow from operating activities	3,207	510	7,156	10,866	5,904
Cash flow from investing activities	5,997	4,847	-10,528	2,701	-313
Cash flow from financing activities	-1,255	-6,530	-5,613	-1,895	-7,665
Cash flow for the year	**7,949**	**-1,173**	**-8,985**	**11,671**	**-2,074**

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Note 43. Five-year Group financial summary, cont.

Income statement, in accordance with Segment Reporting

	2023	2022	2021	2020[1]	2019
Revenue					
Construction	160,636	156,004	132,587	140,483	159,579
Residential Development	5,013	8,751	13,351	13,070	12,483
Commercial Property Development	5,331	14,276	12,128	14,983	17,850
Investment Properties	186	40	n/a	n/a	n/a
Central and Eliminations	-14,114	-17,469	-10,490	-9,931	-13,130
Group	**157,052**	**161,602**	**147,576**	**158,606**	**176,782**
Operating income					
Construction	5,632	5,770	5,013	3,528	3,772
Residential Development	-1,262	891	1,866	1,543	1,195
Commercial Property Development	-1,365	3,023	3,378	3,897	3,287
Investment Properties	-62	140			
Central	290	-339	-415	2,830	-388
Eliminations	-3	-187	-9	62	-38
Operating income	**3,231**	**9,297**	**9,832**	**11,860**	**7,828**
Financial items	601	289	-172	-236	-103
Income after financial items	**3,832**	**9,586**	**9,660**	**11,624**	**7,725**
Income taxes	-560	-1,885	-1,472	-2,681	-1,353
Profit for the year	**3,272**	**7,702**	**8,188**	**8,943**	**6,372**
Earnings per share, segment, SEK	7.89	18.62	19.80	21.65	15.46
Earnings per share after dilution, segment, SEK	7.82	18.49	19.65	21.53	15.39

1 In the second quarter of 2022 a subsidiary in the USA discovered a computational error in the 2020 tax expense. A correction has been made and the result is an increase of SEK 332 M in the tax liability recognized for the fourth quarter of 2020 and all quarters thereafter. Profit for the period was not affected for any of the quarters in 2021. The effect on cash flow was taken in 2021. Since the error arose before the earliest reported period, the opening balance of equity and tax liabilities for 2021 has been restated taking the error into account. The five-year financial summary has been corrected correspondingly.

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Note 43. Five-year Group financial summary, cont.

Statement of financial position

	Dec 31, 2023	Dec 31, 2022	Dec 31, 2021[4]	Dec 31, 2020[4]	Dec 31, 2019
ASSETS					
Non-current assets					
Investment Properties	5,141	3,758			
Property, plant and equipment	8,035	7,803	7,279	6,816	7,742
Property, plant and equipment, right-of-use assets	3,082	3,256	3,314	3,930	4,616
Goodwill	3,919	4,160	3,934	3,713	4,057
Other intangible assets	348	488	676	771	865
Investments in joint ventures and associated companies	2,072	2,901	2,185	1,689	3,442
Non-current financial assets[1, 3]	4,992	3,607	3,875	1,931	2,528
Deferred tax assets	2,518	995	1,984	1,803	1,862
Total non-current assets	**30,108**	**26,970**	**23,247**	**20,653**	**25,112**
Current assets					
Current-asset properties[2]	58,660	58,474	49,745	44,948	46,373
Current-asset properties, right-of-use assets	3,613	3,676	3,289	2,980	3,980
Inventories	1,275	1,300	1,090	1,100	1,128
Current financial assets[3]	7,498	14,413	18,810	8,492	6,899
Tax assets	1,246	1,248	1,247	950	670
Contract assets	7,865	7,772	5,451	4,599	5,898
Trade and other receivables	27,012	27,726	25,212	22,401	27,213
Cash and cash equivalents	17,912	10,014	10,947	19,508	8,745
Total current assets	**125,082**	**124,623**	**115,791**	**104,979**	**100,906**
TOTAL ASSETS	**155,189**	**151,593**	**139,039**	**125,631**	**126,018**
of which interest-bearing	30,050	27,896	33,531	29,692	18,000
1 Of which shares	38	38	37	43	44
2 Current-asset properties					
Commercial Property Development	37,991	34,322	29,691	27,906	29,708
Residential Development	20,670	24,152	20,054	17,041	16,665
	58,660	**58,474**	**49,745**	**44,948**	**46,373**
3 Items related to non-interest-bearing unrealized changes in the value of derivatives/securities are included as follows:					
Non-current financial assets				4	1
Current financial assets	314	99	63	193	127

4 In the second quarter of 2022 a subsidiary in the USA discovered a computational error in the 2020 tax expense. A correction has been made and the result is an increase of SEK 332 M in the tax liability recognized for the fourth quarter of 2020 and all quarters thereafter. Profit for the period was not affected for any of the quarters in 2021. The effect on cash flow was taken in 2021. Since the error arose before the earliest reported period, the opening balance of equity and tax liabilities for 2021 has been restated taking the error into account. The five-year financial summary has been corrected correspondingly.

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Note 43. Five-year Group financial summary, cont.

Statement of financial position, cont.

	Dec 31, 2023	Dec 31, 2022	Dec 31, 2021[2]	Dec 31, 2020[2]	Dec 31, 2019
EQUITY					
Equity attributable to equity holders	56,202	55,111	45,351	38,288	32,924
Non-controlling interests	146	144	114	97	97
TOTAL EQUITY	**56,347**	**55,255**	**45,465**	**38,385**	**33,021**
LIABILITIES					
Non-current liabilities					
Non-current financial liabilities[1]	7,300	2,714	3,389	3,247	2,565
Lease liabilities	6,137	6,328	6,040	6,217	7,843
Pensions	3,167	2,891	5,936	7,360	6,866
Deferred tax liabilities[2]	2,218	1,943	1,254	967	1,045
Total non-current liabilities	**18,822**	**13,876**	**16,619**	**17,791**	**18,319**
Current liabilities					
Current financial liabilities[1]	3,615	4,854	4,780	4,663	4,617
Lease liabilities	909	953	920	1,016	1,078
Tax liabilities[2]	779	388	710	2,176	564
Current provisions	11,087	10,368	11,239	10,326	10,021
Contract liabilities	23,220	24,059	22,664	19,462	20,419
Trade and other payables	40,410	41,840	36,642	31,813	37,979
Total current liabilities	**80,020**	**82,462**	**76,955**	**69,455**	**74,678**
TOTAL EQUITY AND LIABILITIES	**155,189**	**151,593**	**139,039**	**125,631**	**126,018**
of which interest-bearing	21,014	17,590	20,933	22,412	22,917
1 Items related to non-interest-bearing unrealized changes in the value of derivatives/securities are included as follows:					
Non-current financial liabilities	1			6	2
Current financial liabilities	114	150	131	85	50

2 In the second quarter of 2022 a subsidiary in the USA discovered a computational error in the 2020 tax expense. A correction has been made and the result is an increase of SEK 332 M in the tax liability recognized for the fourth quarter of 2020 and all quarters thereafter. Profit for the period was not affected for any of the quarters in 2021. The effect on cash flow was taken in 2021. Since the error arose before the earliest reported period, the opening balance of equity and tax liabilities for 2021 has been restated taking the error into account. The five-year financial summary has been corrected correspondingly.

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Note 43. Five-year Group financial summary, cont.

Financial ratios[1]

	Dec 31, 2023	Dec 31, 2022	Dec 31, 2021[4]	Dec 31, 2020[4]	Dec 31, 2019
Order bookings[2]	165,795	162,665	153,590	149,802	145,818
Order backlog[2]	229,637	229,771	207,031	178,924	185,370
Average number of employees	27,256	28,380	30,051	32,463	34,756
Ordinary dividend per share, SEK[3]	5.50	7.50	7.00	6.50	3.25
Extra dividend per share, SEK[3]			3.00	3.00	
Earnings per share, SEK	12.17	20.04	16.64	23.16	14.68
Earnings per share after dilution, SEK	12.07	19.90	16.52	23.03	14.62
Capital employed	77,360	72,845	66,398	60,797	55,938
Interest-bearing net receivables/net debt	9,037	10,306	12,598	7,280	-4,917
Equity per share, SEK	137.01	134.05	110.01	92.87	80.01
Equity/assets ratio, %	36.3	36.4	32.7	30.6	26.2
Debt/equity ratio	-0.2	-0.2	-0.3	-0.2	0.1
Interest cover	-13.3	-42.8	71.4	84.4	100.6
Return on equity, %	9.0	17.0	16.9	26.9	20.3
Return on capital employed, %	8.2	15.2	13.5	21.5	14.3
Return on equity, segment, %	5.8	15.8	20.1	25.1	21.4
Return on capital employed in Project Development units, segment, %	-3.7	8.1	11.8	12.2	10.3
Operating margin, %	3.2	6.1	5.8	7.9	4.3
Operating margin, Construction, %	3.5	3.7	3.8	2.5	2.4
Cash flow per share, SEK	-5.90	-16.29	1.81	31.57	3.28
Number of shares at year-end	419,903,072	419,903,072	419,903,072	419,903,072	419,903,072
of which Class A shares	19,619,942	19,654,316	19,661,632	19,684,564	19,704,715
of which Class B shares	400,283,130	400,248,756	400,241,440	400,218,508	400,198,357
Average price, repurchased Class B shares	166.82	173.40	230.59	190.74	
Number of Class B shares repurchased during the year	3,060,000	2,924,000	1,048,500	460,000	
Number of Class B treasury shares, December 31	9,713,560	8,771,931	7,655,488	7,616,674	8,394,479
Number of shares outstanding, December 31	410,189,512	411,131,141	412,247,584	412,286,398	411,508,593
Average number of shares outstanding	410,758,367	412,037,581	412,387,142	411,993,869	410,720,937
Average number of shares outstanding after dilution	414,137,628	414,922,620	415,491,861	414,304,017	412,585,074
Average dilution, %	0.82	0.70	0.75	0.56	0.45

1 For definitions, see Note 44.
2 Refers to Construction.
3 Proposed by the Board of Directors: dividend of SEK 5.50 per share (7.50).
4 In the second quarter of 2022 a subsidiary in the USA discovered a computational error in the 2020 tax expense. A correction has been made and the result is an increase of SEK 332 M in the tax liability recognized for the fourth quarter of 2020 and all quarters thereafter. Profit for the period was not affected for any of the quarters in 2021. The effect on cash flow was taken in 2021. Since the error arose before the earliest reported period, the opening balance of equity and tax liabilities for 2021 has been restated taking the error into account. The five-year financial summary has been corrected correspondingly.

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Note 44. Definitions

Return on equity, %
Profit attributable to equity holders as a percentage of average equity attributable to equity holders.

Return on equity, segment, %
Profit attributable to equity holders as a percentage of average equity attributable to equity holders:
3,240/55,799 = 5.8%

Return on capital employed, consolidated, %
Operating income plus financial income as a percentage of average capital employed.

Return on capital employed, business streams, markets and business/reporting units, %
Operating income, financial income minus interest income from Skanska's treasury unit (internal bank) and other financial items as a percentage of average capital employed. For the Residential Development and Commercial Property Development segments, capitalized interest is removed from operating income so that the return reflects the return before borrowings.

