



Foreword

In a time when the climate challenge demands real results rather than good intentions, public procurement stands out as one of the EU's most powerful tools. Representing more than 14 percent of the Union's GDP, procurement can accelerate the green transition, boost competitiveness and foster innovation – if used strategically.

At Skanska, we've seen this in practice. Through close collaboration with public buyers across Sweden, Europe and the United States, we've delivered projects that show climate performance and cost-efficiency aren't in conflict – they are essential for long-term success.

But to achieve more, we need better rules. Today's procurement framework wasn't designed for tomorrow's needs. In this report, we share project examples, policy insights and recommendations for the upcoming revision of the EU public procurement legislation. Our ambition is to contribute to a conversation where procurement is seen not as a technical process, but as a strategic tool – for the climate, for business and for Europe's future.

We hope this report can inspire and support decision-makers who, like us, want to see real change.

Anders Danielsson, President and CEO, Skanska Group and
Lena Hök, Executive Vice President Sustainability & Innovation

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Key takeaways

Public procurement represents over EUR 2 trillion annually in the EU, positioning it as a powerful lever to enhance competitiveness, drive innovation and advance the green transition. Yet outdated regulations and inconsistent implementation too often default to lowest cost, sidelining long-term value.

This report outlines our vision for modernizing EU procurement. Grounded in real project experience, we show how lifecycle value and non-price criteria lead to stronger outcomes. Our recommendations call for an EU-wide shift toward smarter, sustainability-driven procurement that:

- Mandate sustainability as a core evaluation factor, and make sustainable and non-price criteria standard – not exceptions
- Establish a single EU Regulation for consistency and impact at scale
- Early contractor involvement to enhance collaboration on innovative and sustainable solutions that enhance efficiency

We support stronger procurement rules that embed climate criteria, reward lifecycle value and empower authorities to choose bids based on long-term impact – not just price. With deep project experience and a strong focus on collaboration, we're ready to help make public procurement a strategic tool for Europe's climate and competitive goals.



About Skanska

Skanska was founded in 1887 to create solutions that are good for people and for society. More than 135 years later, we're one of the world's largest development and construction companies, with 2024 revenue totaling SEK 177 billion.

Skanska Group uses knowledge and foresight to shape the way people live, work and connect. We operate in select markets across the Nordics, Europe and the USA. Together with our customers and the collective expertise of our approximately 27,000 teammates, we create innovative, sustainable solutions that support healthy living beyond our lifetime.

Our operations are focused on four business streams:

- Construction
- Residential Development
- Commercial Property Development
- Investment Properties

Each stream collaborates and shares resources with the others. And we apply that collective experience and ingenuity to everything we do.

Current state – challenges and opportunities

Public procurement holds great potential to boost competitiveness, strengthen resilience, and advance the green transition. But its impact is still limited by outdated rules and a system that prioritizes lowest price over long-term value. Climate and circularity considerations remain optional and rarely applied, as procurement is still seen as transactional and not as a strategic driver. This mindset suppresses innovation and disadvantages those who lead on quality and sustainability.

Inconsistent application across EU Member States further fragments the market, making it harder to scale effective practices and technologies. This holds back demand for low-carbon, resilient solutions that align with Europe's climate ambitions.

The upcoming 2026 revision of the EU procurement framework offers a critical opportunity to change course. Proposals such as mandatory sustainability and resilience criteria, preferences for European and low-carbon products, and joint procurement of critical materials signal a shift toward more strategic public spending. If aligned with broader policy goals, procurement can reduce dependency, unlock innovation and drive industrial decarbonization.

Enabling low-carbon and resilient construction

To decarbonize construction, procurement must drive demand for solutions that lower emissions and improve resilience across

both buildings and infrastructure. This goes beyond materials, it includes building design, technical systems, innovative construction methods like 3D printing or digital tools that optimize energy performance throughout the lifecycle.

