



COILLTE

A Greener Future *for All*

Annual Report 2022





Forests *for* wood

Forests *for* people

Forests *for* nature

Forests *for* climate

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OUR VISION

To create a sustainable future for all.



OUR MISSION

To deliver the multiple benefits of our forests to society.



OUR PURPOSE

To manage the state forests on behalf of the people of Ireland.



OUR VALUES

Empowerment, Simplicity, Outward looking, Respectful, Responsibility.



Business Overview

Coillte, Ireland's state forestry company, manages

440,000 hectares



Or

7%

Ireland's land



Coillte is the nation's largest forester and producer of certified wood, a natural, renewable and sustainable resource.

About Coillte

Coillte employs over 800 staff and over 1,200 contractors across three business divisions: Coillte Forest, Land Solutions and MEDITE SMARTPLY



800+ Staff



1,200 Contractors

Coillte is part of a wider forestry sector

Ireland's forestry sector manages c.11% of Ireland's land, supports 9,000 jobs and contributes €2.3bn to the Irish economy annually.



Forest sector contributes to economy annually

€2.3bn

Coillte is the largest provider of outdoor recreation in Ireland

260 Recreational Forests

12 Forest Parks
3,000km of way marked trails



Coillte Forest manages the forest cycle, from collecting seed to planting trees, tending forests and sustainably harvesting trees, to replanting and starting the cycle once more



Coillte Forests are certified by both the Forest Stewardship Council (FSC) and the Programme for the Endorsement of Forest Certification (PEFC)

Forests managed sustainably  

Managing Biodiversity

Over 90,000 hectares of the Coillte estate (c. 20%) is managed primarily for biodiversity.



20%

Land managed primarily for biodiversity

Multiple Benefits of Forestry

Multiple Benefits of Forestry

Coillte is focused on balancing and delivering the multiple benefits of **forestry** for **climate, nature wood** and **people**.



300km Bike Trails

Coillte has developed 6 world class mountain bike centres in Sligo, Galway, Laois/Offaly, Dublin, Wicklow and Limerick



Land Solutions

Responsible for asset development and enabling sustainable solutions for activities in areas such as renewable energy, housing, infrastructure development, tourism and education.

Over 30% of all installed wind farms in Ireland are developed on land supplied by Coillte



Coillte Nature



The not-for-profit branch of Coillte dedicated to the restoration, regeneration and rehabilitation of nature across Ireland.

Panel Board Manufacturing

MEDITE SMARTPLY is Coillte's market leading panel board business manufacturing innovative and sustainable products with uses from furniture to construction.



MEDITE SMARTPLY
Sustainable products

About Coillte

Coillte is hugely important to both the economy and the well-being of Ireland. It is the largest forestry company in the country, and it plays a key role in producing sustainably-grown wood and wood products, protecting and enhancing biodiversity, tackling climate change, contributing to a climate resilient economy and providing a vast range of recreation facilities across the estate.



Coillte was established as a commercial semi-state company in 1989. Then, its estate amounted to circa 396,000 hectares (ha). Today it manages 440,000 ha, equivalent to 7% of the total land area of the country.

The estate accounts for around half of Ireland's forests and is made up of a variety of different habitats. These range from conifer and mixed or broadleaf forests, and open upland bogs and heathlands, to lakes and rivers.

Over the last 30 years, Coillte has focused on the production of wood, the manufacture of wood products, the provision of recreation, biodiversity and environmental services, and the development of critical infrastructure such as renewable energy.

Coillte also provides jobs. The entire forest sector employs about 9,000 people directly, mostly in rural Ireland, while Coillte itself employs over 800 people along with a further circa 1,200 contractors working across three divisions, Coillte Forest, Land Solutions, and MEDITE SMARTPLY.

Despite the relatively low level of forest cover in Ireland (11.6% compared to a European average of circa 40%), the overall forestry sector underpins a thriving export-led forest products sector which supports circa €2.3 billion of economic activity annually.

Coillte Forest

Coillte focuses on balancing and delivering the multiple benefits of forests for climate, nature, wood and people. Coillte's sustainably-grown forests produce quality wood and wood products. Its forestry operations manage all aspects of the forest cycle, from collecting seed to planting trees, tending forests and sustainably harvesting trees, before replanting to start the cycle once more.

Wood is a valuable resource, used in housing, furniture, pallets for moving goods and materials, and fencing and lifestyle products for gardens and farms. It is also of course used to manufacture innovative and multi-purpose panel board products like OSB and MDF, while using Irish

wood and wood-based products for building homes is an important climate-efficient and sustainable substitute for conventional carbon intensive products.

Crucially, Ireland has a competitive advantage for growing some types of trees particularly suited for use in the built environment. Our mild climate allows certain conifer species to reach maturity in 35 years, as opposed to up to 100 years in central and northern Europe.

But Coillte's forests provide more than wood for industry. They are also the leading provider of outdoor recreational activities in Ireland, with over 3,000km of way-marked trails, 12 forest parks, 6 mountain-bike trails, 260 recreational sites and over 6,000 forest properties. Every year, as forest recreation becomes an ever-more important option for people seeking to improve their overall wellbeing, circa 18 million visits are made to Coillte forests.

Coillte is also committed to protecting nature and restoring habitats across the estate. Over 90,000 ha of its estate (circa 20%) is managed primarily for biodiversity and Coillte's ambition is to increase this to over 130,000 ha (circa 30%) by 2025. Areas containing habitats of high biodiversity value including native forest, mixed forest, blanket bog, raised bog, and wet and dry heath can be found throughout the estate and, with the help of a science-based approach called 'BioClass' these areas are classified, after which Coillte develops ecological and silvicultural plans to enhance and/or restore these sites and improve their biodiversity value.

Overall, Coillte's responsible stewardship of its forests has been recognised, with its estate having received accreditations from both the Forest Stewardship Council (FSC®) and the Programme for the Endorsement of Forest Certification (PEFC™). These awards certify that Coillte's forests are managed sustainably.

Land Solutions

Coillte's Land Solutions division is responsible for building and growing opportunities that create a more sustainable future for Ireland.

The division works across a portfolio of businesses that can add significant value to our stakeholders through a combination of our people and forests. This portfolio includes asset development and providing innovative and sustainable solutions to activities in areas such as renewable energy, housing, infrastructure development, tourism and education.

FuturEnergy Ireland is an example of one opportunity in this portfolio. As part of Coillte's vision to develop 1 Gigawatt (GW) of renewable energy, it has partnered with the ESB through FuturEnergy Ireland with the aim to develop best-in-class wind farms with the support of local communities, thereby enabling Ireland and its people to combat climate change and contribute to more sustainable living. Coillte also continues to work with other developers outside of this joint venture in supporting the development of renewable energy.

As part of the on-going management of our estate, Land Solutions is also responsible for acquiring new land and forests and for land sales that support local and national needs. These sales can range from local housing needs to significant infrastructure development in Ireland, for example Center Parcs in Longford, was developed on land which was originally owned by Coillte.

Coillte Nature

Part of the Land Solutions division, Coillte Nature delivers significant climate and nature solutions through innovative projects-of-scale.

These include:

- afforestation of land to create new native woodland
- restoration of important biodiversity habitats
- regeneration of urban forests
- rehabilitation of critical ecosystem services.

Key projects have included the Dublin Mountains Makeover, the Midlands Native Woodlands, the Wild Western Peatlands and the Hazelwood Restoration project. Working with nature takes time with the result that these projects are generally long-term initiatives.

MEDITE SMARTPLY

MEDITE SMARTPLY is Coillte's market leading producer of engineered wood-based construction panels and is committed to manufacturing innovative and sustainable products.

The manufacturing mills in Clonmel (MEDITE) and Waterford (SMARTPLY) have 385 employees who work with the latest production technology to deliver high quality MDF and OSB panels to more than 20 countries worldwide. All products are certified by the FSC® and PEFC™ and meet the diverse needs of users from furniture to floor structures and offsite manufacturing to timber frame construction.

MEDITE SMARTPLY is the largest user of small diameter wood fibre in Ireland. Using in excess of one million tonnes of pulpwood and sawmill residues each year, MEDITE SMARTPLY is an integral part of the Irish forest products sector.

Through research, development and ongoing investment in technology, MEDITE and SMARTPLY have been established as leading brands in the wood panel market. They have introduced a wide variety of innovative product features such as quality finish, moisture resistance, flame retardancy, machinability, durability and strength. These have enabled MEDITE SMARTPLY products to be a trusted alternative to more traditional materials.



Viewing Tower at 'Beyond the Trees Avondale' made from locally sourced Douglas fir and larch wood

Wood is a valuable resource, used in furniture, pallets for moving goods and materials, fencing and lifestyle products for gardens and farms, while using Irish wood and wood-based products for construction is an important climate-efficient and sustainable substitute for conventional carbon intensive products.

Chair's statement



I am pleased to present Coillte's Annual Report and Accounts for 2022.

Ireland's Climate Action Plan sets out clearly the important role that forestry and wood must play in helping Ireland achieve its ambitious climate action targets. We recognise the contribution that Coillte, as a key player in the sector, can make to the achievement of these targets.

To that end, in 2022, we launched our forestry strategic vision. Supported by the outputs from an extensive consultation process, it foresees an exciting future for Coillte and our stakeholders.

Our vision is to create a sustainable future for all by delivering the multiple benefits of our forests to society. We have set out several ambitious statements from enabling new forests while managing our existing ones, which enhance our ability to capture circa 28 million tonnes of carbon dioxide (CO₂). Additionally, while we continue delivering sustainable wood products to support the bioeconomy, we also plan to enhance and restore biodiversity and to create more recreational spaces for visitors to enjoy.

A part of our vision is supporting the creation of 100,000 ha of new forests, half of which will be native woodlands. To achieve this stretch target, a number of actions will need to be successfully undertaken. These include the use of public lands through our collaboration with Bord na Móna, the use of Environmental, Social, and Governance (ESG) investment by the Nature Trust to plant new native woodlands and the creation of mixed woodlands through the Irish Strategic Forestry Fund. Succeeding across all these areas will be challenging and we expect to develop other initiatives over time, but as we pursue them, we will continue to engage with our Shareholders and key stakeholders on how best to balance economic, social, and environmental benefits. While the launch of the Irish Strategic Forestry Fund sparked debate in respect of Coillte's role in meeting State afforestation targets, we believe all debate is helpful to move this critical climate action item forward.

Financially, we had a strong performance in 2022. During the first half of the year, pricing, driven by a mix of demand and supply constraints in

international wood and timber related products markets was strong, albeit back from the highs experienced during the previous year. Demand levels in the first half of 2022 reflected the continued growth of the construction sector led by the home improvements category. There was however, a marked reduction in construction sector demand in the second half of 2022 which resulted in significant price reductions, while we also experienced the impact of high inflation, with movements in some of our key input costs closely correlated to movements in gas and oil prices. We are carefully managing the impact of these inflationary pressures on our cost base. Cumulative dividends of €27.7m in respect of 2022's outturn were approved by our Board, of which the €7.7m final dividend is subject to Shareholder approval at our upcoming AGM.

One of the highlights in 2022 was the official opening of 'Beyond the Trees Avondale' in Co. Wicklow by President Michael D. Higgins in July, a proud moment for Coillte. Avondale, the long considered home of Irish forestry, is steeped in Irish political history, with the estate once owned by Charles Stewart Parnell and his family. 'Beyond the Trees Avondale', our flagship recreational offering, showcases the evolution of Irish forestry with features including a stunning Treetop Walk, a 38m high Viewing Tower and the longest slide in Ireland. Already, 'Beyond the Trees Avondale' has been recognised as Ireland's first age-friendly tourist destination and has won the Tourism and Hospitality Project of the Year at the Irish Building and Design Awards in October 2022. Additionally, I am pleased to report that Avondale House reopened to the public in March 2023 and now showcases the unique history of the Parnell family along with charting the history of the formation of the first school of Irish forestry.

There were other highlights during the year. A 10-year investment programme at our OSB manufacturing facility in Waterford culminated in the successful commissioning of our €45m upgrade of SMARTPLY's drying, energy and screening system. This will help secure the future competitiveness of a key forestry sector asset.

The Nature Trust, of which Coillte is a member, raised over €5m of external ESG related funding to create new native woodlands, bringing the total raised to date by The Nature Trust to over €7m. In addition, several large-scale biodiversity projects have been progressed. These include works at Hazelwood Forest, Co. Sligo, to remove invasive species from an alluvial forest environment, while funding has also been secured from the EU funded LIFE INSULAR project to carry out sand dune restoration and conservation works at two sites, with work commencing in 2023 at the Raven Nature Reserve, Co. Wexford.

Our open forest policy again delivered for the people of Ireland. Each year it is estimated that circa 18 million visitors enjoy our forests. In a bid to improve visitor experiences even further, we continued to upgrade and improve our recreation sites by providing new and enhanced walking trails while during the year we also constructed a further 24km of new mountain bike trails across the estate.

I am also pleased to note that last year we published our first Gender Pay Gap Report. Within it, we identified several actions including a commitment to increase our focus on promoting forestry to a wider audience, thereby growing a more diverse talent pool. We also placed significant focus on sustainability initiatives, and I am delighted that we have now completed our carbon emissions baseline assessment for Scope 1 and Scope 2. This will enable us to set ambitious carbon reduction targets through the Science Based Targets Initiative (SBTi) in 2023.