Return on capital employed in Residential Development segment, %

Operating income				-1,262
+ capitalized interest expense				152
+/- financial income and other financial items				29
- interest income from treasury unit				
Adjusted profit				-1,081
Average capital employed[1]				15,524
Return on capital employed in Residential Development				-7.0%

1 Average capital employed

Q4 2023	14,406	x 0.5	7,203	
Q3 2023	14,591		14,591	
Q2 2023	16,495		16,495	
Q1 2023	15,633		15,633	
Q4 2022	16,346	x 0.5	8,173	
			62,095/4	**15,524**

Return on capital employed in Commercial Property Development segment, %

Operating income				-1,365
+ capitalized interest expense				253
+/- financial income and other financial items				2
- interest income from treasury unit				
Adjusted profit				-1,110
Average capital employed[1]				43,203
Return on capital employed in Commercial Property Development				-2.6%

1 Average capital employed

Q4 2023	40,760	x 0.5	20,380	
Q3 2023	46,040		46,040	
Q2 2023	45,498		45,498	
Q1 2023	41,622		41,622	
Q4 2022	38,547	x 0.5	19,273	
			172,812/4	**43,203**

Return on capital employed in Investment Properties segment, %

Operating income				-62
+/- financial income and other financial items				
- interest income from treasury unit				
Adjusted profit				-62
Average capital employed[1]				3,878
Return on capital employed in Investment Properties				-1.6%

1 Average capital employed

Q4 2023	5,076	x 0.5	2,538	
Q3 2023	3,701		3,701	
Q2 2023	3,694		3,694	
Q1 2023	3,714		3,714	
Q4 2022	3,733	x 0.5	1,867	
			15,514/4	**3,878**

Return on capital employed in Project Development units segment, %
Calculated as the sum of the adjusted profit in Residential Development and Commercial Property Development divided by the aggregate amount of capital employed, average, for Residential Development and Commercial Property Development.

	Adjusted profit	Capital employed, average	Return on capital employed
Residential Development	-1,081	15,524	-7.0%
Commercial Property Development	-1,110	43,203	-2.6%
	-2,192	**58,727**	**-3.7%**

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Gross income
Revenue minus cost of sales.

Gross margin, %
Gross income as a percentage of revenue.

Operating net
Rental income minus operating costs for investment properties (that is, operating expenses, costs for repair and maintenance, property administration and property tax).

Equity per share, SEK
Equity attributable to equity holders divided by the number of shares outstanding at year-end.

Economic occupancy rate, %
Rental income including supplements less discounts for the period divided by total rental value for properties owned at the end of the period. Properties owned at the end of the period are restated as if they have been owned during the whole period, while disposed properties are excluded entirely.

Net financial items
The net of interest income, pension interest, interest expense, capitalized interest expense, change in market value and other financial items.

Free working capital
Non-interest-bearing receivables minus non-interest-bearing liabilities excluding taxes.

Free working capital in Construction, average, SEK M
Calculated on the basis of five measurement points.

Q4 2023	-29,107	x 0.5	-14,553	
Q3 2023	-27,756		-27,756	
Q2 2023	-28,126		-28,126	
Q1 2023	-28,115		-28,115	
Q4 2022	-28,920	x 0.5	-14,460	
			-113,010/4	**-28,252**

Selling and administrative expenses, %
Selling and administrative expenses as a percentage of revenue.

Average equity attributable to equity holders, SEK M
Calculated on the basis of five measurement points.

Q4 2023	56,202	x 0.5	28,101	
Q3 2023	57,503		57,503	
Q2 2023	56,903		56,903	
Q1 2023	53,134		53,134	
Q4 2022	55,111	x 0.5	27,555	
			223,196/4	**55,799**

Rental value
Rental income including supplements for the period plus assessed market rent including supplements for vacant premises.

Environmental certification, %
The proportion of the Investment Properties portfolio that is certified at a minimum level of LEED Gold or the equivalent.

Revenue, segment
Revenue, segment is the same as Revenue, IFRS in all business streams except for Residential Development and Commercial Property Development, where revenue is recognized when a binding contract is signed for the sale of homes and properties. As segment reporting of joint ventures in Residential Development applies the proportional method, this also affects Revenue, segment.

Adjusted equity attributable to equity holders, SEK bn

Equity attributable to equity holders	56.2
Unrealized surplus value in land, Residential Development	3.4
Unrealized development gains, Commercial Property Development	5.7
Effect on unrealized equity in PPP portfolio	0.9
Less standard corporate tax, 10%	-1.0
Adjusted equity	**65.2**

Cash flow per share, SEK
Cash flow before change in interest-bearing receivables and liabilities in relation to the average number of shares outstanding.

Market appraisal
Commercial Property Development
Note 22 provides the estimated market value of Skanska's current-asset properties. For completed commercial properties and for development properties, the market value for the majority of properties has been calculated in cooperation with independent external appraisers. The value of ongoing projects is measured internally. The calculated market value of ongoing projects refers to each property once it is completed and fully occupied.

Residential Development
In appraising properties in Residential Development, market value is calculated taking into account the value that can be obtained within the usual economic cycle and refers to properties once they are completed.

Investment Properties
Note 40 provides the estimated market value of the investment properties.

PPP portfolio
Skanska obtains an estimated value for the PPP portfolio by discounting estimated future cash flows in the form of dividends and repayments of loans and equity by a discount rate based on country, risk model and project phase for the various projects. The discount rate chosen is applied to all future cash flows starting on the appraisal date. This is based on the most recently updated financial model. This financial model describes all cash flows in the project and serves as the ultimate basis for financing, which is carried out with full project risk and without guarantees from Skanska.

An estimated value is stated solely for projects that have reached contractual and financial close. All flows are appraised: investments in the project (equity and subordinated debenture loans), interest on repayments of subordinated loans, as well as dividends to and from the project company. Today all investments except New Karolinska Solna are denominated in currencies other than Swedish kronor (SEK), and there is thus also an exchange rate risk.

Estimated values have in part been calculated in cooperation with independent external appraisers and are stated in Note 20 B.

Net divestments/investments
Total investments minus total divestments.

Net leasing
Annual rent including supplements of new leases minus annual rent including supplements for agreements that have been served a notice of termination.

Group overview

Operations

Sustainability report

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

Financial analysis

Financial statements

Notes

Auditor's report

Auditor's review report of the sustainability report

Quarterly information

Share data

Annual General Meeting

Investors' calendar and addresses

Download PDF for print

Note 44. Definitions, cont.

Cash flow from operations
Cash flow from business operations including taxes paid and cash flow from financing activities. See also Note 35.

Order bookings
Contracting assignments: Upon written order confirmation or signed contract, where financing has been arranged and construction is expected to begin within 12 months. If a previously received order is canceled in a subsequent quarter, the cancellation is recognized as a negative item when reporting order bookings for the quarter when the cancellation occurs. Reported order bookings also include orders from Residential Development and Commercial Property Development, which assumes that a building permit has been obtained and construction is expected to begin within three months.

Services: For fixed-price assignments, upon signing of contract. For cost-plus assignments, order bookings coincide with revenue. For service agreements, a maximum of 24 months of future revenue is included.

No order bookings are reported in Residential Development, Commercial Property Development or Investment Properties.

Order bookings in relation to revenue in Construction, rolling 12-month basis
Order bookings divided by revenue in Construction, rolling 12-month basis.

Unrealized development gains, Commercial Property Development
Market value minus investment value upon completion for ongoing projects, completed projects, and undeveloped land and development properties. Excludes projects sold according to segment reporting.

Order backlog
Contracting assignments: The difference between order bookings for the period and accrued revenue (accrued project expenses plus accrued project income adjusted for loss provisions) plus order backlog at the beginning of the period.

Services: The difference between order bookings and accrued revenue plus order backlog at the beginning of the period.

The order backlog in the accounts of acquired subsidiaries on the date of acquisition is not reported as order bookings, but is included in order backlog amounts.

Income after financial items
Operating income minus financial items.

Earnings per share, segment, SEK
Profit for the period, segment, attributable to equity holders divided by the average number of shares outstanding.

Earnings per share, SEK
Profit for the period attributable to equity holders divided by the average number of shares outstanding.

Earnings per share after dilution, SEK
Profit for the period attributable to equity holders divided by the average number of shares outstanding after dilution.

Interest-bearing net receivables/net liabilities
Interest-bearing assets minus interest-bearing liabilities.

Interest-bearing net receivables/net liabilities, adjusted
Interest-bearing net receivables/liabilities excluding cash and cash equivalents with restrictions, lease liabilities and interest-bearing net pension liabilities.

Interest cover
Operating income and financial income plus depreciation/amortization divided by net interest.

Operating income
Revenue minus the cost of sales, selling and administrative expenses, change in value of investment properties, and income from joint ventures and associated companies.

Operating income, segment
Revenue minus cost of sales, selling and administrative expenses, change in value of investment properties, and income from joint ventures and associated companies, according to segment reporting and where Residential Development applies the proportional method for reporting of joint ventures.

Operating income, rolling 12-month basis
Revenue minus the cost of sales, selling and administrative expenses, change in value of investment properties, and income from joint ventures and associated companies, rolling 12 months.

Operating margin, %
Operating income as a percentage of revenue.

Debt/equity ratio
Interest-bearing net liabilities divided by equity including non-controlling interests.

Equity/assets ratio, %
Equity including non-controlling interests as a percentage of total assets.

Capital employed, average
Calculated on the basis of five measurement points – see Return on capital employed.

Capital employed, consolidated
Total assets minus non-interest-bearing liabilities.

Capital employed, markets, business streams and business/reporting units
Total assets less tax assets, deposits in Skanska's treasury unit (internal bank) and pension receivables, minus non-interest-bearing liabilities excluding tax liabilities. Capitalized interest expense is also deducted from total assets for the Residential Development and Commercial Property Development business streams.

Capital employed Residential Development, SEK M

Total assets	24,057
– tax assets	-672
– deposits in treasury unit	-604
– pension receivables	-37
– non-interest-bearing liabilities (excluding tax liabilities)	-8,081
– capitalized interest expense	-257
	14,406

Capital employed Commercial Property Development, SEK M

Total assets	47,514
– tax assets	-1,304
– deposits in treasury unit	-1,303
– pension receivables	
– non-interest-bearing liabilities (excluding tax liabilities)	-3,543
– capitalized interest expense	-604
	40,760

Capital employed Investment Properties, SEK M

Total assets	5,441
– tax assets	-10
– deposits in treasury unit	-245
– pension receivables	
– non-interest-bearing liabilities (excluding tax liabilities)	-109
	5,076

Comprehensive income
Change in equity not attributable to transactions with owners.

Leasable area, sq m²
Leasable area including garage.

Surplus ratio, %
Operating net for Investment Properties as a percentage of rental income.

Other comprehensive income
Comprehensive income minus profit according to the income statement. The item includes translation differences, hedging of exchange rate risk in foreign operations, remeasurements of defined-benefit pension plans, effects of cash flow hedges and tax attributable to other comprehensive income.

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Parent company's notes including accounting and valuation principles

The parent company has prepared its annual accounts in compliance with the Annual Accounts Act and the Swedish Financial Reporting Board's Recommendation RFR 2, Accounting for Legal Entities. Accordingly, the parent company applies IFRS/IAS as far as this is possible within the framework of the Annual Accounts Act. See Note 1 Parent company accounting and valuation principles.

Note 45. Financial instruments, parent company

Financial instruments are presented in accordance with IFRS 7 Financial Instruments: Disclosures. This note contains figures for the parent company's financial instruments. See also the notes to the consolidated financial statements: Note 6 and financial risk management.

Financial instruments in the balance sheet	Dec 31, 2023	Dec 31, 2022
Assets		
Non-current receivables in Group companies	18,526	11,422
Current receivables in Group companies	176	16
Total financial instruments, assets	**18,702**	**11,438**
Liabilities		
Non-current liabilities to Group companies	64	276
Trade payables and current liabilities to Group companies	407	26
Total financial instruments, liabilities	**471**	**302**

The fair value of the parent company's financial instruments does not deviate significantly in any case from the carrying amount. All assets belong to the category measured at amortized cost. No assets have been measured at fair value through profit or loss. All financial liabilities belong to the category measured at amortized cost.