Public authorities can lead by requiring, not just encouraging, sustainable approaches in major projects. Setting clear, measurable targets, such as quotas for low-carbon solutions or energy efficiency performance, helps create lead markets that stimulate innovation across the value chain. This approach is already being applied in several EU countries and supports the Green Deal Industrial Plan and the Net-Zero Industry Act.¹⁾

A shift to lifecycle value and why it matters

Public procurement that focuses on the lowest upfront cost risks overlooking broader societal, environmental and financial implications. Purchase price is just a fraction of total cost when long-term maintenance, energy use, emissions and end-of-life considerations are factored in. According to the European Commission's *Buying Green!* handbook, lifecycle costing (LCC) better captures real ownership costs. Yet it's often handled by separate entities misaligning incentives and favoring short-term savings over long-term efficiency.²⁾

Environmental certifications like BREEAM and LEED are effective tools for embedding lifecycle value into procurement. They offer

structured, science-based frameworks to assess a building's performance across energy use, material impact, water efficiency and operational cost over time. At Skanska, we apply these certifications regularly to ensure our projects meet high sustainability standards and deliver long-term value. Including them in procurement criteria not only simplifies bid evaluation for public buyers – it also supports alignment with long-term climate and performance goals, enabling smarter, more sustainable investments.

Private procurement: a model for long-term value

In the private sector, procurement is increasingly recognized as a strategic function used to drive innovation, sustainability and long-term value.

According to the report *2025 State of Procurement Data*, which includes insights from 3,500 global procurement and organizational executives³⁾, companies place less emphasis on immediate cost and instead assess suppliers based on broader criteria like carbon performance, technological innovation and social impact. They also use data, sustainability metrics and supplier innovation to create value beyond cost control. Public procurement should adopt this mindset – moving beyond price to focus on lifecycle and societal value.

**Public-private partnerships:
bridging public goals with private innovation**
Public-private partnerships (PPPs) represent a collaborative model in which public sector goals align with private sector expertise and resources. By sharing risk and responsibility, PPPs can deliver infrastructure more efficiently and cost-effectively. The World Bank notes that well-structured PPPs often achieve on-time and on-budget delivery – leveraging private innovation for public gain.⁴⁾

Shared momentum for reform

Across Europe, momentum is growing to make procurement more strategic. The Call for Evidence and public consultation on public procurement⁵⁾ (Dec 2024 - Mar 2025), along with the recent Draghi and Letta reports, echo a shared goal: to reward long-term value – not just low bids.

"There is an enormous commitment in the construction industry and there are many technical solutions. It is possible to considerably accelerate the climate transition and at the same time build more or less climate-neutral buildings at a significantly lower cost by 2030. However, many construction projects fail to contribute to this because their economic incentives are built around short-sighted lowest price procurement", says Karl Jonasson Collberg, City of Stockholm, responsible procurement officer for Skanska's project Slakthusområdet E101.



Research also supports this shift. Innovation-driven procurement has been shown to boost both sustainability and business performance. In a recent paper, Chiappinelli et al. (2025)⁶ found that green contracts significantly improved contractors' environmental and economic performance without crowding out private sales. The consequences of ignoring sustainability are equally clear. Krieger et al. (2024)⁷ show that price-only contracts stifle innovation, while green procurement creates lead markets – especially in construction, where public authorities are major buyers.

A recent report by Innovationsföretagen warns that Sweden's transport infrastructure investments risk losing up to SEK 225 billion in value due to declining productivity and a narrow focus on lowest price.⁸ The report calls for reforms that prioritize lifecycle value, early-stage collaboration and alternative procurement models like PPPs – recommendations that align closely with our own perspective.

When done right, public procurement is not a bureaucratic process but a powerful industrial strategy for the green transition. Skanska is ready to lead. Now, we need the rules to follow.