2022 saw several changes at Board level. Having served on the board for nine years, Julie Murphy-O'Connor retired in June. I would like to thank her for her invaluable service

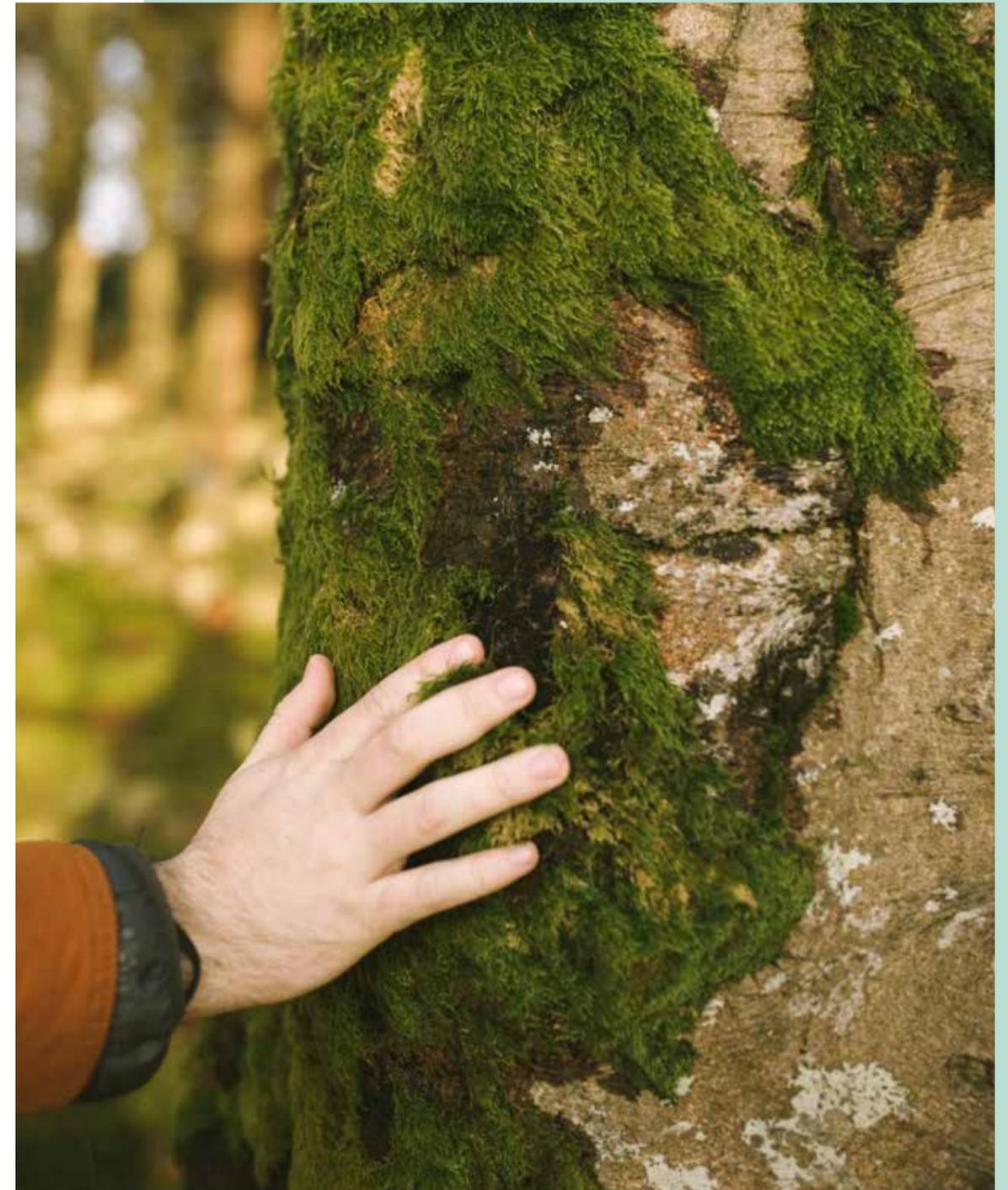
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18 million
visitors
enjoy our forests.

and sound advice as Director over that time. Meanwhile, we welcomed three new Directors, Imelda Hurley, Frank Hayes and Deirdre-Ann Barr, and I am also delighted that, following the expiry of their initial Board terms, Gerry Gray and Patrick Eamon King have been reappointed. I would like to thank each Board member for their support, advice and dedication to the role during the year.

I would also like to thank my Coillte colleagues. Their commitment and hard work throughout a challenging period as we adapted to new working practices was exemplary. In addition, I wish to acknowledge and thank our customers, who have shown incredible resilience through the most challenging of times. In addition, I wish to thank our contractors and suppliers for their continued support and engagement. On behalf of the Board, I would also like to thank our Shareholders, the Minister for Agriculture, Food and the Marine, Charlie McConalogue and the Minister for Public Expenditure, National Development Plan Delivery and Reform, Paschal Donohoe as well as the Minister of State at the Department of Agriculture, Food and the Marine, Pippa Hackett. Together with their officials and advisors in NewERA, they provide us with continued strong support, for which we are grateful.

Along with our stakeholders, I look forward to 2023 as a year during which Coillte will continue to make a positive contribution to society and the economy, by delivering the multiple benefits of forestry and making considerable progress on our ambitions under our forestry strategic vision.

Bernie Gray
Chair



Our vision is to create a sustainable future for all by delivering the multiple benefits of our forests to society. We have set out several ambitious statements from enabling new forests while managing our existing ones, which enhance our ability to capture circa 28 million tonnes of CO₂.

Chief Executive's Review



Ireland's forests and the forestry sector have never been more relevant in terms of the challenges of our time including climate change, biodiversity and Ireland's housing challenge.

In the coming years Ireland must meet very challenging carbon reduction targets and at Coillte, we both recognise and embrace the immense responsibility on us to optimise the natural asset and resource we manage. We aim to do this in a way that contributes to the climate action agenda, ensures the supply of wood and wood products to support the delivery of sustainable homes, develops the bioeconomy, enhances biodiversity, provides access to recreation amenities and more. It is against this backdrop that in April 2022 we launched Coillte's new forestry strategic vision.

Forestry Strategic Vision

This new vision will see Coillte growing new forests, managing our existing forests for greater carbon capture, enhancing biodiversity, and creating more incredible recreational spaces for the enjoyment of citizens and tourists. And as we do all this, we will continue to deliver for the forest and wood products sector, a sector critical to the delivery of sustainable wood products and sustainable homes.

This new vision is very ambitious and is dependent on Coillte being in a position to contribute to the cost of its delivery, by being commercially successful. Ultimately its success will be measured by the extent to which we can sustainably balance and deliver the multiple benefits of Ireland's state forests across four strategic pillars: climate, wood, nature, and people.

Consultation on our Forestry Strategic Vision

While we believe this new vision optimises Coillte's contribution to the challenges of our time, we were also conscious, while developing it, of the need to ensure it is aligned with the expectations of Irish society. Thus, we undertook an extensive consultation process to seek feedback. The outcome of this process revealed the value placed on Coillte as a provider of sustainable wood products, a supporter of rural jobs and a destination of choice for recreation and well-being, while also highlighting that climate change and biodiversity, are key concerns of our stakeholders. Further details of our forestry strategic vision along with the results of the survey are set out in some detail later in this report.

Afforestation Targets and Coillte's Approach

Our forestry strategic vision includes a series of ambitions, one of which relates to the creation of 100,000 ha of new forests, half of which will be native woodlands. Creating these new forests is key to Ireland achieving its climate action targets. The Government's aim is to increase forest cover from 11.6% to 18%, and to achieve this, Ireland will need 450,000 ha of new forests. That is a hugely ambitious target given the current rate of planting new forests in Ireland is circa 2,000 ha per year. However, Ireland is targeting a step up to 8,000 ha of annual afforestation, which will represent a very significant increase in planting.

If we are to achieve this level of afforestation, all stakeholders in the sector must play a role. Farmers, the largest landowners, must be at the centre of a national effort, but, given the scale of the challenge, private forestry companies and Coillte will also need to contribute.

We have mobilised a number of initiatives to support the achievement of Coillte's 100,000-hectare ambition. These include public land afforestation for example through our collaboration with Bord na Móna, the use of private ESG investment by the Nature Trust to create new native woodlands and the creation of mixed woodlands through the Irish Strategic Forestry Fund.

Our new forestry strategic vision and particularly the Irish Strategic Forestry Fund provoked much discussion and debate, focused among other things on land ownership, land use and the challenges associated with achieving 18% forest cover in Ireland. It is clear that determining how best these targets can be achieved will require clear Government policies along with continuous engagement and cooperation amongst key stakeholders. We must all work to enable solutions to these challenges and Coillte remains steadfast in our commitment to be a key contributor.

Opening of 'Beyond the Trees Avondale'

A key highlight of our year was the official opening of 'Beyond the Trees Avondale' by President Michael D. Higgins in July 2022. Developed in partnership with Fáilte Ireland and EAK Ireland, 'Beyond the Trees Avondale' is a spectacular new visitor destination in Co. Wicklow. It combines a 700m Treetop Walk with a 12-storey high Viewing Tower and a Seed Café, all of which have been developed using Irish wood products – indeed the longest Sitka spruce glulam beams ever produced utilising Irish timber can be seen in the Seed Café. And building on this, visitors of all ages have the opportunity to learn about the multiple benefits of forestry as they enjoy this wonderful amenity. We are delighted that visitor numbers have already exceeded 250,000 and pleased to augment our 2023 destination offering with Avondale House, the birthplace and home of Charles Stewart Parnell, having reopened in March 2023. The renovated house now offers interactive tours to showcase the unique history of the Parnell family and the formation of the first school of Irish forestry.

Group Financial Performance

I am delighted to report that Coillte delivered a strong financial performance in 2022.

Importantly, forest operations began to return to more normal operating levels during 2022 with sawlog volume sales to our sawmill customers at 1.5m m³. This represents an increase from 2021 volume levels of 1.4m m³, which was facilitated by the significant progress made in respect of felling licence availability.

Our MEDITE SMARTPLY panel board operations focused on optimising production levels during 2022. The year also saw the completion of our €45m upgrade of the drying, energy and screening system within SMARTPLY, an outcome which further underpins the future competitiveness of the business.

End market prices for timber and panel board products in 2022 were down from the record levels achieved in 2021. Prices remained relatively high during the first half of the year, supported by strong demand in the construction and home improvement sectors, and a global supply and demand imbalance which created a series of supply challenges in key markets.

The second half of 2022 saw this supply imbalance correct for sawnwood and OSB products while, in parallel, demand across the construction sectors in Ireland, UK and EU markets weakened, resulting in significant price reductions. Inflationary pressures were evident throughout 2022 and had a material adverse impact on the Group's unhedged cost base. This was most particularly evident in a series of our key input costs which are closely correlated to movements in gas and oil prices. However, despite these challenges the Group achieved a very solid financial performance, with EBITDA earnings of €157m and record Operating Cash of €107m. This performance enabled the Group to make a significant contribution to the Irish Exchequer with dividends of €27.7m in respect of 2022's outturn approved by our Board, of which the €7.7m final dividend is subject to Shareholders approval at our upcoming AGM. During the coming year, Coillte in conjunction with our Shareholders will review our dividend policy to consider what the most appropriate policy is against the current operating backdrop and the expectations on Coillte to deliver across a range of commercial and societal expectations.

Coillte's forests are the leading provider of outdoor recreational activities in Ireland, with over **3,000km of way-marked trails, 12 forest parks, 6 mountain-bike trails, 260 recreational sites and over 6,000 forest properties.**

Developed in partnership with Fáilte Ireland and EAK Ireland, 'Beyond the Trees Avondale' is a spectacular new visitor destination in Co. Wicklow. It combines a 700m Treetop Walk with a 12-storey high Viewing Tower and the number of visitors, of all ages, has already exceeded expectations.

Treetop Walk at 'Beyond the Trees, Avondale' made from local Irish wood



A family pictured at Coillte's Ticknock Forest, Co. Dublin



Delivering the Multiple Benefits of Forestry for Society

During 2022, against the backdrop of our new strategic forestry vision, we made positive progress across each of our four key strategic pillars with the following highlights:

Forests for Climate

- Published Greenhouse Gas (GHG) profile of the Coillte estate and set an ambition to increase the carbon store of our existing forest estate by circa 10m tonnes of CO₂ by 2050
- Progressed renewable energy projects through the planning process via FuturEnergy Ireland
- With the Nature Trust, we successfully raised over €5 million of private capital to create new native woodlands
- Significantly progressed the creation of the Irish Strategic Forestry Fund.

Forests for Wood

- Produced over 2.6 million m³ of wood and circa 700,000 m³ of panel products
- Replanted 8,300 ha of forests with over 20 million young trees
- Successfully hosted our inaugural 'Build with Wood - The Pathway to Net Zero' conference in association with the Department of Agriculture, Food and the Marine
- MEDITE SMARTPLY won Gold for its Building the Future Garden and Best Construction at the 2022 RHS Chelsea Flower Show.

Forests for Nature

- Standardised our approach to biodiversity monitoring and reporting under the BIOForest programme
- Undertook nature restoration projects across 26 sites
- Completed biodiversity restoration works at the rare alluvial woodland at Hazelwood Forest in Co. Sligo, removing invasive species to enable an increase in native species, and

- In association with the NPWS and the new EU funded LIFE Insular project, work commenced on protecting and conserving sand dune areas at two Coillte sites of high biodiversity value and natural beauty.

Forests for People

- Launched 'Beyond the Trees Avondale' a world-class visitor destination at Avondale Forest Park, Co. Wicklow
- 'Beyond the Trees Avondale' won Tourism and Hospitality Project of the Year at the 2022 Irish Building and Design Awards and was recognised by Age Friendly Ireland as Ireland's first age-friendly tourist destination
- Progressed the Dublin Mountains Makeover project, changing the primary objective of these forests from 'forests for wood' to 'forests for people'
- Provided new mountain bike trails in Sligo, Laois and Offaly.

Sustainability

Our Group sustainability framework is designed to develop our understanding of Coillte's carbon footprint and climate related financial risks and opportunities, and during 2022, we made considerable progress on a range of initiatives aimed at implementing it. One of these was the baseline assessment of our Scope 1 and Scope 2 carbon emissions for the period from 2018-2022. This will allow us to set ambitious carbon reduction targets through the SBTi which we will finalise in 2023. We have also further enhanced our disclosures in our Annual Report as committed to under the Task Force on Climate Related Financial Disclosures and we look forward to further enhancements in this regard in the near term. During the year we also embarked on a sustainable procurement journey (Green Procurement) which relates to the conscious purchasing of products and services that are produced in a socially responsible way.

Our People

It was great to have a level of 'normal life' resume over the past year. The efforts made by Team Coillte during the most difficult stages of the pandemic ensured we entered 2022 with a sustainable, vibrant and viable organisation. We have built on this during

2022, embracing, like many other organisations, a new hybrid working model which we are keeping under review to ensure it delivers for both Coillte and our colleagues in terms of 'best of both'.

We also launched our new Diversity, Equity and Inclusion strategy following an extensive consultation process, successfully developed our first Ability Campaign to encourage colleagues with any form of disability to seek support from our organisation and additionally, we published our first Gender Pay Gap Report. We intend to further build on these important initiatives in the coming year as we continually work to deliver a diverse, equitable and inclusive organisation.

2022 proved to be a year of exceptional delivery for us, with the launch of our ambitious forestry strategic vision, the successful completion of our latest SMARTPLY investment, the opening of 'Beyond the Trees Avondale', the launch of a series of mountain biking trails and the success of the MEDITE SMARTPLY Building the Future Garden at the RHS Chelsea Flower Show. Each of these achievements were in addition to our ongoing operations and represent Team Coillte at its best, working consistently and quietly on these projects over multiple years to ultimately deliver exceptional outcomes.