Reconciliation with the balance sheet	Dec 31, 2023	Dec 31, 2022
Assets		
Financial instruments	18,702	11,438
Other assets		
Property, plant and equipment and intangible assets	29	1
Holdings in Group companies, joint ventures and other securities	12,500	12,048
Other non-current receivables	101	101
Tax assets	62	66
Other current receivables and accrued receivables	315	138
Total assets	**31,709**	**23,792**
Equity and liabilities		
Financial instruments	471	302
Other liabilities		
Equity	30,993	23,195
Provisions	154	213
Other current liabilities and accrued liabilities	91	82
Total equity and liabilities	**31,709**	**23,792**

Impact of financial instruments on the parent company income statement

Financial income and expense recognized in financial items	2023	2022
Interest income on receivables	565	96
Interest expense on financial liabilities measured at amortized cost	-35	-4
Total	**530**	**92**

The parent company has no income or expense from financial instruments that is recognized directly in equity.

Risks attributable to financial instruments
The parent company holds financial instruments almost exclusively in the form of intra-Group receivables and liabilities. All external management of lending, borrowing, interest and currencies is handled by the Group's treasury unit (internal bank), the subsidiary Skanska Financial Services AB. See also Note 6 to the consolidated financial statements.

Credit risk
The carrying amount of financial instruments, assets, corresponds to the maximum credit exposure on the closing day.

There were no impairment losses on financial instruments as of the closing day. No reserves for future credit losses according to IFRS 9 are made, as the parent company's trade receivables – with only one small exception – are Group company receivables over which Skanska AB exercises control. The credit risk is therefore minimal.

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Note 46. Revenue, parent company

The parent company's net sales consist mainly of amounts billed to Group companies.

The amount includes SEK 1,213 M (767) in sales to subsidiaries. For other transactions with related parties, see Note 63.

Note 47. Financial items, parent company

2023	Income from holdings in Group companies	Interest income and similar items	Interest expense and similar items	Total
Dividend	10,250			10,250
Interest income		565		565
Interest expense			-35	-35
Total	**10,250**	**565**	**-35**	**10,780**

2022	Income from holdings in Group companies	Interest income and similar items	Interest expense and similar items	Total
Dividend	9,788			9,788
Interest income		96		96
Interest expense			-4	-4
Total	**9,788**	**96**	**-4**	**9,880**

Income from holdings in Group companies
The amount for dividends consists of dividends as decided by the AGM, amounting to SEK 10,250 M (10,000), less SEK 0 M (-212) in Group contributions distributed.

Net interest
Of interest income, SEK 564 M (96) relates to Group companies. Of interest expense, SEK -35 M (-4) relates to Group companies.

Note 48. Income taxes, parent company

	2023	2022
Current taxes	-2	-5
Tax due to changed taxation		-4
Deferred tax expense/income from change in temporary differences	-1	-9
Total	**-3**	**-18**

The Swedish tax rate of 20.6 percent in relation to taxes recognized is explained in the table below.

	2023	2022
Income after financial items	10,922	10,048
Tax at tax rate of 20.6 percent (20.6)	-2,250	-2,070
Tax effect of:		
Dividends from subsidiaries	2,112	2,060
Non-deductible expenses	-1	-8
Group contributions paid/tax effect of net interest received	136	
Recognized tax expense/income	**-3**	**-18**

Non-deductible expenses refers to personnel-related costs and costs for discontinued operations.

Deferred tax assets	Dec 31, 2023	Dec 31, 2022
Deferred tax assets for employee-related provisions	55	56
Total	**55**	**56**

Change in deferred taxes in balance sheet	2023	2022
Deferred tax assets, January 1	56	65
Deferred tax expense/income	-1	-9
Deferred tax assets, December 31	**55**	**56**

The parent company expects to be able to utilize deferred tax assets to offset Group contributions from Swedish operating subsidiaries.

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Note 49. Intangible assets, parent company

Intangible non-current assets are recognized in accordance with IAS 38 Intangible Assets. See Note 1. Amortization of intangible assets for the year according to plan amounted to SEK -3 M (-2) and is included in selling and administrative expenses. In determining the amortization amount, the parent company has paid particular attention to estimated residual value at the end of useful life.

	Intangible assets	
	2023	**2022**
Accumulated cost		
January 1	22	22
Purchases	8	
	30	**22**
Accumulated amortization according to plan		
January 1	-21	-19
Amortization for the year	-3	-2
	-24	**-21**
Accumulated impairment losses		
January 1	0	0
	0	**0**
Carrying amount, December 31	**6**	**1**
Carrying amount, January 1	1	3

Note 50. Property, plant and equipment, parent company

Property, plant and equipment are reported in accordance with IAS 16 Property, Plant and Equipment. See Note 1. Machinery and equipment owned by the parent company are recognized as property, plant and equipment.

Depreciation on property, plant and equipment for the year according to plan amounted to SEK -7 M (0).

	Plant and equipment	
	2023	**2022**
Accumulated cost		
January 1	7	7
Purchases	30	
	37	**7**
Accumulated depreciation according to plan		
January 1	-7	-7
Depreciation for the year	-7	0
	-14	**-7**
Carrying amount, December 31	**23**	**0**
Carrying amount, January 1	0	0

Note 51. Non-current financial assets, parent company

Holdings and receivables are reported as non-current financial assets. Holdings are allocated between holdings in Group companies and joint arrangements. See Note 52 and Note 53. Receivables are allocated between receivables from Group companies, deferred tax assets and other non-current receivables. Tax assets are described in Note 48. All receivables except deferred tax assets are interest-bearing.

	Holdings in Group companies		Holdings in joint arrangements		Other non-current holdings of securities	
Holdings	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Accumulated cost						
January 1	12,045	11,783	3	3	0	0
Share-based payments to employees of subsidiaries[1]	197	262				
Group contributions paid	255					
Share of income			0	0		
	12,497	**12,045**	**3**	**3**	**0**	**0**
Accumulated impairment losses						
January 1	0	0	0	0	0	0
	0	**0**	**0**	**0**	**0**	**0**
Carrying amount, December 31	**12,497**	**12,045**	**3**	**3**	**0**	**0**
Carrying amount, January 1	12,045	11,783	3	3	0	0

1 Equivalent to the portion of the Group's cost for Seop 5 and Seop 6 for employees of subsidiaries and recognized in the parent company accounts as an increase in the carrying amount of holdings in Group companies and an increase in equity. If a decision is made later requiring a subsidiary to compensate the parent company for the value of the shares issued, receivables are transferred to the Group company. The amount for 2023 was thus reduced by SEK 252 M (184).

	Receivables from Group companies		Other non-current receivables and deferred tax assets	
Receivables	**2023**	**2022**	**2023**	**2022**
Accumulated cost				
January 1	11,422	5,669	157	172
Receivables added/settled	7,104	5,753	-1	-15
	18,526	**11,422**	**156**	**157**
Carrying amount, December 31	**18,526**	**11,422**	**156**	**157**
Carrying amount, January 1	11,422	5,669	157	172

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Note 52. Holdings in Group companies, parent company

The following list comprises the parent company's directly owned participations and significant indirectly owned participations in Group companies. The subsidiary Skanska Kraft AB is a holding company that owns the Group's participations in Skanska Group operating companies. Skanska Financial Services AB is the Group's treasury unit (internal bank).

Directly owned holdings in Group companies

Company	Corp. ID No.	Registered office	Percentage of capital and votes	Carrying amount 2023	Carrying amount 2022
Group companies					
Skanska Financial Services AB	556106-3834	Stockholm	100	70	69
Skanska Kraft AB	556118-0943	Stockholm	100	12,427	11,976
Total				**12,497**	**12,045**

Participations owned by Group companies

Company	Corp. ID No.	Registered office	Percentage of capital and votes
Group companies			
Skanska USA Building Inc.	22-3752540	USA	100
Skanska Sverige AB	556033-9086	Stockholm	100
Skanska Industrial Solutions AB	556793-1638	Stockholm	100
Skanska USA Civil Inc.	46-0466061	USA	100
Skanska Construction Holdings UK Ltd	4101344	UK	100
Skanska Norge AS	943049467	Norway	100
Skanska a.s.	26271303	Czechia	100
Skanska S.A.	7780001070	Poland	100
Skanska Oy	0102282-6	Finland	100
Skanska Kommersiell Utveckling Norden AB	556825-9344	Stockholm	100
Skanska Förvaltningsfastigheter AB	559342-4533	Stockholm	100
Skanska Central Europe Holding AB	556578-3338	Malmö	100
Skanska USA Commercial Development Inc.	26-1833854	USA	100
Skanska Residential a.s.	2445344	Czechia	100
BoKlok Housing AB	556673-3829	Stockholm	100
Skanska Infrastructure Development Inc.	20-4847293	USA	100

The Group has a total of 779 subsidiaries. The above subsidiaries are the main source of the Group's revenue and assets.

Note 53. Holdings in joint arrangements, parent company

Holdings in joint arrangements are reported in accordance with IFRS 11 Joint Arrangements. See Note 1.

	Corp. ID No.	Registered office	Percentage of capital and votes	Carrying amount 2023	Carrying amount 2022
Swedish joint arrangements					
Sundlink Contractors HB	969620-7134	Malmö	37	3	3
Total				**3**	**3**

The company has no operations other than fulfilling warranty obligations.

Note 54. Prepaid expenses and accrued income, parent company

The parent company has prepaid expenses and accrued income of SEK 184 M (22). This amount consists of SEK 2 M (1) in prepaid insurance premiums and SEK 182 M (21) in other accrued receivables.

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Note 55. Equity, parent company

Restricted and unrestricted equity
According to Swedish law, equity must be allocated between restricted and unrestricted equity. Share capital and the statutory reserve constitute restricted equity.

Unrestricted equity consists of retained earnings and profit for the year.

Parent company equity comprised SEK 1,260 M (1,260) in share capital, SEK 598 M (598) in the statutory reserve, SEK 18,216 M (11,307) in retained earnings and SEK 10,919 M (10,030) in profit for the year.

The Board proposes a dividend for 2023 of SEK 5.50 (7.50) per share.

The proposal is equivalent to a dividend distribution totaling SEK 2,256 M (3,081).

No dividend is distributed for the parent company's holding of Class B treasury shares. The Board proposes Tuesday, April 2, 2024 as the record date to receive the dividend. The total dividend may change by the record date, depending on acquisitions of Class B treasury shares and the transfer of Class B shares to participants in Skanska's long-term employee ownership programs.

Number of shares	2023	2022
Average number of shares outstanding		
after share repurchase transactions and conversion	410,758,367	412,037,581
after share repurchase transactions, conversion and dilution	414,137,628	414,922,620
Total number of shares	**419,903,072**	**419,903,072**

The number of shares amounted to 419,903,072 (419,903,072), divided into 19,619,942 (19,654,316) Class A shares and 400,283,130 (400,248,756) Class B shares.

During the year 34,374 (7,316) Class A shares were converted into the same number of Class B shares. A total of 3,060,000 (2,924,000) Class B shares were repurchased. After distribution of 2,118,371 (1,807,557) shares, there were 9,713,560 (8,771,931) Class B treasury shares remaining.

The quota value per share is SEK 3.00 (3.00). All shares are fully paid up.

Each Class A share carries ten votes and each Class B share carries one vote.

Class B shares are listed on Nasdaq Stockholm.

According to the Articles of Association, Skanska's share capital may not fall below SEK 1,200 M nor exceed SEK 4,800 M.