Strategic procurement in practice: understanding EU tendering tools

To enable sustainable outcomes, contracting authorities must select appropriate procedures that align with the complexity and ambition of their projects. Under Directive 2014/24/EU, public buyers can choose from several tendering models:

- **Open procedure:** All interested suppliers may submit a full tender. Most commonly used
- **Restricted procedure:** Open for all to express interest, but only pre-qualified candidates can submit tenders
- **Competitive procedure with negotiation:** Suitable for complex purchases; allows dialogue and refinement of bids
- **Competitive dialogue:** Ideal when the buyer's needs are not fully defined. Enables in-depth engagement before tendering
- **Innovation partnership:** Used when no existing product or solution meets the need. Facilitates co-development
- **Design contest:** Solicits creative ideas through competition, typically for architectural projects

As shown in the table, usage of these procedures varies significantly. Although underutilized, competitive dialogue holds great potential – especially when sustainability goals or emerging technologies are involved. It promotes collaboration and helps align procurement with market capabilities with public objectives.

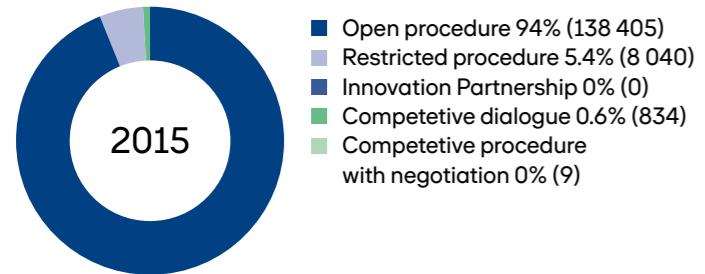
Why this matters

Choosing the right procurement method is critical. Strategic procedures like competitive dialogue can unlock smarter, more sustainable outcomes – especially when supported by clearer guidance, political will and the right incentives. The following chapter provides the technical foundation for our recommendations to modernize the EU procurement framework.

Sources:

- 1) Nilsson Lewis, A., Kaaret, K., Torres Morales, E., Piirsalu, E., Axelsson, K. (2023). Green Public Procurement: a key to decarbonizing construction and road transport in the EU. Stockholm Environment Institute. <https://doi.org/10.51414/sei2023.007>
- 2) European Commission, DG GROW, Buying Green! A handbook on green public procurement, 3rd Edition, 2021
- 3) Amazon Business, Driving Growth: Key insights from more than 3,500 procurement decision-makers, 2025 <https://www.businessinsider.com/sc/procurement-trends-2025>
- 4) World Bank PPP reference guide
- 5) European Commission Call for Evidence and Public Consultation on how Public Procurement Directives 2014/23/EU, 2014/24/EU and 2014/25/EU have performed
- 6) Chiappinelli et al. (2025) Public procurement as an innovation policy: Where do we stand?, 2005.
- 7) https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4774494
- 8) Innovationsföretagen, 1 200 miljarder skäl att tänka nytt, 2025