Thank You

As I noted at the outset, Ireland's forests and the forestry sector have never been more relevant in terms of the challenges of our time. There is much to do to optimise our individual and collective contribution to these challenges and particularly so, given the increasing expectations society has of both our forests and our sector. Against this backdrop, I would like to thank our customers for their support as we work together to highlight the importance of our industry and the significant role that wood and wood products can play in delivering solutions to the challenges we face nationally and globally. I am also grateful to our contractors, suppliers, our other key partners and stakeholders for their continued support during 2022. Additionally, I would also like to thank the Minister for Agriculture, Food and Marine, Charlie McConalogue, and the Minister for Public Expenditure, National Development Plan Delivery and Reform, Paschal Donohoe and the Minister of State at the Department of Agriculture, Food and the Marine, Pippa Hackett, along with Department officials and advisors in NewERA for their positive engagement and support.

And finally, to Team Coillte, our Board and our Chair, thank you for your commitment, energy, engagement and in no small part, hard work throughout 2022. Your commitment to Coillte continues to give me great confidence that we can deliver on our very ambitious forestry strategic vision and more broadly in the years ahead.

Imelda Hurley
Chief Executive

During 2022, against the backdrop of our new strategic forestry vision, we made positive progress across each of our four key strategic pillars.

A Year in Review

January

Coillte announces a new partnership with The Trinity Centre for People with Intellectual Disabilities



March

Coillte and the Tree Council of Ireland partner for National Tree Week 2022



May

MEDITE SMARTPLY is awarded Gold and Best Construction Award (Show Garden) at the RHS Chelsea Flower Show.

Coillte opens a public consultation on its new Strategic Vision for its future forest estate



August

Coillte in partnership with the IFA, See Change, and Mental Health Ireland, holds a series of Green Ribbon woodland walks to raise awareness of mental health.



October

Coillte addresses Citizen's Assembly on Biodiversity Loss

'Beyond the Trees, Avondale' wins Tourism and Hospitality Project of the Year at the 2022 Irish Building and Design Awards.



December

Coillte CEO Imelda Hurley wins 'Businessperson of the Year' at the 2022 Business and Finance Awards.



JAN

FEB

MAR

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OCT

NOV

DEC

February

Coillte and the Environmental Education Unit of An Taisce announce the delivery of six An Choill Bheag outdoor forest classrooms



April

Coillte launches its new forestry strategic vision to optimise its contribution to Ireland's climate targets

MEDITE SMARTPLY OSB manufacturing facility upgrade is completed.



July

President Michael D. Higgins launches 'Beyond the Trees Avondale', a unique new visitor destination in Coillte's Avondale Forest Park, Co. Wicklow



September

Climate Action Framework for Semi State Commercial Companies Adopted

Coillte launches its Diversity, Equity and Inclusion strategy



November

'Beyond the Trees Avondale' recognised as the First Age Friendly Tourist Destination in Ireland

Coillte Annual Report wins at the 2022 Published Account Awards

Coillte together with the Department of Agriculture, Food and the Marine hosts 'Build with Wood, The Pathway to Net Zero' Conference at Beyond the Trees, Avondale, Co. Wicklow.



Financial Review

The Coillte Group achieved a strong financial performance for the year with EBITDA of €157m and operating cash of €107m. This enabled the Group to recommend dividends of €27.7m (interim dividend paid of €20m along with a proposed final dividend of €7.7m subject to Shareholder approval) in respect of 2022.

Net cash generated during the year of €34m places the Group in a strong financial footing as it enters 2023, with net cash of €65m and available debt facilities of €180m. While the businesses that Coillte operate are exposed to international commodity markets and are very capital intensive, this strong financial footing positions the Group well to continue its capital investment programme while also making a meaningful contribution in delivering the multiple benefits of our forests to society.

Following the challenging operating environment experienced by Coillte in recent years, driven by forestry licencing challenges and Covid related restrictions, sawlog volume sales in 2022 were 1.5m m³ (an increase from 1.4m m³ in 2021) while sales volumes of MDF and OSB products at circa 700,000 m³ were in line with the prior year.

While pricing was lower than the high levels experienced in the previous year, a supply imbalance in our key markets for sawnwood and timber related products continued to exist, particularly during the first half of the year. The second half of 2022 saw this supply imbalance correct for sawnwood and OSB products while, in parallel, demand across the construction sectors in Ireland, UK and EU markets weakened resulting in significant price reductions. Recent inflationary pressures are having a material impact on our cost base, particularly for those input costs that are closely correlated to movements in gas and oil prices (e.g. resins, energy and fuel costs). We are carefully managing these impacts including availing of hedging strategies where these can be achieved to manage underlying risks.

In 2022 we reforested in excess of 8,000 ha of lands with over 20 million plants while we continued to be the leading provider of outdoor recreational activities in Ireland. Our MEDITE SMARTPLY panel board operations were focused on optimising production levels during the year following the completion of the €45m upgrade of the drying, energy and screening system within SMARTPLY, an outcome which further underpins the future competitiveness of the business. The Group continued to make progress on realising a key ambition to develop 1 GW of

renewable energy by 2030 by advancing €12.8m of Shareholder loans to FuturEnergy Ireland while three significant positive planning determinations were received. The growing demand of ESG related initiatives was also notable in 2022 with the Nature Trust receiving a €5m investment from Aviva to acquire bare land for planting with native Irish trees. In addition, the establishment of the Irish Strategic Forestry Fund which has the objective of creating mixed woodlands with a mixture of productive conifers and native broadleaves was finalised in December.

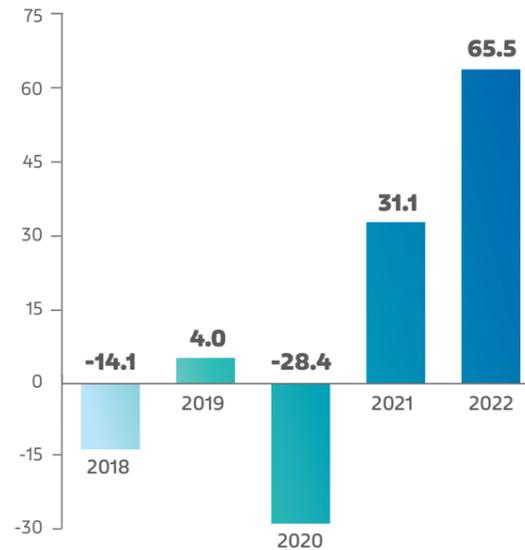
Outlook

Long term demand is expected to grow for wood-based products as more consumers look to substitute fossil-based products with wood-based materials. However, the general market environment for 2023 is challenging. High inflationary pressures across our core markets are expected to persist for much of 2023. Additionally, rising interest rates will likely result in lower disposable incomes with a related impact on consumer confidence. Taken together, these factors are expected to impact the commodity sector we operate within, most particularly by weakening consumer demand. Against this backdrop, our focus is on optimising our production volumes while carefully managing our cost base over the course of 2023.

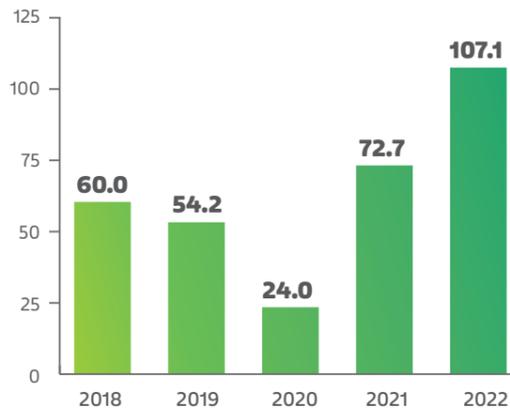
Financial Performance

“ The Group’s strong financial footing positions it well to continue its capital investment programme while also making a meaningful contribution in delivering the multiple benefits of our forests to society. ”

Cash/Net Debt €'MILLION



Operating Cashflow €'MILLION



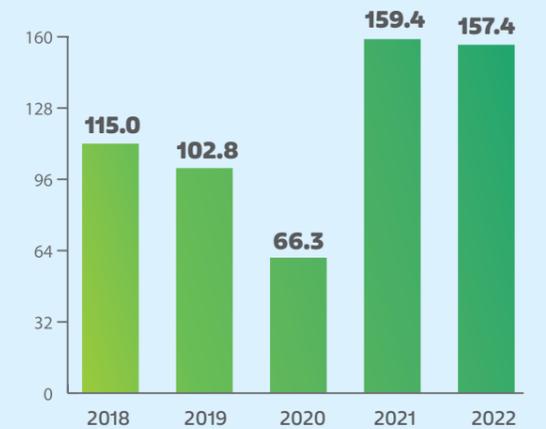
“ Completion of the €45m upgrade of the SMARTPLY facility further underpins the future competitiveness of the business. ”

“ Long term demand is expected to grow for wood-based products as more consumers look to substitute fossil-based products with wood-based materials. ”

Turnover €'MILLION



Ebitda €'MILLION



Coillte's Forestry Strategic Vision

Overview

In April 2022, Coillte announced its strategic vision for its future forest estate. The aim of the strategic vision is to sustainably balance and deliver multiple benefits from its forests across four strategic pillars: climate, nature, wood, and people. It is intended that it will:

- bring more focus to climate action,
- set ambitious new targets on biodiversity and habitats,
- continue to deliver for the forest and wood products industry,
- enhance its recreational offering, visitor destinations and support the creation of new jobs.

The strategic vision identifies eleven ambitions across the four pillars. They are to:

 <p>Forests for climate</p>	1	Enable the creation of 100,000 ha of new forests, half of which will be native woodlands, thereby enabling the sinking of 18m tonnes CO ₂ by 2050
	2	Manage the existing Forest Estate to increase its carbon store by 10m tonnes of CO ₂ by 2050
	3	Redesign 30,000 ha of Peatland Forests for climate and ecological benefits by 2050
	4	Generate an additional 1 Gigawatt of renewable wind energy to power 500,000 homes by 2030
 <p>Forests for nature</p>	5	Enhance and restore biodiversity by increasing the area of the estate managed primarily for nature from 20% to 30% by 2025
	6	Transform areas of forests so that 50% of the Coillte estate is managed primarily for Nature in the long-term
 <p>Forests for wood</p>	7	Produce 25m cubic metres of certified Irish timber, to support the construction of 300,000 homes by 2030
	8	Promote the use and benefits of wood products to increase the level of timber homes from 20% to 80% by 2050
 <p>Forests for people</p>	9	Enable the investment of €100m in world-class Visitor Destinations to support growth in tourism and recreation by 2030
	10	Double the number of Recreation Areas to 500, to benefit local communities and people's wellbeing
	11	Create 1,200 new jobs in rural communities to support the just transition to a low carbon economy

Public Consultation and Stakeholder Engagement

From May to July 2022, Coillte held a public consultation inviting members of the public to submit their views on its strategic vision for its future forest estate using a web-based survey which could be accessed via the Coillte website. A total of 599 responses were collected via the online questionnaire with data analysis subsequently undertaken independently by RED C.

Separately, in June 2022, RED C conducted research on behalf of Coillte into public attitudes to Coillte's new forestry strategic vision among a nationally representative sample of adults living in the Republic of Ireland. RED C subsequently combined the research conducted among the general public with the responses to Coillte's public consultation process to assess public support for Coillte's new forestry strategic vision announced in April 2022. The results of both surveys were presented in a report from RED C and published on the Coillte website in October 2022.

Highlights of the key findings of the consultation and public attitudes survey included:

Forests for Climate

- There is an almost universal view that Irish forests are important in helping to address the climate crisis and there is a strong degree of support for more tree planting and increased forest cover.
- There is overwhelming support for broadleaf planting. Strong support for more conifers is also expressed by the general public, while opinions on conifers are more polarised in the online public consultation.
- The majority agree with redesigning (rewetting or rewilding) peatland forests when they present a significant carbon emission risk.

Forests for Nature

- An overwhelming majority believe that Irish forests are important for nature and biodiversity and there is almost unanimous agreement that Coillte has a role to play in addressing the biodiversity crisis.
- Views on Coillte's ambition to ensure that half of the 100,000 ha of new forests will be native woodlands diverge. The majority of respondents to the public consultation believe this is too little, while 51% of adults from the general public attitudes survey agreed this ambition is just about right.

Forests for Wood

- The majority of people believe that Irish forests are important in supporting the construction of sustainable homes and there are high levels of support for more timber frame houses being built in preference to ones using concrete or steel.
- There is almost unanimous agreement that Ireland should be self-sufficient in its timber requirements from certified sources and that Coillte should innovate and promote wood products.

Forests for People

- Forests are seen as hugely important as a provider of spaces for both outdoor physical activity and for mental health and wellbeing.
- A strong majority agree with the plans for more recreation sites and three quarters believe that new recreational forests should be located near population centres as well as in rural areas.
- A strong majority endorse Coillte's ambition to enable investment in visitor destinations to support growth in tourism and recreation.

Balancing the Multiple Benefits of Forests

More than 80% agreed that balancing the benefits of Coillte's forests across the four pillars of Climate, Nature, Wood and People is important. Almost half of those who took part in the public consultation believed that Coillte's ambitions were appropriately balanced, while almost a third disagreed and a quarter had a neutral viewpoint.

In addition to conducting public consultation, in the period from April to December 2022 Coillte engaged extensively with key stakeholders including political representatives, eNGOs, industry bodies and other stakeholders on its forestry strategic vision to seek feedback.

Next Steps

Having gathered the feedback from the public consultation process and public attitudes survey, Coillte will consider this along with stakeholder feedback in the upcoming development of the Group’s strategic vision into a long-term plan for the forest estate.

It is anticipated that the long-term plan will likely cover the period to 2050 and that it will also provide the basis for more detailed shorter-term implementation plans to be developed. There will of course be a need for flexibility, as, over such a long period, new research and analysis will emerge as will new opportunities and challenges. It will take many decades for the full future vision for the Coillte estate to be realised, so plans will evolve. Coillte’s commitment to responsible stewardship will remain central to all its activities.

Coillte’s draft long-term plan will be subjected to Strategic Environmental Assessment (SEA) and screening for Appropriate Assessment (AA). When this process is complete, the Group will adopt a final plan which will guide all future activities and development.

The importance of SEA, as a systematic process for identifying, reporting, proposing mitigation measures, and monitoring environmental effects, of plans, programmes and strategies, is fully recognised by Coillte.

The process includes consultation with statutory stakeholders as well as the public and provides the opportunity to integrate environmental considerations into a plan’s development. Further information on the SEA process is available at epa.ie.