Note 56. Provisions, parent company

Provisions for pensions and similar obligations are reported according to RFR 2. Other provisions are reported according to IAS 37 Provisions, Contingent Liabilities and Contingent Assets. See Note 1.

	Provisions for pensions and similar obligations		Other provisions	
	2023	2022	2023	2022
January 1	134	167	79	84
Provisions for the year/remeasurements	10	-15	15	61
Provisions utilized	-16	-18	-68	-66
December 31	**128**	**134**	**26**	**79**

Other provisions consists of employee-related provisions.

The normal cycle time for Other provisions is one to three years.

Employee-related provisions include such items as social insurance contributions for employee ownership programs, bonus programs and other obligations to employees.

Note 57. Provisions for pensions and similar obligations, parent company

Pension liabilities according to the balance sheet

	Dec 31, 2023	Dec 31, 2022
Interest-bearing pension liabilities[1]	107	109
Other pension obligations	21	25
Total	**128**	**134**

1 Liabilities in compliance with the Pension Obligations Vesting Act.

	Dec 31, 2023	Dec 31, 2022
The company's total pension obligations	837	819
Less pension obligations secured through pension funds	-709	-685
Provisions for pensions and similar obligations[1]	**128**	**134**

1 Of which SEK 7 M (8) is secured through credit insurance. Other pension obligations are largely secured through pledged endowment policies.

Of the company's total pension obligations SEK 666 M (633) is for ITP plans.

No transfers to pensions funds are expected to be made in 2024.

Reconciliation, provisions for pensions

	2023	2022
January 1	109	115
Pension expenses	16	14
Benefits paid	-18	-20
Provisions for pensions according to the balance sheet	**107**	**109**

Note 58. Liabilities, parent company

Liabilities are allocated between non-current and current liabilities in accordance with IAS 1 Presentation of Financial Statements. See Note 1.

Accrued expenses and prepaid income
The parent company has accrued expenses and prepaid income of SEK 85 M (77). This relates to accrued vacation pay of SEK 29 M (25), accrued special payroll tax on pensions of SEK 30 M (27), accrued social insurance contributions of SEK 14 M (12) and other accrued expenses of SEK 12 M (13).

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Note 59. Expected recovery periods for assets and liabilities, parent company

	Dec 31, 2023				Dec 31, 2022			
Amounts expected to be recovered	**Within 12 months**	**After 12 months**	**After 5 years**	**Total**	**Within 12 months**	**After 12 months**	**After 5 years**	**Total**
Intangible non-current assets[1]	3	3		6	1			1
Property, plant and equipment[1]	7	16		23	0	0		0
Non-current financial assets								
Holdings in Group companies and joint arrangements[2]		12,500		12,500		12,048		12,048
Receivables in Group companies[3]		18,526		18,526		11,422		11,422
Other non-current receivables		101		101		101		101
Deferred tax assets		55		55		56		56
		31,182		**31,182**		**23,627**		**23,627**
Current receivables								
Current receivables in Group companies	176			176	16			16
Tax assets	7			7	10			10
Other current receivables	131			131	116			116
Prepaid expenses and accrued income	184			184	22			22
	498			**498**	**164**			**164**
TOTAL ASSETS	**508**	**31,201**		**31,709**	**165**	**23,627**		**23,792**

1 In the case of amounts expected to be recovered within 12 months, the expected depreciation/amortization has been recognized.
2 No portion of the amount is expected to be recovered within 12 months.
3 No portion of the amount is expected to be recovered within 12 months since the lending is considered to be non-current.

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Note 59. Expected recovery periods for assets, provisions and liabilities, parent company, cont.

	Dec 31, 2023				Dec 31, 2022			
Amounts expected to be paid	**Within 12 months**	**After 12 months**	**After 5 years**	**Total**	**Within 12 months**	**After 12 months**	**After 5 years**	**Total**
Provisions								
Provisions for pensions and similar obligations	16	112		128	19	115		134
Other provisions	14	12		26	66	13		79
	30	**124**		**154**	**85**	**128**		**213**
Liabilities								
Non-current liabilities								
Liabilities to Group companies[1]			64	64			276	276
			64	**64**			**276**	**276**
Current liabilities								
Trade payables	63			63	24			24
Liabilities to Group companies	344			344	2			2
Other liabilities	6			6	5			5
Accrued expenses and prepaid income	85			85	77			77
	498			**498**	**108**			**108**
Total liabilities and provisions	**528**	**124**	**64**	**716**	**193**	**128**	**276**	**597**
Total equity				**30,993**				**23,195**
EQUITY AND LIABILITIES				**31,709**				**23,792**

1 Intra-Group non-current interest-bearing liabilities are treated as having a maturity of more than five years from the closing day.

Note 60. Assets pledged and contingent liabilities, parent company

Assets pledged
Assets pledged by the parent company totaled SEK 100 M (101), which relates to assets in the form of non-current receivables.

These assets were pledged as collateral for some of the parent company's pension obligations.

Contingent liabilities
Contingent liabilities are reported in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. Note 1, section IAS 37, describes the accounting principles.

	Dec 31, 2023	**Dec 31, 2022**
Contingent liabilities on behalf of Group companies	132,997	122,315
Other contingent liabilities	15,754	20,465
	148,751	**142,780**

Of the parent company's contingent liabilities on behalf of Group companies, almost SEK 116.8 billion (115.0) relates to obligations for operations in Construction, mainly guarantees provided when Group companies were awarded contracts. The remaining contingent liabilities for Group companies relate to guarantees for borrowing by Group companies from credit institutions, guarantee undertakings in connection with divestment of properties by Group companies, guaranteeing Group company undertakings to contribute capital to their joint ventures and guarantees for Group company pension obligations.

Of other contingent liabilities, SEK 9.1 billion (11.9) relates to liability for external entities' portion of ongoing contracting work. Of the remaining SEK 6.7 billion (8.5), SEK 0.4 billion (0.1) is attributable to guarantees provided for financing of joint arrangements in which Group companies are co-owners and SEK 6.3 billion (8.4) is for guarantees in connection with financing of residential projects in Sweden.

The amounts in the table include SEK 1 M (1) in parent company contingent liabilities relating to joint and several liability for trading company undertakings. The company's contingent liabilities relate to guarantees originating from surety provided or responsibilities as a shareholder in companies.

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Note 61. Cash flow statement, parent company

Adjustments for items not included in cash flow

	2023	2022
Depreciation and amortization	10	2
Capital gain	0	0
Cost of Skanska Employee Ownership Program (Seop)	21	24
Total	**31**	**26**

Taxes paid
Total tax received in the parent company during the year amounted to SEK 1 M (-9).

The change in interest-bearing liabilities belonging to financing activities is presented in the following table.

	2023	2022
January 1	276	134
Items affecting cash flow from financing activities	-212	142
December 31	**64**	**276**

Note 62. Wages and salaries, parent company

Wages, salaries, other remuneration and social insurance contributions

	2023		2022	
SEK M	**Salaries and remuneration**	**Pension expense**	**Salaries and remuneration**	**Pension expense**
Board of Directors, President and CEO, and other senior executives[1]	66.9	19.0	89.2	16.0
Other employees	104.0	87.8	95.4	85.0
Less indemnification from pension fund		-90.9		-86.7
Total	**170.9**	**15.9**	**184.6**	**14.3**
Social insurance contributions including pension expenses	70.0		69.0	
Total	**240.9**		**253.6**	
1 Of which variable remuneration	0		25.4	

For disclosures of individual remuneration to each board member and the President and CEO, see Note 37. For board members appointed by the trade unions, no disclosures are made concerning salaries and remuneration or pensions since they do not receive these in their capacity as board members. For board members who were employees of the company prior to the beginning of the financial year, disclosures are made concerning pension obligations in their former role as employees.

In 2023, bonuses paid to the President and CEO, and other senior executives amounted to SEK 25.2 M (21.6).

In 2023, an allotment of shares was completed under the employee ownership program, Seop 5. The value of shares allotted amounted to SEK 21.8 M (20.2), of which SEK 16 M (15.6) was for board members, the President and CEO, and other senior executives.

In 2023, Skanska's Swedish pension funds reimbursed Skanska AB in the amount of SEK 90.9 M (86.7).

The company's pension obligations outstanding to the President and CEO including former Presidents and CEOs amounted to SEK 135.1 M (135.6). The company's pension obligations outstanding to other members of the Group Leadership Team (Executive Vice Presidents) and to other former members of the Group Leadership Team amount to SEK 86.1 M (88.4).

The cost for the year for defined-contribution pension plans was SEK 35.4 M (30.4) excluding indemnification.

Average number of employees
Personnel is calculated as the average number of employees. See Note 1.

	2023	of which men	of which women	2022	of which men	of which women
Sweden	112	61	51	81	32	49

Men and women on the Board of Directors and Group Leadership Team on the closing day

	Dec 31, 2023	of which men, %	of which women, %	Dec 31, 2022	of which men, %	of which women, %
Board members elected by the Annual General Meeting	8	62	38	8	62	38
Board members appointed by the trade unions	3	67	33	3	67	33
President and CEO, and other senior executives	8	62	38	7	57	43

Group overview

Operations

Sustainability report

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

Financial analysis

Financial statements

Notes

Auditor's report

Auditor's review report of the sustainability report

Quarterly information

Share data

Annual General Meeting

Investors' calendar and addresses

Note 63. Related party transaction disclosures, parent company

Disclosures on related parties, transactions with related parties and balances outstanding are provided in accordance with IAS 24 Related Party Disclosures.

For information on remuneration to senior executives and board members, see Note 62 and Note 37.
Other than the information provided in Note 62 and Note 37, no transactions with natural persons that are related parties have taken place.

The parent company is a related party to its subsidiaries. See Note 20A. Intra-Group transactions are presented below:

	2023	2022
Sales to Group companies	1,213	767
Purchases from Group companies	-426	-149
Interest income from Group companies	564	96
Interest expense for Group companies	-35	-4
Dividends from Group companies	10,250	9,788
Non-current receivables in Group companies	18,526	11,422
Current receivables in Group companies	176	16
Non-current liabilities to Group companies	64	276
Current liabilities to Group companies	344	2
Contingent liabilities on behalf of Group companies	132,997	122,315

All transactions were completed on market terms.

Note 64. Disclosures in accordance with the Annual Accounts Act, Chapter 6, Section 2 a, parent company

Due to the requirements in the Swedish Annual Accounts Act, Chapter 6, Section 2 a concerning disclosures on certain circumstances that may affect the possibility of a takeover of the company through a public takeover bid for the shares in the company, the following disclosures are provided.

