

Dear Saskia and Johannes:

My Skanska colleagues in Sweden asked me to respond to your email below because I handle communications for Skanska USA Building activities in the Southeast US. Thank you for this opportunity to respond to the AFL-CIO report pertaining to workers rights in the American South. Generally, the AFL-CIO report is advocating for unionization of labor in the southern US. The current status of labor unionization in that region is largely driven by socioeconomic, political and legislative influences that are far broader than the construction industry, and certainly far broader than anything Skanska has the ability to meaningfully influence due to the competitive forces in the marketplace. As part of its advocacy, the AFL-CIO generally contends that alleged wage theft and other mistreatment of labor in the construction industry could be avoided through unionization. Skanska believes it has been identified in the report largely, if not exclusively, because of an alleged incident of nonpayment of wages to certain drywall laborers on a hotel project in Nashville, Tennessee.

This incident was isolated and attributable to the conduct of Skanska's lower tier subcontractors. Contrary to the suggestion in the AFL-CIO report, on this privately-funded project Skanska had no influence or control over the wage rates paid by its subcontractors or the actual payment of wages. When Skanska became aware of the nonpayment allegations, Skanska acted appropriately and in a manner consistent with both applicable law and its contractual obligations. The Tennessee state lawsuit identified in the report resulted from liens filed by some of the alleged unpaid laborers. Skanska was able to properly utilize amounts withheld from responsible subcontractors to discharge the liens and pay the amounts to the account of the laborers that participated in the lawsuit. The fact that Skanska is not named in the federal lawsuit filed by the alleged unpaid laborers reinforces that Skanska did not participate in any alleged wage-related wrongdoing.

Skanska takes exception to AFL-CIO's suggestion that Skanska improperly uses anti-union subcontractors, tolerates violations of labor standards by its subcontractors and otherwise has an anti-union bias. In Tennessee, Skanska solicits competitive bids from multiple trade subcontractors, both union and nonunion. Skanska routinely awards contracts to union trade subcontractors, especially when the union trade subcontractor is the lowest responsible bidder.

The reality is that the right-to-work laws in Tennessee (and elsewhere in the South) and other socioeconomic factors have resulted in a limited pool of union trade subcontractors available to bid on Skanska's projects, and the projects of Skanska's competitors. The AFL-CIO's suggestion that Skanska should limit itself to utilizing union subcontractors would require Skanska to unfairly and improperly limit competition in a heavily nonunion region. By the AFL-CIO's own admission, Skanska does not have an anti-union bias because Skanska has exceptionally good relationships with unions in areas of the US (e.g. Northeast, Pacific Northwest) where union subcontractors are more prevalent. Skanska also has good relationships with many union subcontractors in the the Southeast US.

Skanska also believes the inclusion of certain construction industry statistics under the caption "Construction Workers Conditions in the South" is misleading in that a reader could interpret those statistics as applying to Skanska, since Skanska appears to be the only member of the

construction industry targeted in the report. While Skanska has not invested the time to evaluate the accuracy of those statistics to the construction industry as a whole, Skanska is confident that the statistics do not apply to the Skanska's direct workforce in the Southeast US.

In summary, Skanska is confident it lives by the values it espouses as a company and objects to any attempt by the AFL-CIO to suggest that Skanska is not living by its values based on one isolated incident for which Skanska acted appropriately and in a manner that it believes was entirely consistent with its values. In keeping with its values, Skanska supports the rights of workers to organize, and will remain open to working with union trade subcontractors in every region of the US, including the Southeast US. We also applaud the efforts of organizations such as the AFL-CIO that are endeavoring to educate workers on the merits of unionization.

Thank you again for the opportunity to respond.

Elizabeth Locke