Crucially, the development of Coillte’s plan will continue to be guided by the principle of “the right objective, in the right place, with the right tree.” Coillte believes its future estate needs to balance the multiple objectives of climate, wood, nature and people, while also remaining financially sustainable so that it can continue to reinvest in providing a broad range of services to society.



Coillte’s Chair, Bernie Gray, CEO, Imelda Hurley and Forest MD, Mark Carlin at the launch of Coillte’s new Forestry Strategic Vision

A Greener Future for All



“Coillte believes its future estate needs to balance the multiple objectives of climate, nature, wood and people”

President Michael D. Higgins Officially Opens 'Beyond the Trees Avondale'



On 6th July, 2022 Coillte was delighted to welcome President Michael D. Higgins to officially open 'Beyond the Trees Avondale', a spectacular new visitor destination in Avondale Forest Park, Co. Wicklow.

President Michael D. Higgins and his wife Sabina along with Coillte CEO Imelda Hurley pictured on the Treetop Walk at the opening of 'Beyond the Trees, Avondale'



Viewing Tower at 'Beyond the Trees, Avondale' made from locally sourced Douglas fir and larch wood

Developed by Coillte in partnership with Fáilte Ireland and EAK Ireland, 'Beyond the Trees Avondale' combines a stunning 700m Treetop Walk, with a 90m spiral slide (the longest slide in Ireland), a 12-storey high Viewing Tower made from locally sourced Douglas fir and larch wood along with a range of other amenities. The spectacular Viewing Tower, created by EAK Ireland, provides incredible views of the beautiful Wicklow countryside.

Avondale occupies a significant place in Irish history. Aside from being known as the birthplace and home of Sir Charles Stewart Parnell, it is also significant as the home of Samuel Hayes, who inherited the estate in 1770. Samuel Hayes was the author of Ireland's first book about trees, while also being the person who realised that the ancient forests of Ireland were disappearing. In response, he created a forest park at Avondale, a park which was later in the 1900s chosen to house the first school of forestry in Ireland and which is often thought of as the birthplace of Irish forestry.

The new visitor destination at Avondale has been carefully designed to showcase Irish trees and forests. Visitors to the forestry Pavilion can learn about the multiple benefits of forests for climate, wood, nature and people. The Treetop Walk contains interactive display panels and interpretative areas which outline the many plants and animals that make their home in the forests of Avondale, while the "bird clock" is especially popular with visitors.

'Beyond the Trees Avondale' was developed with accessibility at its core and in November 2022, it was recognised by Age Friendly Ireland as the first age-friendly tourist destination in Ireland. It received an official Age Friendly Charter and Avondale is now recognised by the World Health Organisation (WHO) as an international model of good practice for age friendly development.

The Treetop Walk and Viewing Tower are 100% accessible and the new visitor centre has also been designed to ensure universal access. There are entry ramps and an accessible lift and wheelchairs on loan are available on site. A sensory garden is located in the courtyard area, and it is designed to be a welcoming space to both children and adults, especially those who have sensory processing challenges, such as autism, physical disabilities, or dementia. Indeed, this work on accessibility was recognised by Age Friendly Ireland when they published a case study outlining how 'Beyond the Trees Avondale' has adopted age friendly principles to ensure its ease of use and accessibility.

The study outlined how, under its Age Friendly Programme, Wicklow Co. Council had, in partnership with the key stakeholders, co-ordinated the age friendly four stage process to ensure that older people's needs were considered in the development. This work included consultation with a diverse range of older people and a walkability audit. In undertaking the improvements, 'Beyond the Trees Avondale' also

referenced the guidance material provided by Age Friendly Ireland for the development of outdoor space and buildings, as well as the World Health Organisation’s checklist for age-friendly cities and communities.

‘Beyond the Trees Avondale’ is a showcase for Irish timber and the many advantages to building with wood. High quality, sustainable building materials were used throughout to ensure longevity. Locally sourced Sitka spruce from sustainably managed Coillte woodlands was used to develop the glulam beams in the Seed Café. Solar gain has been maximised through orientation studies and high-performance glazing materials, and natural shelter from the prevailing winds is provided by the trees onsite.

Throughout the entire design process of ‘Beyond the Trees Avondale’, sustainability was a key focus. Where possible, existing buildings have been refurbished, repurposed, and incorporated into new designs for the Seed Café and Pavilion buildings. All buildings are also designed to be highly insulated, with low energy requirements and a BER rating of A3, and they include the following sustainability features:

- Solar photovoltaic panels
- Solar hot water panels
- Air to water heat pumps to supply hot water to the building’s heating system
- A Rainwater Harvesting System to supply grey water to the toilet systems in the building

- Electric car charging points onsite to encourage the use of electric cars as a means of transport.

Biodiversity was also a key consideration in the work undertaken, and the landscaping at Avondale’s gardens follows the principals of the All-Ireland Pollinator Plan 2021-2025.

The €19m project brings multiple benefits to the Wicklow area. It has already proven to be hugely popular and since opening in June 2022, Avondale Forest Park has welcomed over 250,000 visitors. It is a unique experience which will continue to delight young and old. It will encourage visitors to stay and spend in Wicklow and the wider Ireland’s Ancient East region, driving economic and employment opportunities for local communities. Already 60 new full and part-time jobs have been created, with the majority of employees from the locality.

The ‘Beyond the Trees Avondale’ experience has been further enhanced with the reopening of Avondale House, the home of Charles Stewart Parnell, in March 2023 following the completion of restoration works. In the coming years, Coillte looks forward to welcoming more visitors to ‘Beyond the Trees Avondale’ which is an outstanding example of a new world class visitor experience on the Coillte estate.



President Michael D. Higgins with his wife Sabina along with Coillte CEO Imelda Hurley and distinguished guests at the opening of ‘Beyond the Trees, Avondale’



President Michael D. Higgins and his wife Sabina along with Coillte CEO Imelda Hurley and Coillte Forest MD Mark Carlin at the opening of ‘Beyond the Trees, Avondale’



President Michael D. Higgins and his wife Sabina pictured with Coillte Chair, Bernie Gray (left) and Coillte CEO, Imelda Hurley (right) at Avondale House

Since opening in June 2022, **Avondale Forest Park** has welcomed **over 250,000 visitors.**

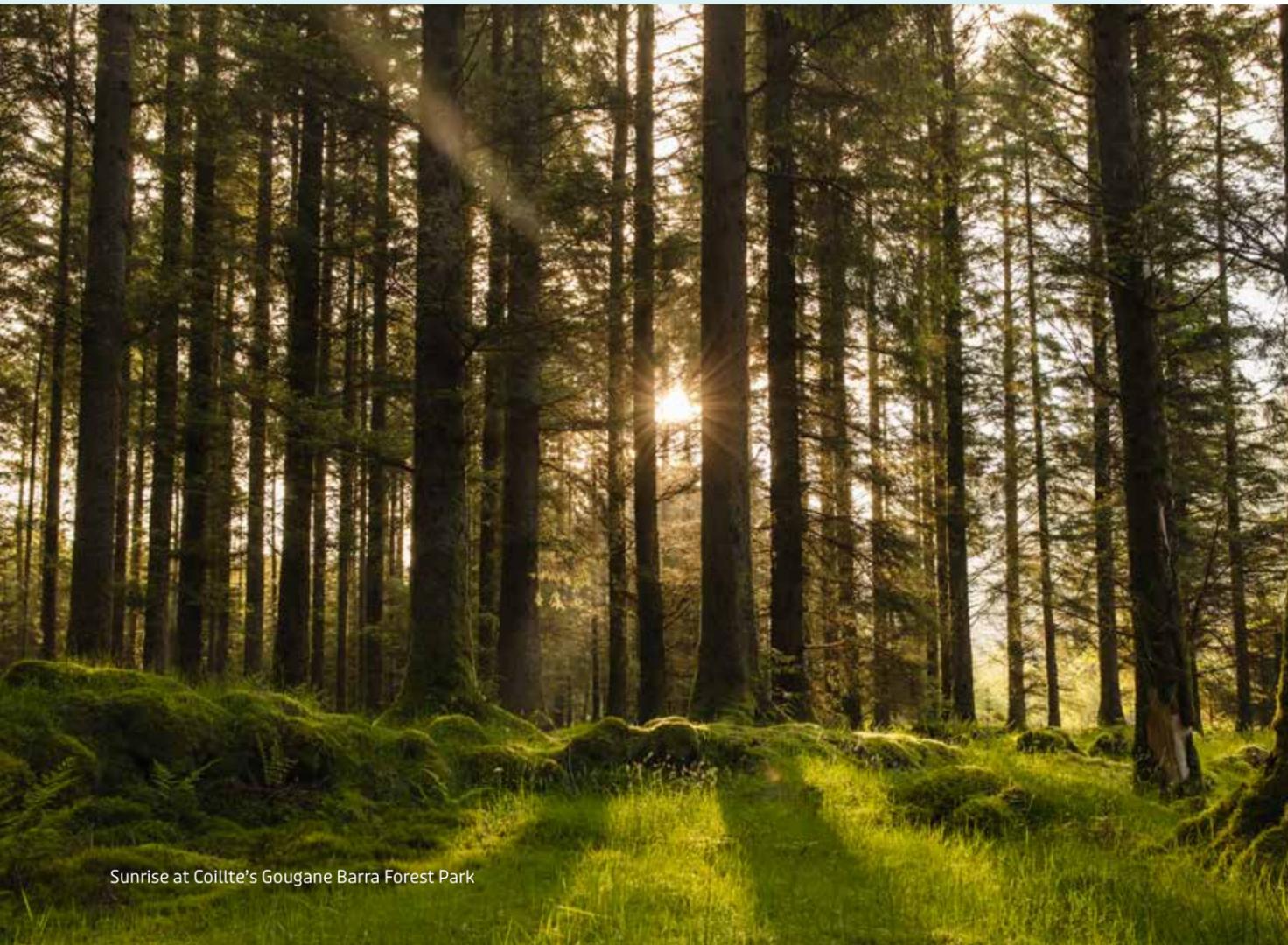
Forests for Climate

Coillte recognises the important and unique role trees and Irish forests can play in helping to address climate change.

Viewpoint from the top of the Viewing Tower at 'Beyond the Trees, Avondale'

Supporting Ireland's Climate Action Plan

Coillte is fully committed to Ireland's Climate Action Plan, and it has identified a range of climate-smart mitigation measures both to increase the removal of CO₂ from the atmosphere and also to improve the store of carbon that can be applied across the forest estate.



Sunrise at Coillte's Gougane Barra Forest Park

Coillte also recognises the risks that climate change presents to the forest estate in terms of species suitability, productivity, and abiotic and biotic threats such as disease and fire. Consequently, it will continue to gain an even deeper understanding of how it can manage and diversify its estate to ensure that its forests are resilient and can adapt to a changing climate.

Ireland's forests absorb CO₂ from the atmosphere through photosynthesis and are a tremendous sink for CO₂. This importance of forests and wood, and their positive impact in sequestering and storing carbon is recognised in the Climate Action Plan.

Coillte's approach to afforestation

Against the backdrop of the climate emergency, the Programme for Government, and Shareholder expectations, Coillte's ambition is to enable the creation of 100,000 ha of new forests by 2050, half of which will be native woodlands. This is a very long-term target. Delivering it will take many different initiatives, and, for context, it equates to circa 20% of the Government's national afforestation target of achieving 18% forest cover in Ireland.

It's important to note that Coillte has experience of delivering afforestation at scale. Since its establishment in 1989, it has enabled the creation of circa 100,000 ha of new forests. However, in 2003 it was precluded from directly receiving afforestation premiums due to EU state aid rules. This negatively impacted its ability to raise the necessary capital to buy land directly for afforestation and it has not been involved in afforestation at scale since.

Coillte's preferred option however is to directly afforest itself. In pursuit of that option, it made a submission to the European Commission in 2019 to change the rules precluding public bodies from receiving premiums. At the point of submission, it was clear that attempting to procure changes to guidelines would be a very lengthy process, with no certainty of outcome.

Thus, in the shorter term Coillte began to explore options other than directly buying land. The options it is looking at currently are based on working with public bodies to identify publicly owned land suitable for afforestation, working with the Nature Trust, and also accessing investment from private sources. The variety of approaches is considered necessary given that many different initiatives will be needed to deliver the 100,000 ha in the long term.

The current initiatives are:

- **Public Lands:**

The use of public lands for afforestation, as in the case of a Bord na Móna partnership, where Coillte is enabling the natural regeneration of native woodland on cutaway bog. If successful, this could extend to circa 1,500 ha of new forests.

- **Native Woodlands:**

New native woodlands are being realised by the Nature Trust, a not-for-profit entity which works with organisations that want to deliver social good by providing funding for new native woodlands. The Nature Trust was set up in 2021 and to date has raised funds that when deployed would be capable of creating 625 ha of new native woodlands.

- **Mixed Woodlands:**

The creation of mixed woodlands, being realised by the Irish Strategic Forestry Fund. These forests will be a mixture of productive conifers and native broadleaves. The total area of new forest planted through the Irish Strategic Forestry Fund will be circa 3,500 ha. This covers a target deployment period of 5 years, and it equates to less than 1% of the State's overall long-term target of 450,000 ha.

The scale of the challenge of delivering an additional 450,000 ha of new forests is immense and determining how best it can be achieved clearly needs more discussion and debate amongst all of the key stakeholders.

Report on Carbon modelling of the Coillte Estate

Ireland's forests are a large store of carbon (circa 312m tonnes of carbon), and it is imperative that this store is protected, managed and increased in the long-term.

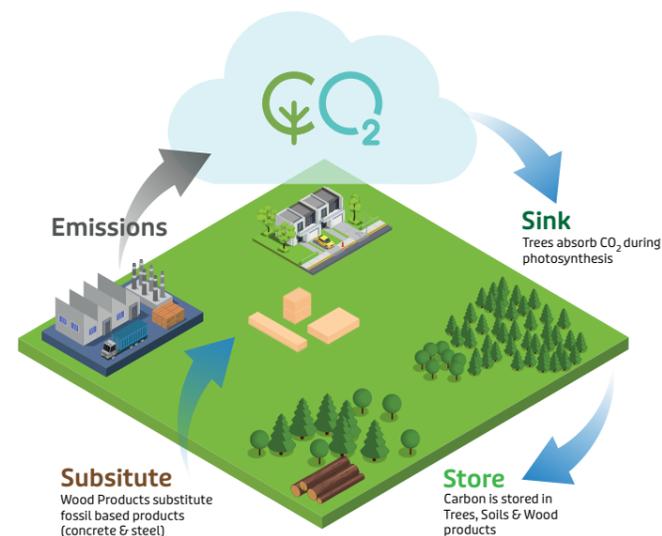
This store can increase and reduce on an annual basis moving from removals to emissions as the forests grow, are harvested for wood products and replanted. This can lead to a small level of removals or emissions on an annual basis, but the aim of sustainable forest management is to ensure the underlying store is protected and increased over time. An unmanaged forest estate would present a significant carbon emission risk in the long term due to biotic and abiotic factors, such as disease, storm damage and fire.