1. The total number of shares in the company on December 31, 2023 was 419,903,072, divided into 19,619,942 Class A shares with 10 votes each and 400,283,130 Class B shares with one vote each.
2. There are no restrictions on the transferability of shares based on provisions in the law or the Articles of Association.
3. Of the company's shareholders, only AB Industrivärden and the Lundberg Group directly or indirectly have a shareholding that represents at least one tenth of the voting power of all shares in the company.
   On December 31, 2023, AB Industrivärden's holding amounted to 24.5 percent of total voting power in the company and the Lundberg Group's holding to 13.2 percent of total voting power in the company.
4. Skanska's pension fund does not own any shares in Skanska directly. There is however an insignificant percentage of indirectly owned shares via investments in various mutual funds.
5. The Class A shares entitle the holders to ten votes per share and the Class B shares to one vote per share. There are otherwise no restrictions in the Articles of Association on the number of votes each shareholder may cast at a general meeting of shareholders.
6. The company is not aware of any agreements between shareholders that may result in restrictions on the right to transfer shares.
7. The Articles of Association state that the appointment of board members is to take place at the company's Annual General Meeting. The Articles of Association contain no stipulations on dismissal of board members or on amendments to the Articles of Association.
8. The Annual General Meeting 2023 resolved in accordance with the proposal by the Board of Directors (the Board) to authorize the Board to resolve on acquisitions of Class B treasury shares on the following conditions:
   A. Acquisitions of Class B shares may only be effected on Nasdaq Stockholm.
   B. The authorizations may be exercised on one or several occasions, however at the latest before the Annual General Meeting 2024.
   C. A maximum of 3,500,000 Class B treasury shares may be acquired to secure delivery of Class B shares to participants in the Skanska employee ownership program for the financial years 2023, 2024 and 2025 resolved by the Annual General Meeting 2022 (Seop 6).
   D. A maximum of such amount of Class B treasury shares may be acquired that the parent company´s holding of own shares after each acquisition amounts to a maximum of one-tenth of the total number of shares in Skanska to give the Board increased freedom of action to be able to adapt the company's capital structure and thereby contribute to increased shareholder value.
   E. Acquisitions of Class B shares on Nasdaq Stockholm may only be made at a price within the applicable range of prices (spread) on Nasdaq Stockholm at any given time, meaning the interval between the highest purchase price and lowest selling price.
9. Skanska AB or its Group companies are not party to any material agreement that will go into effect, be amended or cease to apply if control over the company or Group companies changes as a consequence of a public takeover bid.
10. There are agreements between Skanska AB or its Group companies and employees that prescribe remuneration if employment is terminated without reasonable grounds. Such remuneration may not exceed 18 months' fixed salary after the end of the notice period or, in the case of the President and CEO, a maximum of 12 months' severance pay and a maximum of 12 months' fixed salary after the end of the notice period.
11. There are no agreements prescribing termination of employment as a consequence of a public takeover bid for the shares in the company.

Group overview

Operations

Sustainability report

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

Financial analysis

Financial statements

Notes

Auditor's report

Auditor's review report of the sustainability report

Quarterly information

Share data

Annual General Meeting

Investors' calendar and addresses

Note 65. Supplementary information, parent company

Skanska AB (publ), Swedish corporate identity number 556000-4615, is the parent company of the Group.

The company has its registered office in Stockholm, Stockholm County, Sweden, and is a limited company in compliance with Swedish legislation.

The company's headquarters are located in Stockholm, Stockholm County, Sweden.

Address:
Skanska AB
Warfvinges väg 25
SE-112 74 STOCKHOLM
Tel: +46 (0)10 448 00 00
group.skanska.com

For questions concerning financial information, please contact Skanska AB, Investor Relations, SE-112 74 STOCKHOLM, Sweden
Tel: +46 (0)10 448 00 00
email: investor.relations@skanska.se

Note 66. Events after the reporting period, parent company

There are no material events after the end of the reporting period to report for the parent company.

Note 67. Allocation of earnings

The Board of Directors and the CEO propose that the profit for 2023, SEK 10,918,901,144, plus the retained earnings of SEK 18,215,902,635, totaling SEK 29,134,803,779, be allocated as follows:

A dividend to the shareholders of[1]	SEK 5.50 per share	2,256,042,316
To be carried forward		26,878,761,463
Total		**29,134,803,779**

1 Based on the total number of shares outstanding on December 31, 2023. The total dividend may change by the record date, depending on acquisitions of Class B treasury shares and the transfer of Class B shares to participants in Skanska's long-term employee ownership program.

Group overview

Operations

Sustainability report

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

Financial analysis

Financial statements

Notes

Auditor's report

Auditor's review report of the sustainability report

Quarterly information

Share data

Annual General Meeting

Investors' calendar and addresses

The Board's assurance

The consolidated annual accounts and the annual accounts, respectively, have been prepared in accordance with the international accounting standards referred to in Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of July 19, 2002 on the application of IFRS and with generally accepted accounting principles, and provide a true and fair view of the position and results of the Group and the parent company. The Report of the Directors for the Group and the parent company provides a true and fair view of the operations, financial position and results of the Group and the parent company, and describes the principal risks and uncertainties facing the parent company and the companies included in the Group.

The Annual and Sustainability Report was signed by all of the above in Stockholm, February 7, 2024.

Hans Biörck
Chairman

Pär Boman
Board member

Ola Fält
Board member

Jan Gurander
Board member

Mats Hederos
Board member

Richard Hörstedt
Board member

Fredrik Lundberg
Board member

Catherine Marcus
Board member

Ann E. Massey
Board member

Yvonne Stenman
Board member

Åsa Söderström Winberg
Board member

Anders Danielsson
President and Chief Executive Officer

Our Auditor's Report was submitted
on March 5, 2024
Ernst & Young AB

Rickard Andersson
Authorized Public Accountant

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Auditor's report

This is a translation from the Swedish original. To the general meeting of the shareholders of Skanska AB (Publ), corporate identity number 556000-4615

Report on the annual accounts and consolidated accounts

Opinions
We have audited the annual accounts and consolidated accounts of Skanska AB (publ) for the year 2023 except for the statutory sustainability report on pages 16, 48, 61 and 63–78. The annual accounts and consolidated accounts of the company are included on pages 16, 48, 61, 63–93 and 99–208 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of December 31st, 2023 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of December 31st, 2023 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. A corporate governance statement has been prepared. Our opinions do not cover the statutory sustainability report on pages 16, 48, 61 and 63–78.

The statutory administration report and the corporate governance statement are consistent with the other parts of the annual accounts and consolidated accounts, and the corporate governance statement is in accordance with the Annual Accounts Act.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the income statement and the statement of financial position of the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions
We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters
Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Revenue recognition over time in Construction contracts
Description
The main portion of the company's income relates to construction contracts. For 2023 the revenues from construction contracts amount to MSEK 160,636. Usually a performance obligation is satisfied over time, which means that revenue should be recognized over time by measuring the progress towards complete satisfaction of that performance obligation. Revenue is recognized on the basis of the company's efforts to the satisfaction of a performance obligation relative to the total expected efforts. This requires the entity to be able to measure its progress towards complete satisfaction of the performance obligation and determine the transaction price. This in turn requires that the Group has effective, coordinated systems for cost estimation, forecasting and revenue/expense reporting. Also, a consistent process is required to assess the final outcome of the project, including analysis of differences compared with earlier assessment dates. This critical judgment is performed at least once per quarter.

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

How our audit addressed this key audit matter
Our audit procedures include, among others, analytical procedures of revenue and margins of material projects and data analytics of transactions. We have audited samples of revenue and costs in selected projects, which are of material size or represents a significant risk to the company. We have also had discussions with the company's controllers and responsible project managers about assessments, assumptions and estimates related to revenue recognition, profit margin and cost allocation.

We have also audited material contracts to identify potential risks for penalties due to any delays in the projects, and we also have continuous meetings with the Company's internal legal representatives. We have audited provisions and other reserves related to projects within Construction based on underlying support and the Company's assessments.

We have continuous meetings and discussions with responsible auditors in each country to identify and cover country-specific risks.

We have assessed the historical accuracy of the company's estimates of the final outcomes of projects through discussions with Group Leadership Team and Audit Committee regarding the actual outcome.

In addition, we have evaluated whether the valuation of revenue in the Company's accounting principles is reasonable and assessed the completeness of the disclosure requirements, which are found in Note 4 "Operating Segments" and Note 9 "Contract assets and contract liabilities".

Valuation of investments in project development
Description
The book value of investments in project development, which constitute current asset properties, amounts to MSEK 58,660 as shown in Note 22 "Current-asset properties/Project development". As shown in Note 22 the current-asset properties are carried at cost or net realizable value, whichever is lower. The company therefore makes calculations of the net realizable value. Potential impairment in development projects under construction and completed projects could have significant impact on the company's net income. Changes in the supply of similar projects, as well as changes in demand may materially affect both estimated market values and carrying amounts for each project. These projects vary in size and the investment cycle could be either short or long.

How our audit addressed this key audit matter
Our audit procedures include assessing budgets and financial projections and reviewing other financial input used to determine the value in use models. We have also audited work performed by external appraisers. We specifically focused on the sensitivity in the difference between the net realizable value/estimated value and book values of the projects, where a reasonably possible change in assumptions could cause the carrying amount to exceed its estimated present value. We also assessed the historical accuracy of the company's estimates of the final outcomes of valuation through discussions with Group Leadership Team and the Audit Committee regarding the actual outcome.

Finally, we evaluated the adequacy of the Company's disclosures included in Note 22.

Litigations and legal matters
Description
The provision for legal disputes amounts to MSEK 2,597. As outlined in Note 29 "Provisions" of the Annual Report, the Company is exposed to potential legal matters and disputes in the Construction business stream for contracts that have been completed. Legal matters and disputes including any provisions is a key audit matter to our audit because management judgement is required. The assessment process is complex and entails assessing future developments. In addition, some of the matters are in countries where the legal proceedings can stretch out over an extended period of time.

How our audit addressed this key audit matter
We have gained an understanding of the litigations and legal matters through discussions with the responsible persons within the Company, the Group Leadership Team and the Audit Committee. We have read the internal position papers prepared by the Company. We also obtained lawyers' letters to the extent considered necessary for our audit. For all potentially material legal matters we tested the underlying facts and circumstances considered relevant for the legal advisors to reach their conclusions and assessed the best estimate of outflows and associated provisions as determined by the Company.

Other Information than the annual accounts and consolidated accounts
This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–15, 17–47, 49–60, 62, 94–98 and 215–224. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

Group overview

Operations

Sustainability report

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

Financial analysis

Financial statements

Notes

Auditor's report

Auditor's review report of the sustainability report

Quarterly information

Share data

Annual General Meeting

Investors' calendar and addresses

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director
The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility
Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Report on other legal and regulatory requirements

Opinions
In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Skanska AB (publ) for the year 2023 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for opinions
We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director
The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility
Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

The auditor's examination of the ESEF report

Opinion
In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528) for Skanska AB (publ) for the financial year 2023.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Basis for opinion
We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the *Auditors' responsibility* section. We are independent of Skanska AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director
The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or other Assurance or Related Services Engagements* which requires the firm to design, implement and operate a system of quality management, including policies and procedures regarding compliance with professional ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

The auditor´s opinion regarding the statutory sustainability report
The Board of Directors is responsible for the statutory sustainability report on pages 16, 48, 61, 63–78, 99–105 and 130–133 and that it is prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor´s opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.

Ernst & Young AB, Box 7850, 103 99 Stockholm, was appointed auditor of Skanska AB by the general meeting of the shareholders on March 29, 2023 and has been the company's auditor since the 2016.

Stockholm March 5, 2024
Ernst & Young AB

Rickard Andersson
Authorized Public Accountant

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Auditor´s limited assurance report on Skanska AB´s greenhouse gas, health and safety, energy, and waste reporting

This is the translation of the auditor´s report in Swedish. To Skanska AB, corp id 556000-4615

Introduction
We have been engaged by the Board of Directors of Skanska AB (publ) ("Skanska") to undertake a limited assurance engagement of the information specified below (the "Subject Matters") in Skanska´s Annual and Sustainability report 2023. The company has defined the scope of the Subject Matters on page 78 in this document.

The Sustainability information reviewed is limited to the following GRI Disclosures:
- Greenhouse gas emissions (p. 46–52, 68)
  - Direct GHG emissions (Scope 1)
  - Energy indirect GHG emissions (Scope 2)
  - Other indirect GHG emissions (Scope 3)
- Health and safety (p. 60–62, 69)
- Energy (p. 68)
- Waste (p. 52, 68)
- Reporting principles related to above areas (p. 78)

Our assurance does not extend to any other information in Skanska´s Annual and Sustainability report 2023, and accordingly, we do not express a conclusion on this information.