Procedural use 2015–2024

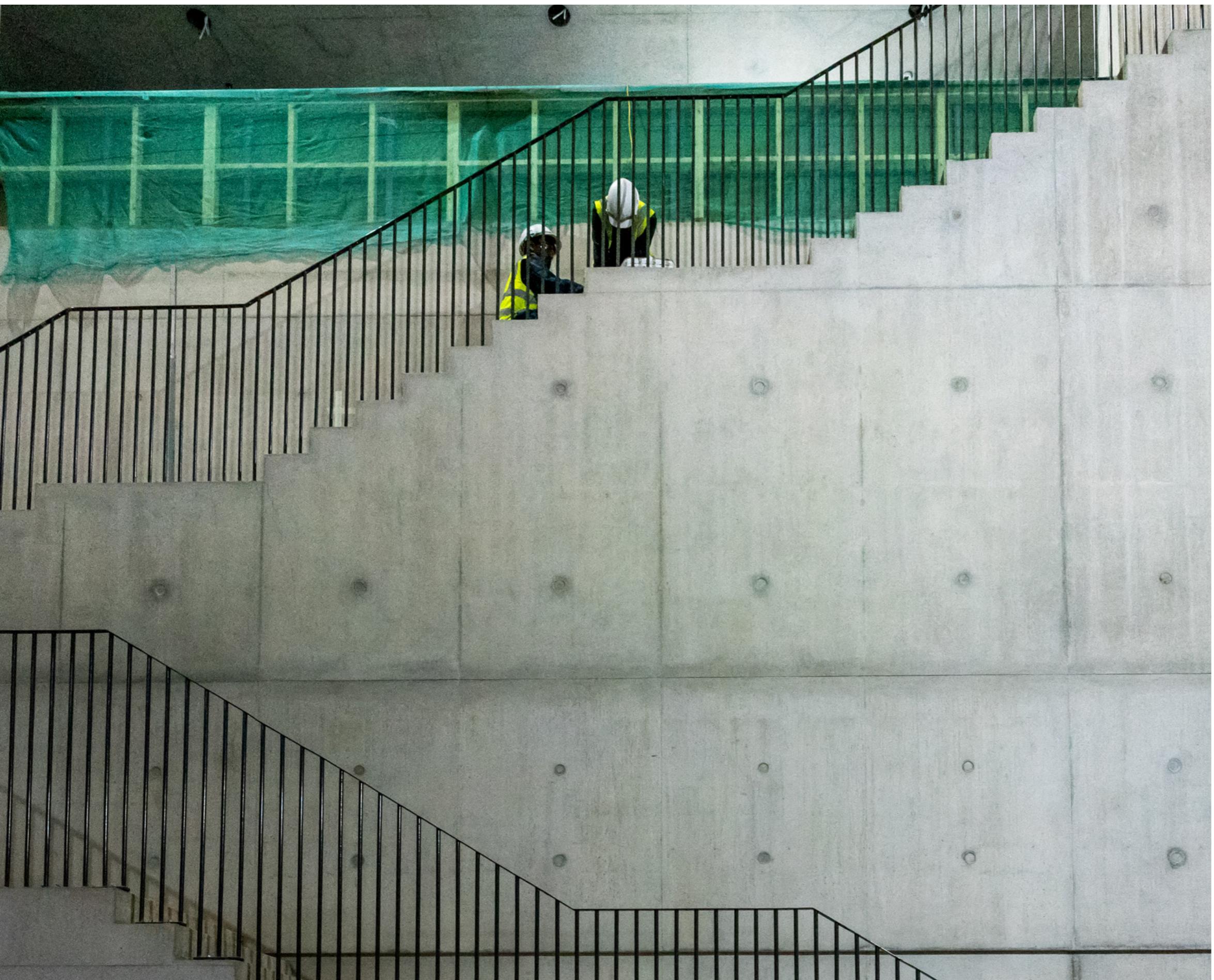


The usage of the different procedures (measured in procedures started) under Directive 2014/24/EU
<https://www.telles.eu/rethinking-the-procurement-directives-how-many-procedures-are-too-many/>

Proving the possible: Skanska's projects in action

It is important that the legislation in our respective countries aligns in order to create favorable conditions for success in climate efforts. The EU is a large market that should leverage its position to drive climate action forward. The United Kingdom is also an important player in the climate transition, where we can see that climate requirements in public procurement are becoming increasingly significant. On the following pages, we provide an update on legislation regarding procurement in the UK. We also share projects where Skanska has built with lower climate impact.





Transforming public procurement in the United Kingdom

In December 2020, the United Kingdom government published *the Green Paper: Transforming Public Procurement*¹⁾, a consultation document that marked a major shift in the country's procurement strategy following Brexit. The paper proposed a streamlined, transparent, and strategically focused system, with greater emphasis on sustainability, innovation, and climate responsibility.

It is critical that legislation and sustainability requirements are aligned, both within the EU and beyond. Since the introduction of the Green Paper, climate considerations have become increasingly prominent in public procurement. The reform aimed to simplify processes, cut bureaucracy and improve access for small businesses, charities and social enterprises. A key objective was to embed strategic priorities – particularly environmental sustainability – into procurement decisions.