During 2022, Coillte worked with a number of leading experts to determine the current Greenhouse Gas (GHG) profile of Coillte's existing managed forest estate and also to identify and assess the GHG mitigation potential of silvicultural management options.

A number of actions to increase the carbon removals in the estate were incorporated into Coillte's forestry strategic vision launched in April 2022. These actions include:

- managing the age profile of Coillte's forest estate to improve its carbon efficiency
- expansion and proactive silvicultural management of Coillte's broadleaf estate
- redesigning Coillte's peatland forests where appropriate.

The proposed actions have the potential to increase the carbon store of the Coillte estate by 10m tonnes of CO₂ by 2050 and will feed into the further development of Coillte's forestry strategic plan. It should be noted that this carbon profile, excludes the impact of product displacement where wood products can be used to displace carbon intensive products and have a positive impact on the national carbon targets by reducing the emissions in the built environment. More details are available in the full report on 'Carbon Modelling of the Coillte Estate' published on the Coillte website www.coillte.ie.



Renewable Energy

FuturEnergy Ireland is a joint venture between Coillte and the ESB which was established in 2021 to help Ireland transition to a low carbon economy.

Supporting the green energy targets as set out in the Government's Climate Action Plan, the aim of FuturEnergy Ireland is to develop best-in-class, commercially successful renewable energy projects that will drive the green economy in Ireland and create jobs in rural areas while also funding local development and enhancing community amenities. In 2022, its first full year of operation, and despite the challenges that exist in the sector, the business remains on track to deliver 1 GW of wind energy projects by 2030. This is enough to power more than 500,000 homes.

Business highlights in 2022 included the receipt of three significant positive planning determinations, as well as construction remaining on track at the Lenalea Wind Farm which is scheduled to commence operations in late 2023.

The Nature Trust

Coillte is a member of The Nature Trust, which is a not-for-profit company, established in 2021. Its objective is to establish new native woodlands in communities across Ireland.



Amethyst Deceiver fungi growing at Brackloon Woods near Westport in Co. Mayo

The Nature Trust is planting new native woodlands across Ireland

In 2022 the Nature Trust received a €5m investment from Aviva to buy bare land for planting with native Irish trees. This brings total investments raised by the Nature Trust to date to over €7m which when deployed will be capable of creating 625 ha of new native woodlands.

The woodlands created will be owned and managed by the Nature Trust in perpetuity for nature and will have open public access. They will be made up of native tree and shrub species grown from seed collected in existing Irish woodlands to ensure their genetic integrity. The particular mix of species to be planted on a site will be matched with its soil type and existing plant species. Any portions of sites acquired by The Nature Trust that are not suitable for tree planting will be restored or re-wilded to maximise their biodiversity benefit.

The Nature Trust is also carrying out an innovative project with Scottish company Rhizocore Technologies. The company has developed an innovative product containing a tailored mix of fungal mycelia designed to help newly planted saplings tap into a natural network of fungi, with the expectation that the growth of the trees and the carbon sequestration in the soil will be enhanced. In 2022, Rhizocore took specimen fungi from regional native woodlands to culture them, first into a solution and then into a growing medium. The intention is that the inoculated growing medium will be made into pellets, with one pellet added to the ground with each sapling when they are planted at a test site near the original collection site.



Wild Western Peatlands Project

Coillte's Derryclare forest, County Galway

Western Peatlands

The Wild Western Peatlands (WWP) project is designed to restore and rehabilitate circa 2,100 ha of Atlantic blanket bog and wet heath. The area is currently planted with spruce and pine forests, but under Coillte's new forestry strategic vision, 30,000 ha of peatland forests will be redesigned by 2050 through a programme of rewetting or rewilding. The WWP project is a publicly-funded project focussed on finding solutions that will benefit climate, biodiversity, water quality and local communities. This particular project is a pathfinder which will help Coillte, over the next seven to eight years, develop technical, operational, regulatory, reporting and financing capabilities for the

restoration and rehabilitation of the full range of western peatland forests.

Derryclare in Co. Galway is the pilot site for the project. A stakeholder engagement was held there in June 2022 to discuss a proposed management plan, and a more detailed plan has since been developed, drawing on that feedback as well as on data collected during ecological, hydrological and LIDAR surveys.

The plan aims to increase the blanket bog and wet heath habitats and to increase the amount of native woodland cover on the site. Given that, the first planned action will be to remove areas of commercial pine and spruce trees which have reached maturity.

Several watercourses flow into two of the most important salmonid lowland oligotrophic lakes in the area, Lough Inagh and Derryclare Lough. And because bog restoration will largely be achieved by permanently raising the water table and creating the conditions for habitat restoration, careful mitigation measures and best practice will be implemented before, during and after these operations along with a programme of ongoing water monitoring.

Thinning operations will also be trialled in some areas. The aim here is to increase the proportion of native species, thus creating an environment

for the development of a more mixed woodland in the future. Small areas of the site where soils are more suitable for the establishment of pioneer native woodland have been identified and in such areas, for example parts of the site bordering the Derryclare Nature Reserve, seeding will be carried out and the areas will be planted with native tree and shrub species.



Coillte Nature team survey proposed bog restoration area at Coillte's Derryclare forest, County Galway

Under Coillte's new strategic vision for forestry, **30,000 ha of peatland forests** will be redesigned by 2050

Proposed bog restoration area at Coillte's Derryclare forest, County Galway



Sundew plant growing at Coillte's Derryclare forest, County Galway



Forests for Wood

Coillte is Ireland's largest producer of certified wood, a natural, renewable and sustainable resource used to build our homes.

In 2022, Coillte produced 2.6 m m³ of sustainably grown Irish wood and replanted 8,300 ha of forests using over 20 million young trees.



Structural glulam beams made from Irish Sitka spruce at the Seed Café, 'Beyond the Trees Avondale'



Treetop Walk built from Irish wood at 'Beyond the Trees, Avondale'

Long-life wood products will build the low carbon homes of the future and wood products from Coillte's sustainably managed forests can play a significant role in underpinning Ireland's ambition to decarbonise the built environment and help mitigate the impacts of climate change.

Wood is a naturally renewable material which:

- Sequesters carbon in forests as trees grow
- Stores carbon in harvested wood products
- Substitutes for carbon intensive traditional building materials
- Helps to address the housing crisis by supporting the shift to prefabrication and off-site solutions
- Contributes to our growing bioeconomy by ensuring that we are using sustainable products
- Contributes to a circular economy as wood can be reused, recycled, and recovered.

The Substitution Climate Benefits of Using Wood

Coillte published research undertaken by Dr. Peter Holmgren, a leading forest and climate expert, to assess how the global climate is impacted by the domestic forest-based sector. The research established that Irish timber has a very high 'Product Displacement Factor' of circa 0.77 CO₂/m³, as the majority of timber harvested from our forests is used to create long-life wood products. The Displacement Factor represents the amount of CO₂ emissions that could be avoided when a cubic metre of wood is used instead of carbon intensive products. In Ireland, we produce circa 4.7 million m³ of timber every year, which means that the foregone carbon displacement is circa 3.7 million tonnes of CO₂ per year. This research underlines the importance of continuing to increase the use of wood as a sustainable, renewable and carbon-friendly product due to its significant benefit in mitigating climate change. For more information see this report on the Coillte website www.coillte.ie.

MEDITE SMARTPLY Win Big at 2022 RHS Chelsea Flower Show

In May 2022, MEDITE SMARTPLY showcased its innovative product range and its commitment to sustainable building at the RHS Chelsea Flower Show.

Working with award-winning landscape architect and innovative garden designer Sarah Eberle, MEDITE SMARTPLY highlighted the possibilities of engineered wood panels at the home of the world's best garden design and the 'Building the Future Garden' featured some of the Group's most innovative products.

Designed by Sarah Eberle, and supported by Alex and Emma Devereux, the MEDITE SMARTPLY garden won a Gold medal and the Best Construction Award (Show Garden). The structure was inspired by natural vertical rock strata. It showed a cross section of millions of years of plate movements and development while also highlighting the versatility of wood panels and their life cycle.

After the show, the Garden was reused, reducing waste and ensuring continued carbon store within the wood panels. Parts were donated to Andover Trees United, a volunteer-led environmental charity which works closely with schools and local authorities, while the plants were reused by the designer. This was a welcome outcome for MEDITE SMARTPLY, reinforcing its commitment to manufacturing products that contribute to healthier, environmentally conscious buildings.



Gold medal and **Best Construction Award** at the Chelsea Flower Show

MEDITE SMARTPLY Installation at the Chelsea Flower Show, May 2022



MEDITE SMARTPLY installation at the RHS Chelsea Flower Show in May 2022



Coillte CEO Imelda Hurley and award-winning landscape architect Sarah Eberle pictured at the MEDITE SMARTPLY award winning Show Garden at the RHS Chelsea Flower Show in May 2022

After the show, the Garden was reused, reducing waste and ensuring continued carbon store within the wood panels.

MEDITE SMARTPLY OSB Manufacturing Facility Upgrade



Coillte's SMARTPLY plant, Co. Waterford

A €45m project to upgrade MEDITE SMARTPLY's OSB facility in Co. Waterford completed construction in April 2022 and included the introduction of a new world-class drying, energy and screening system which will enhance resource efficiency and asset reliability for SMARTPLY OSB.

The completion of the upgrade is a very exciting stage of development for SMARTPLY OSB following on from the installation of a continuous press processing line in 2016. These investments ensure SMARTPLY can be a market leading manufacturer of sustainably produced OSB panels.

For over 25 years, SMARTPLY has been supplying OSB to the construction industry, steadily investing, innovating and building the brand over time. Its products are made from sustainably grown timber, with OSB panels being manufactured by compressing precisely engineered strands of wood with moisture resistant resins at a high temperature to create an outstandingly robust structural panel. These panels can then be used in numerous applications such as roofing, flooring, and timber frame construction.



Pictured at the Build with Wood - the Pathway to Net Zero Conference were Coillte CEO, Imelda Hurley (left) and the Minister of State at the Department of Agriculture Food and the Marine, Pippa Hackett (right) at 'Beyond the Trees, Avondale'

Build With Wood - the Pathway to Net Zero Conference

In November 2022, Coillte and the Department of Agriculture, Food and the Marine hosted a "Build with Wood" conference bringing together national and international experts to explore how best to increase the use of wood in construction.

Experts from construction, science and regulatory bodies, gathered at 'Beyond the Trees Avondale'. This gave Coillte the opportunity to showcase the benefits of building with wood as the new visitor destination was constructed using Irish wood, with innovative glulam beams composed of locally grown Irish Sitka spruce providing the main supports for the building.

Globally, construction represents 38% of the world's energy-related emissions. Reducing

the carbon footprint of Ireland's future building stock is key to tackling climate change, decarbonising the building sector, and achieving legally binding targets of a 51% reduction in greenhouse gas emissions by 2030, and a net-zero by 2050.

Timber products have the lowest embodied carbon of any mainstream building material. They take less energy to produce and are better for the environment, and so part of Coillte's forestry strategic vision ambition is to capture approximately 28m tonnes of CO₂ from the environment by 2050. Its goal is to produce a sustainable supply of 25 million m³ of Irish certified timber to help Ireland achieve its housing ambition of 300,000 new homes by 2030, and in turn also increase the level of timber frame homes from 20% to 80% by 2050.

The conference discussion themes included:

- Ireland’s climate change targets
- Decarbonisation of our built environment with wood
- Creating new markets for Ireland’s growing timber resource
- The role of prefabrication and off-site in addressing the housing crisis
- Fire standards and insurance
- Investment and job creation.

Speaking at the Build with Wood conference, Minister of State at the Department of Agriculture, Food and the Marine, Pippa Hackett, said, “Building with wood reduces our dependency on materials made using fossil fuels at a time when we need to do everything we can to reduce our greenhouse gas emissions. This Government’s commitment to forestry is clear, and we are providing over €1.3 billion for our next Forestry Programme to support new and existing forest owners to manage and grow more wood.”



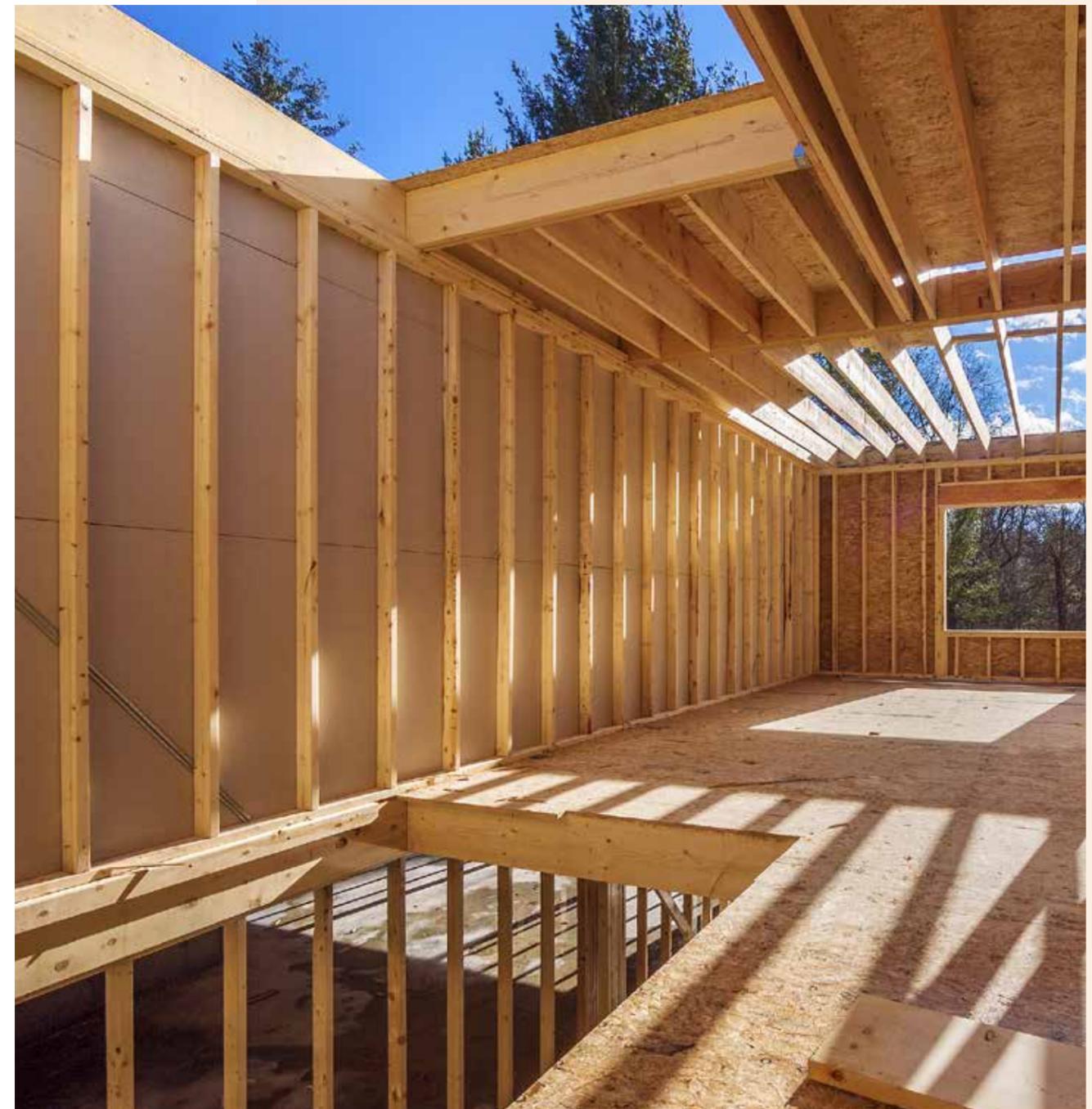
Imelda Hurley, CEO, Coillte, said, “The purpose of bringing stakeholders together is to discuss how Ireland can overcome barriers and make recommendations to accelerate the increased use of timber in construction. We cannot achieve our net zero goal unless we reduce the building and construction sector’s climate impact. Innovation, partnership and collaboration will be necessary to achieve this much needed change.”