Responsibilities of the Board and Executive Management
The Board of Directors and the Executive Management are responsible for the preparation of the greenhouse gas, health and safety, energy and waste reporting in accordance with the applicable Criteria, as explained on page 78 in Skanska´s Annual and Sustainability report 2023 and that consists of the Greenhouse Gas Protocol, and GRI (Global Reporting Initiative) Standard 403: *Occupational health and safety*, GRI Standard 302: *Energy*, and GRI Standard 306: *Waste* which are applicable to the Subject Matters, as well as the accounting and calculation principles that the company has developed. This responsibility includes the internal control relevant to the preparation of the reporting that is free from material misstatements, whether due to fraud or error.

Responsibilities of the auditor
Our responsibility is to express a conclusion on the presentation of the Subject Matters based on the limited assurance procedures we have performed. Our engagement is limited to historical information presented in this document and does therefore not include future oriented information.

We conducted our limited assurance procedures in accordance with the *ISAE 3000 (revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*.

A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the presentation of the greenhouse gas, health and safety, energy, and waste reporting and related information and applying analytical and other limited assurance procedures. A limited assurance engagement has a different focus and a considerably smaller scope compared to the focus and scope of an audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The audit firm applies ISQM 1 (International Standard on Quality Management), which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent in relation to Skanska AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our professional ethical responsibility in accordance with these requirements.

The procedures performed in a limited assurance engagement do not enable us to obtain such assurance that we would become aware of all significant matters that could have been identified if an audit was performed.

The conclusion based on a limited assurance engagement, therefore, does not provide the same level of assurance as a conclusion based on an audit.

Our procedures are based on the criteria defined by the Board and Executive Management as described above. We consider these criteria suitable for the preparation of the Subject Matters.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our conclusion below.

Conclusion
Based on the limited assurance procedures performed, nothing has come to our attention that causes us to believe that the greenhouse gas, health and safety, energy, and waste reporting for the financial year ending on 31 December 2023 is not, in all material aspects, prepared in accordance with the specified criteria.

Stockholm March 5, 2024
Ernst & Young AB

Rickard Andersson
Authorized Public Accountant

Marianne Förander
Expert member of FAR

Group overview

Operations

Sustainability report

Highlights 2023

Climate

Resilience

Responsibility

Sustainability information

GRI index

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

GRI Index

GRI Standard		Disclosure	Page	Omission/Comments
General Disclosures				
GRI 2: General Disclosures 2021	2-1	Organizational details	Note 4, note 64, 222	
	2-2	Entities included in the organization's sustainability reporting	78, 85	No deviation from financial reporting.
	2-3	Reporting period, frequency and contact point	78	Reporting period: January 1, 2023 – December 31, 2023 Date of publication: March 6, 2023 Contact point: Christian Jakobsson, VP Sustainability/ EHS Management & Reporting Antonia Junelind, SVP Investor Relations
	2-4	Restatements of information	68, 78	
	2-5	External assurance	2, 214	
	2-6	Activities, value chain and other business relationships	23 –38, 44, 63–64	Supply chain is managed at BU level. Ongoing activities on Group level to develop processes for supply chain due diligence and consolidation of data.
	2-7	Employees	70, 78	The type of employment is not reported.
	2-8	Workers who are not employees	–	Managed at BU level and the data is not consolidated at Group level. Subcontractors' accidents are monitored at Group level.
	2-9	Governance structure and composition	80–91	
	2-10	Nomination and selection of the highest governance body	80–85	
	2-11	Chair of the highest governance body	81, 83	
	2-12	Role of the highest governance body in overseeing the management of impacts	80–89, 66–67	
	2-13	Delegation of responsibility for managing impacts	80–89, 66–67	
	2-14	Role of the highest governance body in sustainability reporting	80–89, 66–67	
	2-15	Conflicts of interest	80–89, 63 –64	
	2-16	Communication of critical concerns	64, 66, 69 –70	
	2-17	Collective knowledge of the highest governance body	80–91	
	2-18	Evaluation of the performance of the highest governance body	80–89	
	2-19	Remuneration policies	94–98	
	2-20	Process to determine remuneration	94–98	
	2-21	Annual total compensation ratio	97–98, note 37	The data is not disclosed.
	2-22	Statement on sustainable development strategy	8–9	
	2-23	Policy commitments	43–44, 63–64, 66–67	
	2-24	Embedding policy commitments	43–44, 63–64, 66–67	
	2-25	Processes to remediate negative impacts	63–64, 66–67	
	2-26	Mechanisms for seeking advice and raising concerns	64	
	2-27	Compliance with laws and regulations	80, note 33	
	2-28	Membership associations	44, 67	A selection of memberships are reported.
	2-29	Approach to stakeholder engagement	43, 66–67	
	2-30	Collective bargaining agreements	–	The data is not consolidated at Group level.

Group overview

Operations

Sustainability report

Highlights 2023

Climate

Resilience

Responsibility

Sustainability information

GRI index

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

Material Topics

GRI Standard		Disclosure	Page	Omission/Comments	SASB	SDG	UN Global Compact
Climate							
GRI 3: Material Topics 2021	3-1	Process to determine material topics	43, 66–67			Subtargets: 8.4 Subtargets: 13.1	**Principle 7, Environment:** Businesses should support a precautionary approach to environmental challenges. **Principle 9, Environment:** Businesses should encourage the development and diffusion of environmentally friendly technologies.
	3-2	List of material topics	43				
GRI 302: Energy 2016	3-3	Management of material topics	43, 47–52, 66–67, 78		IF-EN-160a.2 , IF-EN-410a.1, IF-EN-410a.2		
	302-1	Energy consumption within the organization	68, 78	Steam and self-generated electricity are not consolidated at Group level.			
	302-2	Energy consumption outside of the organization	68, 78	Energy consumption is not disclosed. Expected energy consumption is used to calculate emissions from use of sold products.			
	302-3	Energy intensity	68, 78				
	302-4	Reduction of energy consumption	68, 78				
	302-5	Reductions in energy requirements of products and services	51, 78				
GRI 305: Emissions 2016	3-3	Management of material topics	43–52, 66–67, 78		IF-EN-160a.2 , IF-EN-410a.1, IF-EN-410a.2		
	305-1	Direct (Scope 1) GHG emissions	68, 78				
	305-2	Energy indirect (Scope 2) GHG emissions	68, 78				
	305-3	Other indirect (Scope 3) GHG emissions	68, 78				
	305-4	GHG emissions intensity	68, 78				
	305-5	Reduction of GHG emissions	49, 68, 78				

Group overview

Operations

Sustainability report

Highlights 2023

Climate

Resilience

Responsibility

Sustainability information

GRI index

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

GRI Standard		Disclosure	Page	Omission/Comments	SASB	SDG	UN Global Compact
Responsibility							
GRI 205: Anti-Corruption 2016	3-3	Management of material topics	63–64, 66–67		IF-EN-510a.3	Subtargets: 5.1 5.5	**Principle 1, Human rights:** Businesses should support and respect the protection of internationally proclaimed human rights.
	205-2	Communication and training about anti-corruption policies and procedures	69, 78		IF-EN-510a.3		
	205-3	Confirmed incidents of corruption and actions taken	64, note 33	Not broken down by employee category, business partner or region.	IF-EN-510a.2		
GRI 206: Anti-competitive behavior 2016	3-3	Management of material topics	63–64		IF-EN-510a.3	Subtargets: 8.5 8.7 8.8	**Principle 2, Human rights:** Businesses should make sure that they are not complicit in human rights abuses.
	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Note 33		IF-EN-510a.2		
GRI 306: Waste 2020	3-3	Management of material topics	66–67		IF-EN-160a.2		**Principle 3, Labor:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
	306-1	Waste generation and significant waste-related impacts	52, 78				
	306-2	Management of significant waste-related impacts	52, 78				
	306-4	Waste diverted from disposal	68	Limited to % of self-generated waste to landfill. Hazardous waste is not reported. Ongoing quality assurance for waste data disclosure on Group level.		Subtargets: 11.6	**Principle 4, Labor:** Businesses should uphold the elimination of all forms of forced and compulsory labor.
GRI 308: Supplier environmental assessment 2016	3-3	Management of material topics	63–64, 66–67		IF-EN-160a.2		**Principle 5, Labor:** Businesses should uphold the effective abolition of child labor.
	308-1	New suppliers that were screened using environmental criteria	63–64	Supply chain is managed at BU level. The percentage of screened suppliers is not consolidated at Group level. Ongoing activities on Group level to develop processes for supply chain due diligence and consolidation of data.		Subtargets: 12.2 12.4 12.5	**Principle 6, Labor:** Businesses should uphold the elimination of discrimination in respect of employment and occupation.
GRI 403: Occupational Health and Safety 2018	3-3	Management of material topics	61–62, 66–67				**Principle 8, Environment:** Businesses should undertake initiatives to promote greater environmental responsibility.
	403-1	Occupational health and safety management system	61–62				
	403-2	Hazard identification, risk assessment, and incident investigation	61–62				
	403-3	Occupational health services	62				
	403-4	Worker participation, consultation, and communication on occupational health and safety	61–62, 69–70			Subtargets: 16.5	**Principle 10, Anti-corruption:** Businesses should work against corruption in all its forms, including extortion and bribery.
	403-5	Worker training on occupational health and safety	61–62				
	403-6	Promotion of worker health	61–62				
	403-7	Prevention and mitigation of occupational health and safety impacts directly related to business relationships	61–64				
	403-8	Workers covered by an occupational health and safety management system	61				
	403-9	Work-related injuries	69	The number of hours and rate of recordable work-related injuries is not reported.	IF-EN-320a.1		

Group overview

Operations

Sustainability report

Highlights 2023

Climate

Resilience

Responsibility

Sustainability information

GRI index

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

GRI Standard		Disclosure	Page	Omission/Comments	SASB	SDG	UN Global Compact
Responsibility cont.							
GRI 405: Diversity and Equal Opportunity 2016	3-3	Management of material topics	65 –67				
	405-1	Diversity of governance bodies and employees	65, 70	Age groups are not reported.			
GRI 406: Non-discrimination 2016	3-3	Management of material topics	63 –67				
	406-1	Incidents of discrimination and corrective actions taken	64	Number and type of action are not reported.			
GRI 409: Forced or compulsory labor 2016	3-3	Management of material topics	63 –64, 66 –67				
	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	63–64				
GRI 414: Supplier Social Assessment 2016	3-3	Management of material topics	63 –64, 66 –67				
	414-1	New suppliers that were screened using social criteria	63–64	Supply chain is managed at BU level. The percentage of screened suppliers is not consolidated at Group level. Ongoing activities on Group level to develop processes for supply chain due diligence and consolidation of data.			
Sustainable industry							
Skanska's own disclosure	SoD-1	Value of certified commercial buildings	48		IF-EN-410a.1	Subtargets: 9.1 9.4 Subtargets: 11.1 11.2 11.3 11.6 11.7	

Unmapped SASB metrics	
IF-EN-160a.1; IF-EN-250a.1-2; IF-EN-410b.2-3; IF-EN-000.A-B	No Group level disclosure
IF-EN-410b.1	Page 71–75
IF-EN-510a.1	Zero
IF-EN-000.C	108