While the Green Paper didn't mandate climate-related rules, it did lay the foundations for the integration of social value into contracts. This was reinforced by the National Procurement Policy Statement (NPPS), which requires authorities to consider climate action, waste reduction, supplier diversity, and broader social and environmental benefits.

The proposals in the Green Paper proposals have shaped legislation, notably the Procurement Act 2023²⁾, which comes into force in February 2025. One major change is the shift from "Most Economically Advantageous Tender" (MEAT) to "Most Advantageous Tender" (MAT), allowing broader evaluation criteria beyond cost, including environmental and social impact.

New tools such as Dynamic Purchasing Systems (DPS+) have also been introduced to enable more flexible, sustainability-focused procurement. For example, contracting authorities can require bidders to adopt methods that prioritize carbon reduction, value for money and Early Contractor Involvement (ECI) – bringing contractors in early to improve design, reduce risk and integrate low-carbon solutions. Bidders must demonstrate how they will minimize whole-life carbon emissions, from materials to maintenance. Procurement strategies can also align with the Development Consent Order (DCO)³⁾ process to ensure environmental commitments are embedded in contracts. Competitive tendering and ongoing stakeholder engagement remain central to this approach.

Sources:

- 1) Green Paper: Transforming public procurement - GOV.UK
- 2) Procurement Act 2023 - Parliamentary Bills - UK Parliament
- 3) Planning Act 2008: Content of a Development Consent Order required for Nationally Significant Infrastructure Projects - GOV.UK

Business Area: Skanska Sweden
Apartments: 3000
Workplaces: 14 000
Project start: 2022
Project finishes: 2025
Number of construction actors: 20
Country: Stockholm, Sweden

Stockholm's Meatpacking District (Slakthusområdet E101), Sweden



About the project

Stockholm's Meatpacking District (Slakthusområdet) is being transformed from an industrial area into a new vibrant urban neighborhood, with 3,000 homes and 14,000 workplaces. Honoring the site's more than 100-year history, the area is evolving into a mixed-use destination focused on food, culture and experience. The full district is expected to be completed by 2033.

Skanska's part in the project

Skanska was commissioned by the City of Stockholm to deliver a portion of the development known as Slakthusområdet E101, from 2022 until 2025. This includes street structure, extensive work to lay cables for electricity, fiber, water and sewage, district heating and cooling, gas and waste suction in collaboration with the utility owners. It has also included excavation; a total of 75,000 tons of rock and 96,000 tons of soil. During the 2024 Sweden Green Building Awards, the project received the Sustainable Infrastructure award, having achieved a 70 percent reduction in climate emissions compared to a conventional contract.

Machines on site run entirely on electricity and fossil-free alternatives. The project's mass management plan shows that it is possible to reuse a significant portion of project materials – 153,000 tons have been processed and reused as construction and fill material. This corresponds to approximately 72 percent of the project's needs. Skanska has supplied asphalt with a high content of reclaimed material from a plant operated without fossil fuels. The project has laid 8,498 tons of asphalt, resulting in a climate saving of 120 tons of CO₂. In certain asphalt types (primarily AG Zero, 4,869 tons), bitumen has also been partially replaced with tall oil. Including the carbon sink effect of this substitution, the project has achieved a total climate saving of 237 tons of CO₂.

About the public procurement

To meet its climate goals, the City of Stockholm piloted a new model for fossil-free construction. In consultation with the procurement unit, it selected competitive dialogue as the tendering procedure. Skanska was awarded the contract based on its

carbon accounting and ability to supply an electric excavator prototype. According to Karl Jonasson Collberg, procurement officer at the City of Stockholm, responsible for Slakthusområdet E101

"We chose competitive dialogue when we realized that what we were looking for was difficult to define. It was tricky to set requirements and ask for a price when we didn't know exactly what we were looking for. With competitive dialogue, we could ask questions to potential suppliers and ultimately get more than we expected"

Jonasson Collberg further explain there were also other reasons for choosing competitive dialogue, namely

"The way the construction industry operates today is not sustainable. Delays, ballooning budgets, the involvement of criminal actors and a general problem with quality all affect this business. With this reality at hand the continued reliance of lowest-price-procurement seems unfeasible. Instead, I believe that

contracting authorities needs to look at other grounds for evaluation focused on finding partners capable of delivering qualitative and sustainable construction solutions. Competitive dialogues are a useful tool in achieving this and to my mind it could be used more frequently."