Irish wood and wood product usage in modern timber frame houses

The purpose of bringing stakeholders together is to discuss how Ireland can overcome barriers and make recommendations to accelerate the increased use of timber in construction.

Timber frame house under construction



Forests for Nature

Forests are important habitats for wildlife and are home to many wild animals and plants. There is a growing global recognition of the need to protect and enhance biodiversity and here in Ireland, Coillte's forests and the large-scale restoration projects carried out by Coillte Nature are playing a key role in biodiversity protection and enhancement.

Hazelwood Biodiversity Restoration

Biodiversity restoration works at Hazelwood were showcased at the National Biodiversity Conference at Dublin Castle in June 2022. Hazelwood is a popular Sligo amenity with recreational walks around this woodland and Coillte is delighted to have made significant progress on the restoration of this site.

Hazelwood has a variety of habitats, with a rare alluvial woodland, which is regularly flooded by the Garavogue river. The overall aim of the 'Restoring Hazelwood' project is to manage invasive species and increase the proportion of native ones throughout the woodland. In the last two years, over 30 ha have been cleared of invasive rhododendron and laurel with a further 10 ha to be cleared in 2023.

To increase diversity of tree species, a thinning will be carried out using Continuous Cover Forestry (CCF) principles. The CCF marking took place in Summer 2022 and these trees will be thinned in 2023, enabling more sunlight to reach the forest floor. This will allow natural regeneration of trees, shrubs and ground vegetation, which will create the conditions for the woodland to become more diverse in the future, in terms of tree size, age and species.

Meanwhile Hazelwood has continued to delight its many visitors. During Biodiversity week in May 2022, Coillte led a nature walk around it, while during Heritage week in September, a guided walk through the alluvial woodland was jointly led by Coillte and the Hazelwood Heritage society. This walk highlighted both the natural and built heritage of the area, and both were well attended by locals and visitors.



EU LIFE Insular Project

Coillte's 5-year engagement with an EU funded Life Insular Project began in 2022.



Boardwalk at Coillte's Ards Forest Park, Co. Donegal

The EU project's main objective is to take a collaborative approach to protecting and managing precious sand dune ecosystems, and in Ireland it will involve Coillte Nature and the National Parks and Wildlife Service working with local communities, to protect and conserve four sand dune areas.

The dunes, at four iconic locations on the Irish coast, are places of high biodiversity value and natural beauty and they are also popular recreational sites. Two of the four sites are on Coillte properties: Ards Forest Park, Co. Donegal and at Murvagh in Co. Donegal.

The project aims to increase the biodiversity value and resilience of these ecosystems in the face of climate change and rising sea levels.

Works will include the removal of some non-native trees growing on sensitive sand-dune habitats and the project team will work with local communities and scientific experts to develop long-term conservation management plans for these areas.

The team expects to learn much about the history and ongoing value of the sites from local communities while also raising public awareness about the relevance, natural values and ecosystem services provided by these important sand dune ecosystems. It is a five-year project, and environmental surveying of the project areas and community engagement took place over the summer of 2022.

BIOForest

BIOForest is Coillte's biodiversity programme through which, at present, 20% of the estate (90,000 ha) is managed primarily for nature. The ambition of the new forestry strategic vision however is to designate a further 44,000 ha by 2025, thereby increasing that 20% to 30%.



Individual trees are marked for retention or removal as part of continuous cover forestry

BIOForest protects and enhances the ecological value of Coillte's biodiversity areas through positive conservation actions for nature such as managing important forests for nature, controlling invasive species, restoring raised and blanket bogs, and protecting habitats for rare species such as Lesser Horseshoe Bat roosts.

The main aim for the BIOForest programme in 2022 was to implement biodiversity management in various areas, located across the estate. Sites were selected based on their ecological value and, for forested biodiversity areas, suitability for Continuous Cover Forestry (CCF) thinning.

Biodiversity actions have been successfully implemented in 26 biodiversity areas to

date, with actions in a further 10 areas due to commence in 2023.

The programme of biodiversity works in 2022 included:

- Invasive species control implemented at 12 forests in biodiversity areas
- Maintenance works conducted in six bog habitats
- CCF training delivered in four Business Area Units (BAUs) and on-site mentoring provided in all BAUs, and
- CCF felling licence applications submitted to the Forest Service for 19 biodiversity areas.

Coillte present to the Citizens' Assembly on Biodiversity Loss

In November 2022, Coillte was delighted to be invited to present to the Citizens' Assembly on Biodiversity Loss. Coillte shared details of its new forestry strategic vision focusing specifically on its 'forests for nature' objectives. The Assembly, made up of an independent Chairperson and 99 members of the public, was convened to examine how the State can improve its response to biodiversity loss and to bring forward recommendations for action to the Houses of the Oireachtas.



Pictured at the Citizens' Assembly on Biodiversity Loss were (from left): Ciaran Fallon, Director Coillte Nature, Mark Carlin MD Coillte Forest and Richard Nairn MD Natura Environmental Consultants

Mark Carlin, MD Coillte Forest presents Coillte's new Strategic Forestry Vision to the Citizens' Assembly on Biodiversity Loss





Forests for People

Coillte is Ireland's largest provider of outdoor recreation with 260 recreational forests nationwide, including 3,000km of way marked walking trails, 12 forest parks and six mountain bike centres. Coillte has an open forest policy.

New Bike Trails Open in the Slieve Bloom and Ox Mountains



Two new trailheads were opened in April 2022 in the Slieve Bloom Mountains, one in Co. Laois and the other in Co. Offaly. The trails run through beautiful forest and open land with fantastic views over the surrounding scenery and historical sites. The trails are purpose-built singletrack trails and forest roads, designed for use by mountain bikes on a waymarked circular route. The Laois work extends existing trails by 5km while the work in Co. Offaly has delivered two new trails over 7km, one of them blue grade, while the other is a more challenging red grade loop.

Elsewhere the first phase of an extensive trail system being built in the Ox Mountains, near Coolaney in Co. Sligo was also opened in 2022,

with waymarked circular routes of between 3km and 22km. These provide a network of purpose-built singletrack trails and forest roads for mountain bikes.

The trails take riders through forest and heathland with incredible views northwards over Ballisodare and Sligo Bays and up to Slieve League in Donegal. Similar to the trails in the Slieve Bloom mountains, blue trails are offered for beginners, while the red trails are more challenging. The Ox Mountains trails were developed in partnership with Sligo Co. Council and were funded by the Department of Rural and Community Development, working in association with Coolaney Development Company and North-West Mountain Bike Club.



Coillte in partnership with Cork County Council, Watergrasshill Community Association, and the Department of Rural and Community Development open new Recreation and Nature Trail at Moanbaun Woods Co. Cork

New Nature Trail Walk, Carpark and Picnic Area Opened at Moanbaun Forest

Coillte officially opened a new recreation facility at its popular forest in Moanbaun Co. Cork in December 2022. Moanbaun Woods, one of Coillte's 260 recreational forests nationwide, sits on a high exposed plateau overlooking the surrounding countryside. From the higher points, there are expansive views to the northwest of the Nagle, Galtys and Ballyhoura Hills and the source of the Owenacurra River begins here before it journeys to the estuary at Midleton.

Developed in partnership with Cork Co. Council, Watergrasshill Community Association, and the Department of Rural and Community

Development through the Outdoor Recreation Infrastructure Scheme, the new recreation facility includes an upgraded interactive nature trail, new picnic furniture and a new car park. There was wide-ranging local support for the project, with the Watergrasshill Community Association receiving financial support from Kepak for a survey of the woodland while also receiving guidance and support from local ecologists. The upgraded nature trail is a self-guided, educational route. It is suitable for all ages and each of its 13 different information points, has an interpretative panel with information on the local flora and fauna of the woodland.

National Tree Week

In March 2022 Coillte was proud to once again sponsor National Tree Week, Ireland's largest annual tree celebration. The aim of the annual event is to raise awareness of the many benefits of trees and forests and of the important role they play in delivering a sustainable future for all, with the theme for 2022 being: **'More Forests for a Greener Future'**.



Pictured at the launch of National Tree Week 2022 were (centre left) President of the Tree Council of Ireland, Eanna Ní Lamhna and (centre right) Coillte CEO, Imelda Hurley along with students of Sacred Heart Senior National School, Tallaght Co. Dublin Caoilainn Finn Costigan (9), Charlie McGuirk (9) and Josh Rhys (8).

National Tree Week has been running for over 35 years and sets out to educate the public about the important role trees play in helping to stop climate change by removing carbon dioxide from the air, storing carbon in the trees and soil, and releasing oxygen into the atmosphere with the Tree Council of Ireland and Coillte encouraging people from every corner of Ireland to get involved.

The week of tree-planting and educational events began on Sunday, 20th March at the Botanic Gardens in Dublin with a ceremonial

tree planting by the President of the Tree Council of Ireland, Eanna Ní Lamhna and a guest lecture by arboriculturist, founder, and chairman of the Irish Tree Society, Thomas Pakenham. Working with the Tree Council, Coillte supplies trees to county councils and communities nationwide.

During this week, Coillte marked the International Day of Forests with a guided tour through Ticknock forest during which information was shared on the ongoing Dublin Mountains Makeover Project.

Coillte take part in Tenth Annual Green Ribbon Talk and Walk Campaign

Coillte was delighted to continue its support for the Green Ribbon 'Let's Talk & Walk' initiative in August and September 2022 in partnership with the Irish Farmer's Association, See Change and Mental Health Ireland. The health benefits from contact with forests and nature to people's physical and mental wellbeing is well established and this initiative aims to encourage everyone to get outdoors and use Coillte's forests, trails and recreation parks as a place to focus on improving mental wellness.

Eleven walks were organised during August and September at Coillte locations nationwide, giving friends, families and communities an opportunity to connect. As it aims to spread awareness of mental health difficulties and to help end mental health stigma and discrimination, the Green Ribbon walks also give farming and rural communities an opportunity to take time to socialise with others outdoors. Rural isolation and loneliness are recognised as serious issues and these walks help to strengthen connections within the wider community.



Pat Neville, Coillte and Barbara Brennan See Change, pictured at the launch of the 2022 Green Ribbon 'Let's Talk & Walk' campaign.



Sustainability

Coillte's forests have never been more relevant. Playing an essential role in tackling the challenges of our time, Coillte has put sustainability at its core as it sets out to manage its forests for climate, wood, nature and people, ensuring it has a positive impact on the economy, the environment and communities nationwide.



Avonmore river, in Avondale forest, Co. Wicklow

At Coillte, sustainability underpins strategic planning, decision making and operations. The economic, social, and environmental sustainability of Coillte is also a key priority for the Group's Shareholders and stakeholders. To ensure the Group's work is focused on the most material sustainability issues, Coillte continuously engages with stakeholders and closely monitors the impact the business has on society, the environment and the economy.

In 2021, Coillte introduced a new sustainability and climate-related governance process, in order to develop and implement a Group sustainability framework, supported by ambitious sustainability targets.

The first step of that process was to develop an interpretation of EU and Irish policy to allow the Group develop sustainability and climate-related disclosures, in line with international reporting frameworks.

In September 2021, Coillte declared its support for the Financial Stability Board's (FSB) Task Force on Climate-related Financial Disclosures (TCFD). A baseline assessment of Coillte's GHG emissions commenced in 2022, and in April Coillte submitted its commitment to the SBTi. In addition, in early 2022 Coillte launched its strategic vision for its future forest estate, which is targeting to balance and deliver the multiple benefits from its forests and more focus to climate action, biodiversity and recreation, while continuing to deliver for the forest and wood products industry.

In support of the Climate Act 2021 and the 2021 Climate Action plan, the Coillte Board adopted NewERA's Climate Action Framework for Semi State Commercial companies in 2022.

These actions demonstrate Coillte's recognition of the growing climate crisis and its commitment to contribute to developing business practices in line with sustainability principles.

In early 2022 Coillte launched its strategic vision for its future forest estate, which is targeting to balance and deliver the multiple benefits from its forests and bring more focus to climate action, biodiversity and recreation, while continuing to deliver for the forest and wood products industry.