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Quarterly information

In accordance with IFRS	2023				2022			
SEK M	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Order bookings	**44,137**	**32,659**	**63,152**	**25,847**	**51,607**	**43,821**	**37,270**	**29,967**
Profit								
Revenue	46,157	42,244	42,292	36,475	42,362	43,229	42,551	35,032
Cost of sales	-42,914	-39,284	-37,964	-33,708	-37,412	-38,706	-38,149	-32,216
Gross income	**3,243**	**2,959**	**4,328**	**2,767**	**4,950**	**4,523**	**4,402**	**2,816**
Selling and administrative expenses	-2,509	-2,340	-2,274	-2,262	-2,720	-2,003	-2,244	-2,031
Change in value, investment properties	200	0	-25	0	1,327	0	8	357
Income from joint ventures and associated companies	739	201	166	90	297	235	53	51
Operating income	**1,673**	**820**	**2,194**	**594**	**3,854**	**2,755**	**2,220**	**1,193**
Interest income	196	210	148	158	158	109	54	34
Interest expense	-3	-42	-3	-2	43	-27	-21	-43
Change in market value	35	-1	1	2	2	4	-4	2
Other financial items	-53	-13	-12	-10	-1	-16	-17	14
Financial items	**175**	**152**	**134**	**147**	**202**	**69**	**11**	**8**
Income after financial items	**1,849**	**973**	**2,328**	**742**	**4,056**	**2,824**	**2,231**	**1,200**
Income taxes	-188	-152	-376	-145	-789	-548	-455	-235
Profit for the period	**1,661**	**821**	**1,952**	**596**	**3,267**	**2,276**	**1,776**	**965**
Profit for the period attributable to								
parent company shareholders	1,659	808	1,941	590	3,261	2,267	1,765	963
non-controlling interests	1	12	11	6	6	9	11	2
Other comprehensive income								
Items that will not be reclassified to profit or loss for the period								
Remeasurement of defined-benefit pension plans	-1,447	404	549	767	202	1,622	1,066	928
Tax related to items that will not be reclassified to profit or loss for the period	289	-76	-109	-168	-42	-342	-194	-214
	-1,158	**328**	**440**	**599**	**160**	**1,280**	**872**	**715**

In accordance with IFRS	2023				2022			
SEK M	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Items that have been or will be reclassified to profit or loss for the period								
Translation differences attributable to equity holders	-1,750	-447	1,316	-67	-561	1,038	1,173	641
Translation differences attributable to non-controlling interests	-7	-9	6	6	5	3	3	4
Hedging of exchange rate risk in foreign operations	-39	-7	25	-2	-18	28	53	17
Effect of cash flow hedges	28	-63	11	16	47	3	41	17
Share of other comprehensive income of joint ventures and associated companies	-51	18	14	-10	1	17	72	89
Tax related to items that have been or will be reclassified to profit or loss for the period	-5	16	0	1	-10	1	-9	-1
	-1,824	**-491**	**1,372**	**-56**	**-536**	**1,090**	**1,332**	**767**
Other comprehensive income after tax for the period	**-2,982**	**-163**	**1,813**	**542**	**-377**	**2,370**	**2,204**	**1,481**
Comprehensive income for the period	**-1,321**	**657**	**3,764**	**1,138**	**2,891**	**4,646**	**3,980**	**2,446**
Comprehensive income for the period attributable to								
parent company shareholders	-1,315	654	3,747	1,126	2,880	4,634	3,966	2,441
non-controlling interests	-6	4	18	12	11	12	14	6
Order backlog[1]	229,637	239,663	250,303	217,894	229,771	227,935	215,452	207,607
Capital employed	77,360	74,234	75,273	70,727	72,845	71,765	67,950	64,791
Interest-bearing net receivables/net liabilities	9,037	5,061	3,758	8,406	10,306	12,769	7,719	11,088
Debt/equity ratio	-0.2	-0.1	-0.1	-0.2	-0.2	-0.2	-0.2	-0.3
Return on capital employed, %	8.2	11.2	13.9	14.1	15.2	13.5	11.8	12.9
Cash flow								
Cash flow from operating activities	5,445	891	-1,015	-2,115	-1,614	3,881	262	-2,020
Cash flow from investing activities	1,393	982	1,148	2,475	-348	490	-2,121	6,826
Cash flow from financing activities	4,007	-1,269	-3,468	-526	-995	-922	-1,129	-3,484
Cash flow for the period	**10,846**	**604**	**-3,335**	**-166**	**-2,956**	**3,449**	**-2,987**	**1,321**

1 Refers to Construction.

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Quarterly information, continued

Business streams

In accordance with IFRS	2023				2022			
SEK M	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Order bookings								
Construction	44,137	32,659	63,152	25,847	51,607	43,821	37,270	29,967
Total	**44,137**	**32,659**	**63,152**	**25,847**	**51,607**	**43,821**	**37,270**	**29,967**
Revenue								
Construction	41,612	40,917	40,584	37,524	42,732	40,174	39,712	33,387
Residential Development	3,662	2,727	2,974	2,202	2,572	2,646	2,396	1,907
Commercial Property Development	5,308	1,463	1,881	248	3,658	3,776	3,908	3,727
Investment Properties	55	44	45	41	20	10	10	
Central and Eliminations	-4,480	-2,908	-3,191	-3,540	-6,619	-3,377	-3,475	-3,989
Total	**46,157**	**42,244**	**42,292**	**36,475**	**42,362**	**43,229**	**42,551**	**35,032**
Operating income								
Construction	1,843	1,365	1,391	1,033	2,305	1,348	1,360	756
Residential Development	-170	-211	402	-81	402	493	310	140
Commercial Property Development	-570	-307	406	-144	1,293	731	680	545
Investment Properties	-129	31	6	30	100	7	8	25
Central	607	-85	-73	-159	-160	112	-155	-135
of which PPP sales	877	193	138	72	124	202	37	33
Eliminations	92	26	63	-85	-86	63	17	-139
Total	**1,673**	**820**	**2,194**	**594**	**3,854**	**2,755**	**2,220**	**1,193**

According to segment reporting	2023				2022			
SEK M	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Order bookings								
Construction	44,137	32,659	63,152	25,847	51,607	43,821	37,270	29,967
Total	**44,137**	**32,659**	**63,152**	**25,847**	**51607**	**43,821**	**37,270**	**29,967**
Revenue								
Construction	41,612	40,917	40,584	37,524	42,732	40,174	39,712	33,387
Residential Development	1,867	911	1,649	586	784	1,468	2,926	3,573
Commercial Property Development	2,832	1,375	857	267	3,443	327	5,666	4,840
Investment Properties	56	44	45	41	20	10	10	
Central and Eliminations	-4,480	-2,900	-3,194	-3,540	-6,628	-3,377	-3,475	-3,989
Total	**41,886**	**40,348**	**39,940**	**34,878**	**40,350**	**38,603**	**44,838**	**37,811**
Operating income								
Construction	1,843	1,365	1,391	1,033	2,305	1,348	1,360	756
Residential Development	-502	-494	49	-314	-16	130	332	445
Commercial Property Development	-932	-277	-15	-142	1,350	-17	834	856
Investment Properties	-129	31	6	30	100	7	8	25
Central	607	-85	-73	-159	-160	112	-155	-135
of which PPP sales	877	193	138	72	124	202	37	33
Eliminations	69	9	-27	-54	-49	-61	18	-95
Total	**957**	**549**	**1,331**	**394**	**3,530**	**1,518**	**2,397**	**1,852**

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Skanska share data

Skanska's Class B shares are quoted and traded on Nasdaq Stockholm. Skanska's market capitalization was SEK 77 billion on December 31, 2023.

Share price performance
The Skanska share price (SKAB)[1] increased by 9 percent in 2023. The OMX Stockholm Index increased by 13 percent and the DJ Construction & Materials Titans Index increased by 31 percent during the same period. The closing price of Skanska's Class B share was SEK 182.35. The year high in 2023 was SEK 195.00 on February 2, and the year low was SEK 141.60 on June 22. Total shareholder return for Skanska's Class B share for 2023 was 16 percent compared to 19 percent for the OMX Stockholm Index and 38 percent for DJ Construction & Materials Titans Index.

Dividend
Pursuant to our dividend policy, 40–70 percent of profit for the year is paid out as dividends to shareholders, provided that the company's overall financial status is stable and satisfactory.

For the 2023 financial year, the Board of Directors proposes a dividend of SEK 5.50 (7.50) per share. This represents a pay-out ratio of 70 percent, corresponding to SEK 2,256 M (3,083). No dividend is paid out for the parent company's holdings of Class B treasury shares. The total dividend amount may change by the record date, depending on share repurchases and transfers to participants in Skanska's long-term employee ownership program, Seop.

5.50
Proposed dividend per share, SEK, 2023

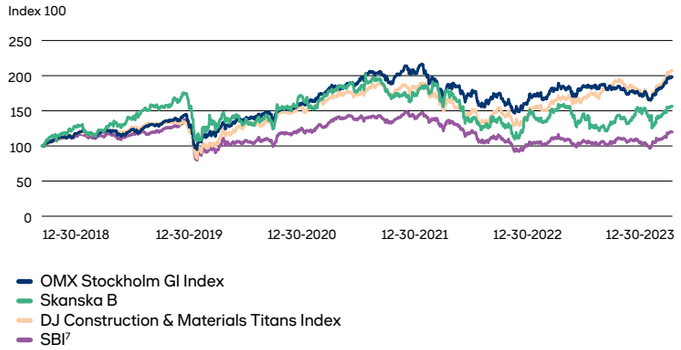
7.89
Earnings per share, SEK, 2023

History Skanska share

	2023	2022	2021	2020	2019
Year-end share price, SEK	182.35	165.00	234.20	209.70	211.70
Year-end market capitalization, SEK bn	76.6	69.3	98.3	88.1	88.9
Number of shares, million[2]	419.9	419.9	419.9	419.9	419.9
of which Class B shares in Skanska's own custody, million	9.7	8.8	7.7	7.6	8.4
Highest share price during the year, SEK	195.00	245.00	258.80	238.90	216.00
Lowest share price during the year, SEK	141.60	134.40	203.30	146.00	140.85
Yield, percent[3]	3.0	4.5	4.3	4.5	1.5
Earnings per share[4], SEK	7.89	18.62	19.80	22.46	15.46
Regular dividend per share, SEK	5.50[5]	7.50	10.00	9.50	3.25
Dividend pay-out ratio[6], %	70	40	51	42	21

1 Bloomberg ticker SKAB:SS, Reuters quote SKAb.ST.
2 Number of shares at year-end including the parent company's holdings of Class B treasury shares.
3 Dividend as a percentage of respective year-end share price.
4 Earning per share according to segment reporting divided by the number of shares outstandning.
5 Based on the dividend proposed by the Board of Directors.
6 Dividend as a percentage of earnings per share.
7 Strategic Benchmark Index (SBI) consists of listed companies, that, taken together, reflects Skanska's operations.

Total return on Skanska's Class B share compared to indexes



Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Shareholder structure

73 percent of the share capital is owned by investors registered in Sweden and 27 percent by foreign investors. The USA and Norway account for the highest percentage of shareholders registered outside Sweden.

At year-end, the parent company (Skanska AB) held 9,713,560 Class B shares, corresponding to 2.3 percent of the capital stock.

Shareholder structure

Holding	No. of shareholders	No. of shares	Capital (%)	Votes (%)
1–1,000	100,737	22,422,027	5.3	3.8
1,001–10,000	15,558	42,891,698	10.2	7.5
10,001–20,000	727	10,310,549	2.5	2.0
20,001–	684	295,352,688	70.3	78.5
Anonymous holding		48,926,110	11.7	8.2
Total	**117,706**	**419,903,072**	**100**	**100**

Share distribution

	Class A	Class B	Total
Number of registered shares	19,619,942	400,283,130	419,903,072

During 2023, 34,374 Class A shares were converted into Class B shares at the request of shareholders.
The total number of votes in the company subsequently amounted to 596,482,550.