Lindesnes Care Center and Health Building, Norway

Lindesnes Care Center and Health Building, Norway. "The municipality deserves praise for this," says Tor Arne Midtskogen, Executive Director of the Building Unit at Skanska Norway.

About the project

Skanska and Lindesnes Municipality are developing a care center and health building through a collaborative design-build process. The care center will include 72 assisted living apartments and 48 short-term care units. The health building will be approximately 12,500 square meters. The care center is scheduled to be completed late 2025 or early 2026, the health building in late 2027 or early 2028.

The health building will cover 12,500 square meters and is designed to be the most energy-efficient of its kind in Norway. Construction emphasizes durable materials with a lifespan of over 60 years, recycled steel and flooring, and a climate target of net-zero greenhouse gas emissions. Both buildings will generate more energy than they consume in operation.

Skanska's role in the project

Skanska is delivering the project under a design-build contract, divided into two phases. Phase one covers the care center; phase two includes the health building, which will host mental health services and rehabilitation facilities. The buildings will be connected by a central structure and complemented by an underground parking garage and a sensory garden. The health building will serve as an inclusive community hub for residents of Lindesnes.

About the public procurement

Lindesnes Municipality has very high climate ambitions for this project; this will be Norway's most energy-efficient health building. Funding for the project was made possible through an investment from

Husbanken, the Norwegian State Housing Bank, which was a prerequisite for the start of construction.

Lindesnes municipality announced the tender through official channels as required for contracts exceeding certain thresholds. Interested contractors were evaluated based on their technical competence, financial stability, experience with similar projects, and sustainability credentials. Prequalified bidders then submitted detailed proposals outlining technical solutions, timelines, and pricing. During this phase of the process, the Lindesnes Municipality used Competitive Dialogue to optimize the project and find the most sustainable solutions.

Business Area: Skanska Norway
The care center: 8,000 square meters
Care homes: 72
The Health Building: 12,500 square meters
Short-term care units: 48
Project start: 2024
Project finished: 2028
Country: Lindesnes, Norway

Business Area: Skanska US Civil
Passengers: 62.55 million/year
Cargo: 1.67 million tons/year
Project start: 2023
Project finished: 2027
Number of construction actors:
 Skanska Halmar JFK Joint Venture (SHJV)
 team and 100s of subcontractors
Country: New York, USA

JFK Roadways, Utilities and Ground Transportation Center, USA



About the project

John F. Kennedy International Airport (JFK) is New York's global gateway and one of the busiest airports in the world. The project transforms its five-loop roadway system into a more intuitive three-loop layout and adds a centralized Ground Transportation Center (GTC) with 1,950 parking spaces, electric vehicle charging stations, and a 400-foot-long pedestrian bridge. Construction began in May 2023 and is scheduled for completion in December 2027.

The Skanska Halmar JFK Joint Venture (SHJV) has developed a Comprehensive Climate Resilience Plan, supporting the Port Authority's goal of achieving net-zero carbon emissions by 2050. The plan identifies flood-prone areas, assesses climate risk and prioritizes mitigation.

One initiative, ATC-04, reconfigures the Ground Transportation Center to eliminate through-traffic – removing a major security risk and eliminating the need for an energy-intensive ventilation system. The design also integrates rooftop solar, low-flow plumbing, natural ventilation and energy-efficient systems. Overall, operational energy use is expected to drop by more than 30 percent.