Young holly tree being planted at Ballyglass forest, Co. Mayo



Governance



Governance Structure

In line with the requirements of the Task Force on Climate Related Disclosures (TCFD), and obligations associated with the Irish Climate Action Plan, Coillte introduced a sustainability and climate-related governance process in 2021. A Chief Sustainability Officer and Group Sustainability Manager were both appointed, while in 2022, the Group Sustainability Team was expanded to include:

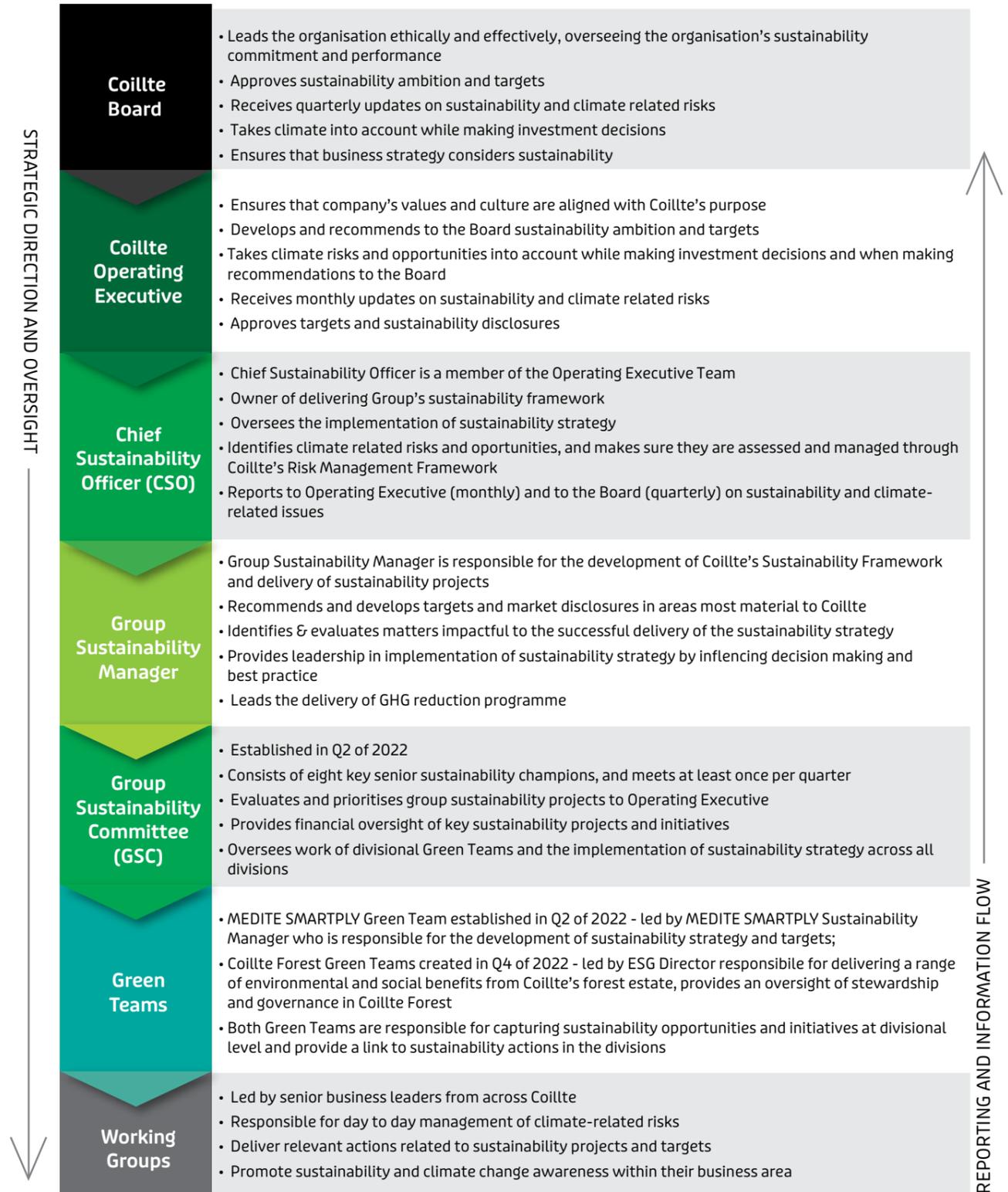
- **Sustainability Co-ordinator** responsible for strengthening the social pillar of ESG and for building social appraisal into organisational processes
- **Sustainability Accountant** responsible for the development of financial and non-financial sustainability reporting, carbon emissions calculations, and EU Taxonomy, and
- **Sustainability Transport Manager** responsible for the development of the Group's sustainable transport and mobility strategy.

In 2022, Coillte made further sustainability role appointments including:

- **Sustainability Manager** for MEDITE SMARTPLY with responsibility for leading the development and delivery of this division's sustainability strategy and targets, encompassing the three ESG pillars.
- **Director of Environmental, Social & Governance Strategy** for Coillte Forest with responsibility for delivering a range of environmental and social benefits from Coillte's forest estate, as well as protecting its integrity and value through strong stewardship and governance.

By the end of 2022, the Group Sustainability Governance Structure was finalised (see graph on page 75). It ensures that the organisation's financial, ethical, social, and environmental governance is in line with best practice and due diligence, and fully align with its overarching governance. This is to ensure that Coillte's sustainability framework is strategically aligned with Coillte's purpose and is guided by Coillte's values and principles of responsible business practice. The effectiveness of the governance process is evaluated on an annual basis.

Coillte's Sustainability Governance



Coillte Board Oversight

Coillte is committed to playing a leadership role in Ireland’s sustainability journey. As part of this role, the Coillte Board provide the governance and strategic oversight of Coillte’s sustainability framework.



Millenium Forest, Co. Kilkenny

The Board receives quarterly updates on the organisation’s sustainability commitment, framework development and performance. The Board ensures that all its decision-making processes are consistent with Coillte’s sustainability commitments, organisational values and purpose, ethics, regulations, shareholder expectations and strategic direction.

In 2022, the Board’s key sustainability focus areas included:

- The launch of the new strategic vision for Coillte’s forest estate
- Stakeholder engagement and public consultation on the new strategic vision
- Greenhouse Gas (GHG) profile of Coillte’s forest estate

- Group Scope 1 and Scope 2 carbon emissions between 2018-2022
- Identification of key CO₂ reduction areas with a particular focus on fuel related activities
- Adaptation of the NewEra Climate Action Framework
- Implementation of the Diversity, Equity and Inclusion Strategy
- Coillte’s educational programmes and contribution to UN SDG 4

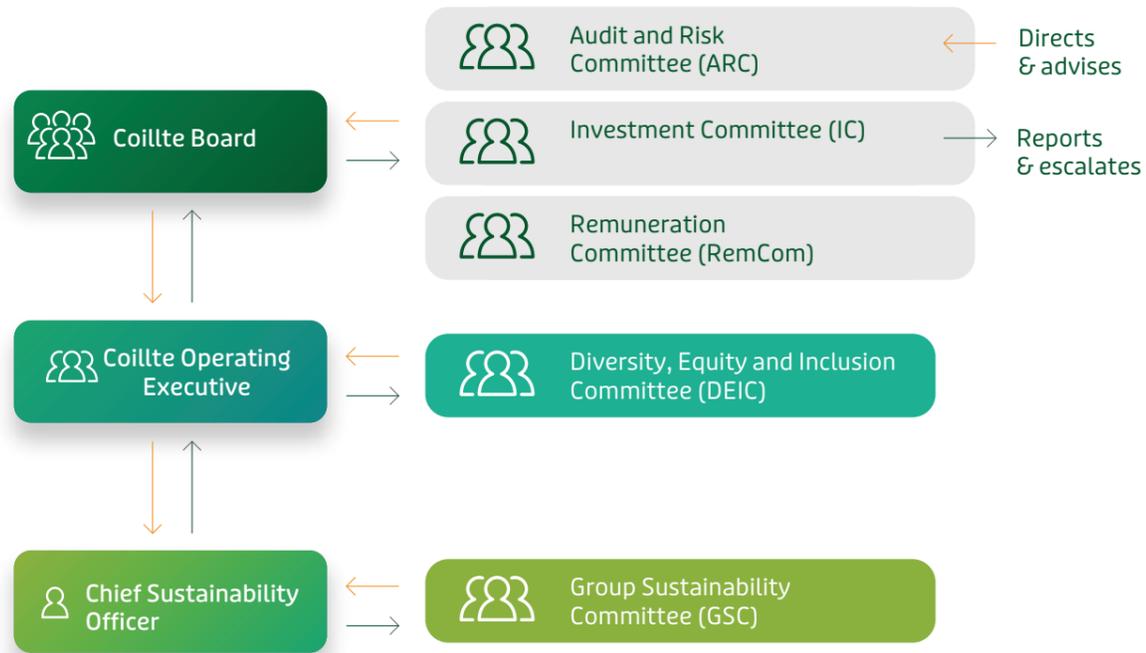
The Board also participated in sustainability workshops, focusing on areas such as carbon emissions, increasing regulatory environment, ESG reporting, and sustainable finance.

Other Group structures supporting sustainability

Coillte’s Sustainability Governance structure is supported by a number of Board-level and Operating Executive-level committees. They play a key role in terms of risk management and the delivery of the Group’s sustainability ambition. Their main responsibilities are outlined below:

<p>Audit and Risk Committee (ARC)</p> <ul style="list-style-type: none"> • The ARC is an authorised sub-committee of the Coillte Board which supports the board in its responsibilities to monitor risks to the Coillte Group by reporting and assessing risks and their mitigations. • The ARC supports the Board in its responsibilities with respect to sustainability and climate change; and oversee compliance with respect to targets, actions and mitigation measures related to climate change and other sustainability risks. • Other risks that are actively assessed include health and safety, financial, environmental and reputational risks. 	<p>Diversity, Equity and Inclusion Committee (DEIC)</p> <ul style="list-style-type: none"> • The DEIC reports to the Operating Executive and is responsible for overseeing delivery of objectives and actions from Coillte’s DEI Strategy. • It promotes a diverse, welcoming, inclusive and supportive working environment through various initiatives and projects. • The DEIC connects DEI activities to Coillte’s broader business-driven, results-oriented strategy. • It relates diversity and inclusion to the company’s mission, values and objectives. • It is also responsible for delivering commitments associated with the ‘Elevate Pledge’, signed with Business in the Community Ireland in 2021.
<p>Investment Committee (IC)</p> <ul style="list-style-type: none"> • The IC is an authorised sub-committee of the Coillte Board which advises the board and makes recommendations on key strategic projects and large capital investments. • The IC evaluates and assesses the performance of these investments on both financial and non-financial bases, including their contribution to the Group’s environmental, social and good corporate governance objectives. • The IC ensures that any impact on Group sustainability (including climate action, emissions and the circular economy) is taken into consideration in project appraisals and all key strategic investment decisions. 	<p>Remuneration Committee (RemCom)</p> <ul style="list-style-type: none"> • The Remuneration Committee assists the Board in the oversight of key people-related matters and processes, with an ultimate aim of ensuring the sustainability of our people in the supply of suitable labour, in our people relationships, in our remuneration levels and in our employer brand. • It oversees the remuneration, bonuses and incentives paid to the senior executives and the general approach taken to remuneration for all employees across the Group. • By reviewing the Succession Planning of senior executives, it supports the long term sustainability of leadership across the business.

The map below summarises how the sustainability and climate-related communication channels fit into the Group's governance structure:



Wood is a natural, renewable and fully sustainable resource. Castlemorris Wood, Co. Kilkenny



Corporate social responsibility has always been core to Coillte. Coillte is committed to carrying out all its operations in full compliance with all applicable laws and has received both FSC® and PEFC™ forest management certifications.

It regularly reports its energy usage to the Sustainable Energy Authority of Ireland (SEAI), and it works closely with SEAI to drive the Group's energy efficiency and carbon emission reductions. Coillte Group is ISO50001 certified, and in 2022 MEDITE SMARTPLY implemented an Integrated Management System (IMS).

MEDITE SMARTPLY - Integrated Management System (IMS)

Under the banner of a new Integrated Management System, MEDITE SMARTPLY was successful in gaining ISO certification across ISO50001, ISO9001, ISO45001 and ISO14001 in 2022.

Prior to 2022, there were seven different management systems in operation on the MEDITE SMARTPLY sites. The systems, for Quality, Health and Safety, Energy, and Environmental Management, had been developed individually over the years, each with its own management methods. In 2021, the IMS team initiated an integration project which

aimed to incorporate all seven systems into one Integrated Management System (IMS) to enable the organisation to work as a single unit with streamlined processes.

MEDITE SMARTPLY also extended the scope of its Energy Management System to MEDITE SMARTPLY UK in Dartford, UK. Incorporating Energy Management into its IMS will assist in managing energy efficiency, thereby reducing the organisation's carbon footprint and protecting the natural environment.

Coillte Forest - Energy Management, Occupational Health & Safety, FSC and PEFC Certification

Coillte complies with two forest management certification schemes, namely FSC® and PEFC™. Both FSC and PEFC forest management certifications are independent schemes which audit and inspect forest managers to ensure their work meets strict forest management standards against social, economic and environmental criteria.

Dual FSC® and PEFC™ certification was successfully retained following a surveillance audit undertaken by the Soil Association in BAU 3 (Midlands) in June 2022. This demonstrated that Coillte's forests are sustainably managed and that its timber products are responsibly

produced as determined by independent auditors based in various parts of the UK and Europe.

An ISO 45001 Occupational Health & Safety Management System (OHSMS) surveillance audit was successfully completed by the NSAI in BAU 2 (Mid-West) in April 2022.

An ISO 50001 Surveillance Audit of Coillte's Energy Management System (EnMS) was conducted by the National Standard Authority of Ireland (NASI) in November 2022 at the Ballintemple Nursery, Co. Carlow and at 'Beyond the Trees Avondale', Co. Wicklow sites. The audit confirmed that Coillte's Environmental Management System is being implemented in a manner that will facilitate the delivery of

its energy policy and objectives and enable it to meet Government's targets of a 51% carbon reduction and 50% energy efficiency improvement by 2030.

There are currently several ongoing initiatives which will help Coillte to drive further energy efficiency improvements. One example is Coillte's use of a specialist software package to track and graphically present monthly energy bills by cost, kWh and carbon emissions for offices, nurseries and the organisation's car and van fleet. This system also facilitates the compilation of monthly energy performance indicator reports. Realtime energy consumption continues to be tracked for a broad range of equipment in the Ballintemple nursery. Sub-metering was also installed in 2022 at Coillte's Head Office.



Coillte Nurseries, Ballintemple,
Co. Carlow

Sustainable Procurement

In 2022, Coillte developed a Sustainable Procurement Policy which was then integrated into the Group Procurement Policy. A new governance process was also established to ensure that the Policy is regularly reviewed and updated.

A list of sustainable procurement principles was established as part of the review process. These principles will ensure that procurement processes will have a positive environmental, social and economic impact over the life cycle of purchases and contracts.