Largest shareholders in Skanska AB by voting power, December 31, 2023

Shareholder	% of voting power	% of capital stock
Industrivärden AB	24.5	7.7
Lundberg Group	13.2	5.9
AMF Insurance & Funds	5.6	7.9
Skanska-employees through Seop[1]	4.4	6.2
Vanguard	2.3	3.2
SHB Funds & Life Insurance	2.0	2.8
BlackRock	2.0	2.8
Carnegie Funds	1.9	2.6
Norges Bank	1.4	2.0
Folksam	1.2	1.7
10 largest shareholders in Skanska	58.5	42.9
Other shareholders in Skanska	41.5	57.1
Total	**100**	**100**
of which shareholders in Sweden	80.7	72.6
of which shareholders abroad	19.3	27.4

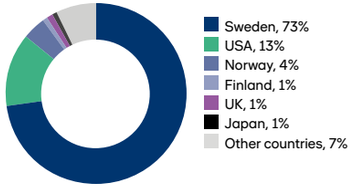
1 Not treated as a unified ownership group.

Liquidity

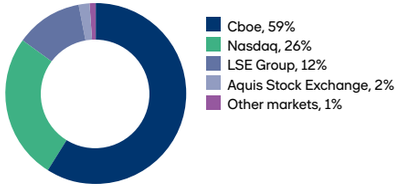
Cboe Global markets (Chicago Board Options Exchange) represents 59 percent of trade in the Skanska share, where off-book crosses or block trades and OTC trading stand for the majority of trades. Trading on the primary market, Nasdaq, represents 26 percent of traded volume.

In 2023, total trading in the Skanska share amounted to 789 million shares (776) at a total value of SEK 131 billion (141), corresponding to an average daily turnover of 3.1 million shares (3.0) or SEK 500 M per trading day.

Ownership per country



Ownership per marketplace



Ratings and indexes

In addition to indexes directly linked to Nasdaq Stockholm, we are also included in other indexed and ratings.

- CDP Climate A
- MSCI BBB
- FTSE4Good Sustainability Index

Source: Monitor av Modular Finance AB. Compiled and processed data from, inter alia, Euroclear, Morningstar and Finansinspektionen

Group overview

Operations

Sustainability report

Corporate governance

Remuneration report

Risk and opportunity management

Financial information

Financial analysis

Financial statements

Notes

Auditor's report

Auditor's review report of the sustainability report

Quarterly information

Share data

Annual General Meeting

Investors' calendar and addresses

Annual General Meeting

The Annual General Meeting (the Meeting) of Skanska AB (publ) (the Company) will be held on Wednesday March 27, 2024 at 10.00 am CET at Stockholm Waterfront Congress Centre, Nils Ericsons Plan 4, Stockholm, Sweden. Registration will begin at 9.00 am CET. Shareholders will also have the opportunity to exercise their voting rights by postal voting prior to the Meeting.

Right to participate and notice of participation
Shareholders who wish to participate in the Meeting must be recorded as a shareholder in the share register prepared by Euroclear Sweden AB ("Euroclear") concerning the circumstances on Tuesday March 19, 2024.

In addition, shareholders must notify of its intention to participate in the Meeting:

A) Shareholders who wish to participate in the Meeting at the meeting venue in person or by proxy must give notice of intent to participate to the Company no later than on Thursday March 21, 2024, via Euroclear's website, https://anmalan.vpc.se/euroclearproxy, or by writing to Skanska AB (publ), Årsstämman, c/o Euroclear Sweden AB, Box 191, SE–101 23 Stockholm, Sweden or by telephone +46 (0)8 402 92 81 on weekdays between 9.00 am and 4.00 pm CET. When giving notice of participation, please state name, personal identification number or corporate identity number, address, telephone number and, if applicable, the number of attending counsels (no more than two).

B) Shareholders who wish to participate in the Meeting by postal voting must give notice of intent to participate to the Company no later than on Thursday March 21, 2024, by casting its postal vote in accordance with the instructions under the heading Postal voting below so that the postal vote is received by Euroclear no later than that day.

In order to be entitled to participate in the Meeting, in person, by proxy or by postal voting, a shareholder whose shares are registered in the name of a nominee must, in addition to giving notice of participation in the Meeting, register its shares in its own name so that the shareholder is listed in the share register as of Tuesday March 19, 2024. Such re-registration may be temporary (so-called voting rights registration), and request for such voting rights registration shall be made to the nominee, in accordance with the nominee's routines, at such a time in advance as required by the nominee. Voting rights registrations that have been made by the nominee no later than Thursday March 21, 2024, will be taken into account in the presentation of the share register.

Postal voting
A special form must be used for postal voting, which is available on the Company's website www.group.skanska.com/, under the heading Corporate Governance/Shareholders' Meeting/AGM 2024. In the case of postal voting only, no separate notification is required for the Meeting. The completed and signed postal voting form must be received by Euroclear no later than Thursday March 21, 2024. Shareholders may sign the form electronically by verifying with BankID via Euroclear's website, https://anmalan.vpc.se/euroclearproxy. The completed form may also be sent by e-mail to GeneralMeetingService@euroclear.com or be posted to the address Skanska AB (publ), Årsstämman, c/o Euroclear Sweden AB, Box 191, SE-101 23 Stockholm, Sweden. Shareholders may not assign specific instructions or conditions to the postal vote. The postal voting form will be deemed to be invalid in its entirety in such case. Additional instructions and conditions are provided in the postal voting form.

Shareholders wishing to attend the Meeting at the meeting venue in person or by proxy must notify their participation in accordance with the instructions under A) under the heading Right to participate and notice of participation above. This means that notification of participation by postal vote only is not sufficient for those who wish to participate at the meeting venue in person or by proxy.

If a shareholder has voted by post and thereafter participates in the meeting venue in person or by proxy, the postal vote is still valid to the extent that the shareholder does not participate in a voting procedure at the Meeting or otherwise withdraws the postal vote. If the shareholder chooses to participate in a voting at the Meeting, the vote cast will replace the previously submitted postal vote with regard to the relevant item on the agenda.

Voting by proxy
Shareholders who are represented by a proxy must issue a written and dated power of attorney for the proxy signed by the shareholder. If the shareholder is a legal entity, a copy of a valid registration certificate or equivalent authorization documents must also be attached. The power of attorney with registration certificate or equivalent authorization documents (if applicable) should be sent to the address Skanska AB (publ), Årsstämman, c/o Euroclear Sweden AB, Box 191, SE-101 23 Stockholm, Sweden, or via e-mail to GeneralMeetingService@euroclear.com, well in advance of the Meeting. If a postal vote takes place with the support of a power of attorney, the power of attorney with registration certificate or equivalent authorization documents (if applicable) must be attached to the postal voting form and should be sent in accordance with the instructions under the heading Postal voting above.

Proxy forms can be found on the Company's website www.group.skanska.com/ under the heading Corporate Governance/Shareholders' Meeting/AGM 2024. The power of attorney is valid for a maximum of one year from the date of issue, unless the power of attorney states a longer period of validity, however, for a maximum of five years from the time of issue.

Dividend and record date
The Board of Directors (the Board) proposes a dividend for 2023 of SEK 5.50 (7.50) per share. The Board proposes Tuesday, April 2, 2024 as the record date to receive the dividend. If the Meeting resolves in accordance with the Board's proposal, the dividend is expected to be distributed by Euroclear on Friday April 5, 2024. The proposed dividend amounts to SEK 2,256 M (3,081) in total. No dividend is paid for the Company's holding of Class B treasury shares. The total dividend may change up to the time of the record date, depending on the acquisition of Class B treasury shares and transfer of Class B shares to participants in the Company's long-term share saving programs.

Notice, etc.
All documents for the Meeting are available at the Company's offices, Warfvinges väg 25, SE-112 74 Stockholm, Sweden, and on the Company's website www.group.skanska.com/, under the heading Corporate Governance/Shareholders' Meeting/AGM 2024. The documents will also be sent to shareholders who so request and state their address.

Information at the Meeting
If requested by a shareholder and the Board deems that it can take place without causing significant damage to the Company, the Board and the President and CEO shall provide information at the Meeting about circumstances that may affect the assessment of an item on the agenda and circumstances that may affect the assessment of the Company's or its subsidiaries' financial position and the Company's relation to other Group companies.

Group overview
Operations
Sustainability report
Corporate governance
Remuneration report
Risk and opportunity management
Financial information
Financial analysis
Financial statements
Notes
Auditor's report
Auditor's review report of the sustainability report
Quarterly information
Share data
Annual General Meeting
Investors' calendar and addresses

Investors

Calendar
The Group's interim reports will be published on the following dates:

Interim report first quarter	May 8, 2024
Interim report second quarter	July 19, 2024
Interim report third quarter	November 6, 2024
Year-end Report	February 7, 2025

Distribution and other information
The interim reports and annual reports can be read or downloaded on Skanska's website group.skanska.com/investors.

Those wishing to order the printed Annual Report can easily use the order form found on the above website, or contact Skanska AB, Investor Relations.

The website also contains an archive of interim reports and annual reports.

facebook.com/skanska

linkedin.com/company/skanska

twitter.com/skanskagroup

If you have questions, please contact:
Skanska AB, Investor Relations
SE–112 74 Stockholm
Tel: +46 (0)10 448 00 00
email: investor.relations@skanska.se

Addresses

Skanska AB (publ)
SE–112 74 Stockholm
Sweden
Street address: Warfvinges väg 25
Tel: +46 (0)10 448 00 00
group.skanska.com

Skanska Sweden
SE–112 74 Stockholm
Sweden
Tel: +46 (0)10 448 00 00
Customer service: +46 (0)20 30 30 40
skanska.se

Skanska Norway
Postboks 1175 Sentrum
NO-0187 Oslo
Street address: Lakkegata 53
Norway
Tel: +47 40 00 64 00
skanska.no

Skanska Finland
Nauvontie 18
00280 Helsinki
Finland
Tel: +358 20 719 211
skanska.fi

Skanska Poland
Aleja "Solidarności" 173
PL-00-877 Warsaw
Poland
Tel: +48 22 561 30 00
skanska.pl

Skanska Czechia and Slovakia
Křižíkova 682/34a
186 00 Prague 8, Karlín
Czechia
Tel: +420 267 095 111
skanska.cz
skanska.sk

Skanska UK
1 Hercules Way
Leavesden
Watford
WD25 7GS
UK
Tel: +44 (0)1923 776 666
skanska.co.uk

Skanska USA
Empire State Building
350 Fifth Avenue, 32nd floor
New York, N.Y. 10118
USA
Tel: +1 917 438 4500
usa.skanska.com

Skanska USA Building
389 Interpace Parkway, 5th floor
Parsippany, NJ 07054
USA
Tel: +1 973 753 3500
usa.skanska.com

Skanska USA Civil
75–20 Astoria Boulevard
Suite 200
Queens, New York, N.Y. 11370
USA
Tel: +1 718 340 07 77
usa.skanska.com

Skanska Commercial Property Development Nordic
SE–112 74 Stockholm
Sweden
Tel: +46 (0)10 448 00 00
skanska.com/property

Skanska Commercial Property Development Europe
SE–112 74 Stockholm
Sweden
Tel: +46 (0)10 448 00 00
skanska.com/property

Skanska Commercial Property Development USA
Empire State Building
350 Fifth Avenue, 32nd floor
New York, N.Y. 10118
USA
Tel: +1 917 438 4514
usa.skanska.com

Skanska Financial Services
SE–112 74 Stockholm
Sweden
Tel: +46 (0)10 448 00 00
skanska.com

For other addresses:
group.skanska.com

More information on Skanska can be found at group.skanska.com

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Skanska AB (publ)
Warfvinges väg 25
SE–112 74 Stockholm, Sweden

Tel: +46 (0)10 448 00 00
group.skanska.com

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