Skanska's role in the project

The Skanska Halmar JFK Joint Venture team comprises Skanska USA Civil Northeast Inc. and Halmar International, LLC, with Parsons Transportation Group of New York, Inc. as Lead Designer.

This design-build project includes reconfiguration of the on-airport roadway network, maintenance and protection of traffic, enhanced wayfinding and traffic technologies, at-grade pavement, retaining walls, and bridges, utility relocations and upgrades.

"I love this project. We are 100% committed to delivering an exceptional customer experience from start to finish. Our team is dedicated to integrity, safety, and quality, and I am personally committed to fostering trust, communication, and collaboration with the Port Authority and all project stakeholders. I'm proud to represent the Skanska Halmar JFK Joint Venture team."

— David Tullis, PE, The Skanska Halmar JFK Joint Venture team Project Manager

About the public procurement

The procurement process began with a Request for Qualifications (RFQ) in January 2020. Bid packages were published on the Port Authority's procurement site, where firms registered for consideration.

This project is being delivered through a design-build approach – a form of alternative project delivery that integrates design and construction services under one contract.

As an example, The Skanska Halmar JFK Joint Venture team has reviewed the Climate Resilience Design Guidelines (CRDG) and identified opportunities to better integrate climate change vulnerabilities into the existing decision-making processes and infrastructure design. In collaboration with the Port Authority's Resilience and Sustainable Design Group, The Skanska Halmar JFK Joint Venture team developed design criteria that address future risks such as extreme heat, increased precipitation, and other climate-related stressors.

In addition to operational and sustainability benefits, the Skanska Halmar JFK Joint Venture is committed to delivering high-quality outcomes and prioritizing collaboration with the Port Authority's Mechanical Engineering Unit. Together, we are developing durable concrete designs that meet or exceed required service life standards. For instance, the Port Authority required both a Comprehensive Climate Resilience Plan and a Sustainability Plan. The Climate Resilience Plan needed to align with the Port Authority's Climate Resilience Design Guidelines and the NYC Building Code. It was required to address the design and construction of the GTC Garage, along with all related roadways and utilities.

Throughout the design and construction phases, the Design-Builder was responsible for preparing and submitting a Sustainability Plan to document and track compliance with all sustainability requirements. These submissions were based on the Preliminary Sustainability and Resilience Plan included in the Design-Builder's original proposal. Each submission was expected to provide increasingly detailed documentation of current and planned compliance with sustainability standards.

A smarter framework: Seven recommendations for EU action



This report outlines a set of targeted recommendations for how public procurement can better support long-term competitiveness, innovation and the green transition. Our proposals are based on lessons learned from Skanska's own projects, dialogue with public and private stakeholders, and an in-depth understanding of how procurement impacts the construction and infrastructure sectors.

By aligning procurement rules with long-term climate and industrial goals, Europe can unlock the full potential of public spending. The following recommendations aim to contribute to that shift – offering practical, actionable steps for decision-makers at every level.

1. Mandate sustainability and resilience criteria

Move from voluntary to mandatory inclusion of climate, circularity, and resilience criteria in all public tenders.

2. Set mandatory targets for low-carbon materials and methods

Set minimum quotas for decarbonized materials and climate-smart construction in large public projects to drive demand and enable market scale-up.

3. Reward lifecycle value over lowest price

Encourage contracting authorities to assess long-term social, environmental, and economic value – not just upfront cost.

4. Scale the use of strategic procedures like competitive dialogue

Promote tendering procedures that support innovation and collaboration – backed by clearer guidance to ease implementation.

5. Support capacity-building and guidance for public authorities

Equip public buyers with the tools, training, and resources to apply sustainability criteria effectively.

6. Foster joint procurement for strategic sectors

Enable coordinated procurement of climate-critical solutions like renewable materials, low-carbon infrastructure, and resilient design.

7. Foster a culture of learning and performance

Encourage peer learning among public authorities and align buyers and suppliers around shared innovation and performance goals.

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