

Human resource development a high priority

Good managers are a crucial factor for both earnings and performance as well as for the professional development of employees.

Financial market turmoil and economic downturn have led to declining volume, especially in the Nordic residential sector. Late in 2008, Skanska was thus forced to announce employee cutbacks to adjust the organization to expected lower volume. The extent of this will depend on future developments in local markets.

For the Company's future, however, the need to recruit, develop and retain employees will remain a high-priority task for both Group executives and local business units. During 2008, Skanska further refined its human resource processes and methods.

Human resources issues are always on the agenda and are among variables measured and used for assessing senior managers. The Group's profitability is dependent on the earnings of its thousands of projects, and their success is in turn dependent on employee performance.

As part of Skanska's business plan for 2008–2010, each business unit plans its recruitment needs and sets targets for employee turnover and total recruitment, as well as greater diversity and professional development activities for its personnel. This process also includes establishing guidelines on which target groups and schools to prioritize in recruitment efforts.

During 2008, Skanska launched a new Skanska Employee Ownership Program (SEOP) aimed at all permanent employees,

for the purpose of strengthening their identification with the Company. During the first year of the program, 16 percent of Company employees joined SEOP. It is also possible for both new and former full-time employees to choose to join SEOP later.

Good managers a crucial factor

To provide a better picture of its management capacity, every year the Group conducts its Talent Review, a major evaluation of managers and a number of other key individuals in each business unit. The aim is to create a basis for continued professional development and succession planning. The survey is carried out with the help of outside experts. This review enables the Company to examine and take steps to address both individual development needs and whether a given employee is in the right position.

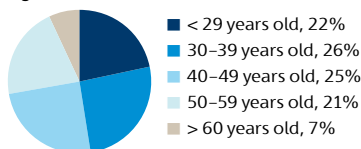
As part of its Great Boss concept, Skanska conducted its second annual

Great Boss Index survey. This is an instrument for diagnosing organizational issues, working climate and how well units operate. Good managers are a crucial factor for both earnings and performance, as well as for the professional development of employees.

Measuring job satisfaction

For many years, all local business units have carried out employee surveys aimed at measuring job satisfaction and the need for human resource development, as well as how many people are hired and how many leave the Company, respectively. A Groupwide measurement standard has been developed to provide comparable data. The surveys have also been broadened to cover all white collar employees and certain skilled workers. The purpose is to better understand employee needs, demands and wishes and to enable Skanska to increase employee motivation to remain in the Company.

Age distribution 2008



Female employees at Skanska

%	2008	2007
Skilled workers	3	2
White collar employees	24	24
Skanska AB Board ¹	13	11
Senior executives	11	10
Total	11	11

¹ Refers to members elected by the Annual Meeting. If employee representatives are included, women account for 21 (21) percent.



Trainee program leads to advanced positions

The second round of the Skanska Global Trainee Program has begun. The 22 new participants were selected from about 4,000 applicants from all over the world. Nearly half of those who were accepted are women or have a non-technical educational background.



Each year some of Skanska's top-performing employees are honored with the Golden Hard Hat Award, established in 2005. They are individuals who not only meet but surpass "Outperform" targets. The 2008 winners were Ulrika Dolietis, Skanska Sweden (pictured); Ulf Jonsson, Skanska Sweden; Tom Schmidt, Skanska ID; Reijo Möttönen, Skanska Finland; and Curt Burks, Skanska USA Building.

To facilitate recruitment work, a Group-wide network has been created for everyone who works with these issues. This is in addition to such existing aids as the Skanska Recruitment Toolbox on the Group's intranet, where employee recruiters at business units can exchange experience and share successful strategies for increasing the influx of job applicants.

Management training

For many years, a number of employees from throughout the Group have attended the Skanska Top Executive Program (STEP), provided in collaboration with the business school IMD in Switzerland. During 2008–2009 about 50 employees are undergoing this program, which aims at developing participants' strategic thinking while helping to strengthen their affinity with Skanska and build networks between individuals and units. In addition, numerous employees with leadership potential attend advanced human resource development programs at local business units.

Greater exchanges of experience

To provide professional development and stimulation mainly for younger employees who have worked at the Company for some years, the Skanska Unlimited exchange program was launched during 2008. In this program, selected employees exchange job assignments and units for six months.

Skanska Unlimited is open to those who have built up a few years of experience in the Company. Its purpose is to stimulate both personal and professional development. While providing challenges and encouragement to selected employees, it also contributes to greater exchanges of experience between units.

Increased diversity

For many years, male engineers have been the dominant employee category at Skanska. To harmonize with society at large and with its own customer profile, Skanska needs to increase the diversity of its workforce in terms of educational or occupational background, gender and ethnicity. This enriches the Company by

adding experience from other industries, academic disciplines and cultures, while increasing its recruitment base for future managers. This is why Skanska is also seeking future employees outside the traditional ranks of male engineers.

This also means that the Group will be less dependent on recruiting new engineering graduates, who will be a shrinking resource in the future relative to the overall needs of the business sector. Skanska also attaches great importance to recruitment and professional development of employees with ethnic backgrounds other than the majority group in each respective market.

Diversity in management positions

To meet its requirements and achieve a more even gender balance, Skanska needs more women at all levels, especially in line positions. A number of women are working at project manager level, but the proportion of women in management positions is still very low. To provide encouragement, support and professional development for women, Skanska is creating a new mentor program that will start during the spring of 2009. Business units will identify a number of women who will join the program.

Skanska USA has established a special council to stimulate greater diversity – laying the groundwork for increased cultural diversity as well as developing, counseling and supporting both managers and other employees in this field.

International trainee program

The first such program concluded during 2008, and its 13 participants now hold advanced positions at Skanska units in their respective home countries.

During 2008, Skanska recruited participants for the second round of its Global Trainee Program, and 22 new trainees began the program.

About 4,000 people applied for this year's Skanska Global Trainee Program. Of the 22 who were accepted, 41 percent are women and 41 percent have an educational background other than graduate engineering.

Employee turnover

A certain degree of employee turnover is not only unavoidable but also desirable. Many companies compete for both new university-level graduates and experienced employees. One challenge is to achieve a good balance in age distribution. Today numerous Skanska employees are over 50 years old. If the share of employees in the 30–40 age range is too small, this may limit the supply of candidates for the next generation of managers.

Employee retention efforts

Due to the Company's age structure, many employees will reach retirement age in the next several years. One major challenge is to bridge the generation gap and ensure transfer of knowledge between experienced employees approaching retirement and younger employees who will assume leadership roles.

In Skanska's Norwegian operations, a number of employees above age 60 with at least five years working in the Company have been offered individual solutions that enable them to keep working. The aim is to utilize their experience, for example by letting them mentor younger employees.

Keeping the expertise in projects

It is vital both to Skanska's operations and to individual employees that there are opportunities to pursue a career at the same time as expertise can be kept in projects.

In Sweden, for example, managers of large projects enjoy the same status as senior managers in terms of salary, title and level in the organization.

In the Czech Republic, Skanska also applies a system that enables project managers to pursue a career while remaining in production.