The following principles have been adopted in the Policy:

Environmental:

- Reduce greenhouse gas emissions and improvements in energy efficiency
- Ensure responsible waste management, including waste minimisation, disposal and recycling, and a focus on the circular economy
- Minimise water consumption while maximising water quality, and
- Protect and enhance biodiversity in Coillte forests.

Social:

- Suppliers to adopt appropriate business practices and ensure no money laundering, fraud, bribery, corruption, or conflict of interest is taking place in their activities
- Contractors to comply with international labour principles in respect of human rights and conditions of employment
- Coillte to provide a safe, secure and inclusive working environment for employees and contractors, and
- Coillte operations to minimise the use of hazardous material which may represent a danger to people involved.

Economic:

- Ensure value for money continues to be a focus in all areas of procurement
- Support small and medium sized enterprises as well as locally based businesses
- Consider the full Life Cycle Cost of products and services, and
- Ensure the Group pays suppliers on time and in accordance with contractual terms.

Currently Coillte is working on Divisional Group Procurement Strategies which will outline the process of adapting those principles into its procurement process. This will ensure that both Coillte and its suppliers can work together to enhance its physical and social environment.

Partnerships



Pictured at the opening panel discussion of Climate Finance Week Ireland were from left: Coillte CEO Imelda Hurley; Moderator, Stephen Nolan; AIB CEO, Dr. Colin Hunt, and Director of the International Finance Division at the Department of Finance, Dr. Paul Ryan

Coillte recognises the strategic importance of sustainability partnerships. These partnerships enable Coillte to learn best practices from the experiences of others, share knowledge, create powerful allies, have a greater impact, and drive the Irish economy and business community towards more sustainable solutions.

Coillte is a member of Business in the Community Ireland (BITCI) which supports over 100 of Ireland's top businesses in the development and implementation of their sustainability strategies.

Coillte is also a signatory of the inclusive workplace pledge 'Elevate' with BITCI. In 2022, with support from BITCI experts, Coillte carried out a sustainability baseline assessment across four pillars of sustainability – governance, economic, environmental and social. The results of the assessment will help to build and then ensure best sustainability practice across the Coillte business.

In October 2022, Coillte also teamed up with Sustainable Finance Ireland, becoming a knowledge partner sponsor of Climate Finance Week, Ireland 2022. Coillte Chief Executive Imelda Hurley was a guest speaker at the opening ceremony of Climate Finance week which saw the launch of Ireland's Sustainable Finance Centre of Excellence. Additionally, Coillte hosted a panel discussion on financing nature-based solutions in Ireland, with the Nature Trust being a practical example of how those solutions could be developed in Ireland.

Coillte is also working closely with the Sustainable Energy Authority of Ireland (SEAI) which is supporting Coillte in improving its energy efficiency and reducing its energy-related greenhouse gas emissions.

Materiality

To ensure that Coillte's forestry strategic vision and sustainability objectives are focused on the most relevant issues, an extensive materiality assessment was carried out between 2019 and 2021. This process had several stages which included:

- Stakeholder mapping
- Research into sectoral best practice
- Alignment with the relevant Irish and EU Policy e.g., Climate Action Plan 2021, EU Forestry Strategy
- Alignment with the United Nations Sustainable Development Goals, the Global Reporting Initiative and the Sustainability Accounting Standard Boards (SASB) framework
- Surveys and workshops with Coillte staff
- Surveys with external stakeholders
- Public attitude surveys

- Review and approval of the final materiality list by the Audit and Risk Committee (ARC)
- Capture of all identified material issues in the Group's Risk Register.

During 2022, the materiality assessment was further enhanced by completing a Public Consultation and Public Attitudes Survey.

In line with the recommendations of the Non-Financial Reporting Directive (NFRD), Coillte's materiality assessment considered two aspects of sustainability:

- How material issues affect Coillte's business performance, position in the marketplace and development opportunities (inward impact), and
- How Coillte's business impacts on people and the environment (outward impact).



Autumn chestnuts on the forest floor

Below are the most impactful material sustainability issues identified through the process:

Inward Impact on the Environment and Society

Climate Change Impact on Forest Asset	Climate change can have a direct impact on Coillte's forests through risks such as pest infestation, fire, drought and storms. Significant adverse weather events could damage our forests and impact forest operations which would lead to a reduction in operating profit and increased costs associated with clean-up operations.
Attracting Labour to the Industry	Inability to attract skilled labour and expertise to the industry poses a risk to successful execution of the Group strategy and the long-term growth of the industry. It could limit availability of contractors, create staff shortages, affect workload and successions planning. It could also lead to upward pressure on costs.
Environmental Regulatory Demands	Forest operations (harvesting, afforestation and roading) are subject to licence under the 2014 Forestry Act. The evolution of this licencing process over recent years had a significant impact on the industry. The potential for new environmental regulations could impact further our forest, panels or renewable energy businesses.
Relationship with Stakeholders	The company can only deliver its Group strategy with the support of its stakeholders. The view of our stakeholders can influence the future of the company and the forestry sector. This could impact on the long term viability of the Group.
Market Volatility and Economic Downturn	Coillte's economic sustainability is highly dependant on commodity products in the construction sector which is prone to cyclical changes in demand and pricing. These cycles vary in severity and can have mild or severe impact on our revenue and our cost base through inflation. It is therefore important that the Group's value proposition is recognised as low-carbon, sustainable and competitive.
Climate Change Transition	EU and national climate targets will require a change to our business model. The transition to a zero-carbon and biodiversity-focused economy could lead to new regulations, carbon taxes and deployment of new technology. This will create both risks and opportunities and can have an impact on both operating profit and costs.

The material issues listed above represent the most significant sustainability risks to the economic viability of the Group. They have the potential to negatively impact Coillte's forestry strategic vision, to deliver a sustainable future for all by delivering the multiple benefits of forestry, and are regarded as principal risks which are tracked in the Risk Management Disclosures (see Financial Statements section).

Outward Impact on the Environment and Society

Growing Demand for Wood and Low-carbon Construction Materials	It is expected that the demand for long-life and low-carbon construction materials will continue to increase over the coming years. As the largest roundwood and panelboard producer in the country, Coillte will have an important role to play in supplying these products.
Access to Outdoor Recreation	The link between people's wellbeing and outdoor recreation is becoming more evident. Coillte's 'open access' policy provides a variety of c.6,000 properties of recreational spaces for society. These play an important role in supporting people's physical and mental health.
Climate Change Impact on Forest Asset	Coillte has an important role to play in reducing greenhouse gas emissions. Coillte's forests provide a stable carbon store and new forests can act as a sink. Wood produced in our forests can substitute carbon intensive materials in buildings. During 2022, Coillte completed its measurement of Scope 1 and Scope 2 emissions and aims to complete Scope 3 to support the development of a Science Based Target which will support reducing carbon in our supply chain.
Greenhouse Gases Emissions	Coillte has an important role to play in reducing greenhouse gas emissions. Coillte's forests provide a stable carbon store and new forests can act as a sink. Wood produced in our forests is a climate friendly construction product. Our aim is to carry out a carbon emission assessment across all our activities and develop a transition plan which will support us in reducing carbon in our supply chain.
Renewable Energy	In November 2021, Coillte and ESB established a joint venture, called FuturEnergy Ireland, with the main objective to deliver more than 1 GW of new renewable energy by 2030. This joint venture will play a significant role in meeting Ireland's commitment to decarbonise its electricity generation and in delivering the State's target of generating 70% of its electricity from renewable energy by 2030.
Biodiversity Enhancement	Coillte is the largest manager of land-based natural capital in Ireland. Across the forest estate today, 20% is managed with biodiversity as the primary objective. As part of the strategic vision for the forest estate, a new target will be developed to enhance and expand the level of biodiversity on the estate.
Social impact and Relationship with Local Communities	Coillte and the forest industry supports employment and development in rural areas. Coillte participates in various educational programmes supporting environmental and forest education. During 2022, Coillte had extensive engagement with stakeholders on its new forestry strategic vision.

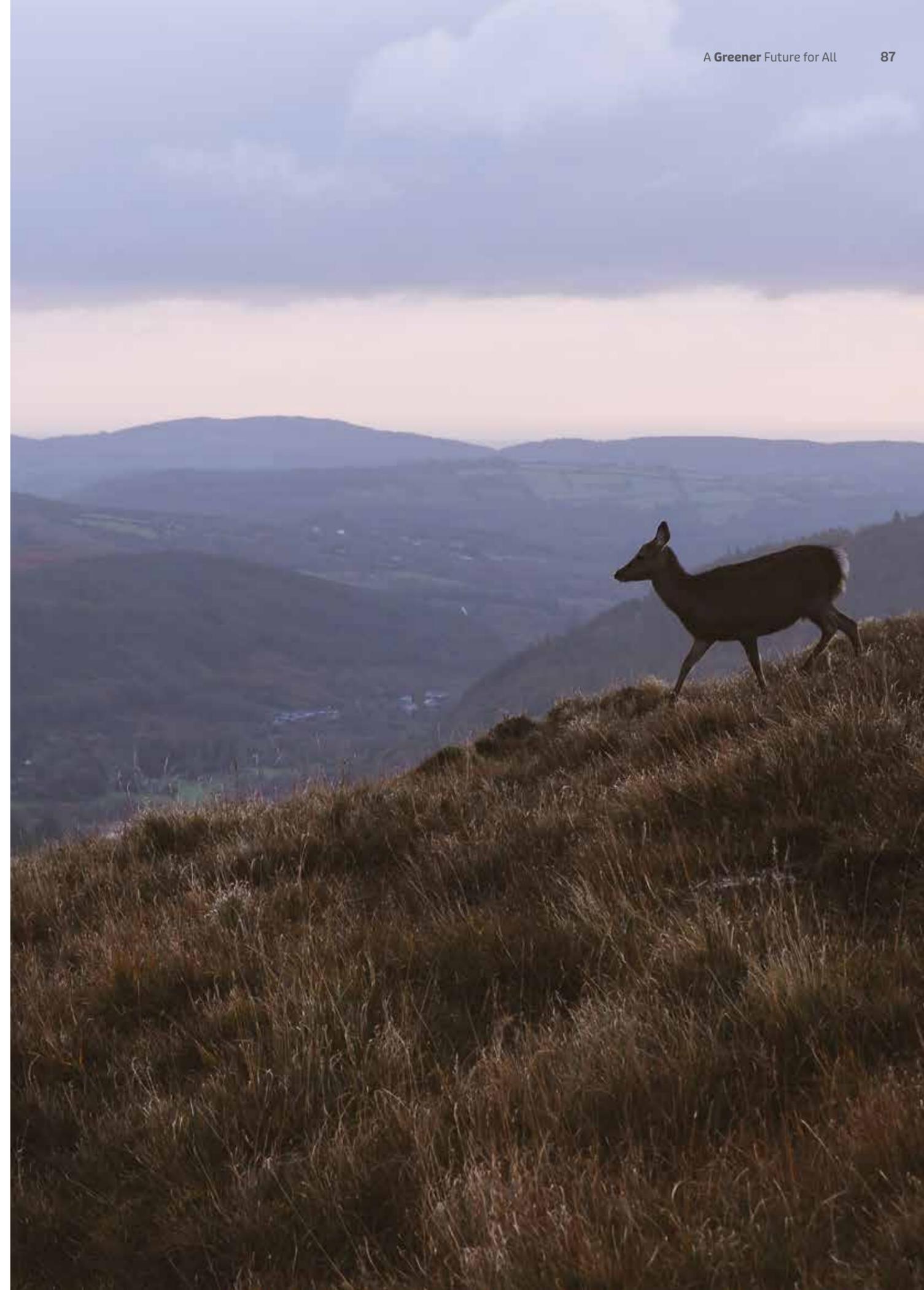
The material issues listed above represent the areas in which Coillte has the most significant long-term sustainability impact on the economy, the environment and society. They are aligned with the Group's strategic vision and objectives – Forests for Climate, Forests for Wood, Forests for Nature and Forests for People. Coillte can potentially have either a net positive or a negative impact across all of the identified areas, therefore, all need to be monitored closely.

Public Opinion on Coillte's Most Material Sustainability Issues

As aforementioned, from May to July 2022, Coillte held a public consultation on its strategic vision for its future forest estate using a web-based survey which could be accessed via the Coillte website www.coillte.ie. A total of 599 responses were collected via the online questionnaire with data analysis subsequently undertaken independently by RED C. One of the questions in the survey asked participants to rate the key areas where Coillte can potentially have the most material impact (positive or negative) in relation to sustainability.

'Enhancing and restoring biodiversity' was endorsed as the main area for Coillte impact, followed by 'building resilience into our forests' and 'increasing carbon storage'.

RED C also conducted research on behalf of Coillte into public attitudes to Coillte's new forestry strategic vision among a nationally representative sample of adults living in the Republic of Ireland. The public attitudes survey asked participants to rate the key areas where Coillte can potentially have the most material impact (positive or negative) in relation to sustainability. The results were similar to Coillte's web-based public consultation survey with 'enhancing and restoring biodiversity' endorsed as the main area for Coillte impact followed by 'providing access to recreation amenities', and 'increasing carbon storage'. The results of the survey are available on www.coillte.ie.







2022 Key Sustainability Achievements

A summary of the key sustainability achievements in 2022 are set out below:

1. Group Carbon Emissions

- Non-Land Use emissions assessed across Scope 1 and 2
- Green House Gas profile of the Coillte estate
- Key carbon reduction areas identified

2. Climate Related Disclosures

- Commitment to TCFD disclosure included in 2021 Annual Report
- The 3-year TCFD's implementation path outlined in 2021
- Adaptation of NewERA Climate Action Framework in Q4 2022
- Work commenced on EU Taxonomy classification of Coillte's environmentally sustainable economic activities

3. New Forestry Strategic Vision

- A new strategic vision for Coillte's future forest estate launched in April 2022 with the aim to sustainably balance and deliver multiple benefits from Coillte's forests across four strategic pillars: climate, nature, wood, and people.

4. Working With Local Communities

- 'Coillte Supports Ukraine' initiative
- National Tree Week
- Annual Green Ribbon 'Talk and Walk' Campaign
- SMARTPLY Collaboration with Ferrybank Men's Shed
- Community walks & park runs in Coillte forests

5. Educational Programmes

- The World of Work Programme with two secondary schools in Co. Galway and Co. Kilkenny
- An Choill Bheags (little woodlands) programme delivered with An Taisce and 6 schools across the country

6. DEI

- DEI Strategy published
- Gender Pay Gap disclosed (-9.7%)
- 120 Senior Leaders completed Inclusive Leadership Training
- 'Elevate Pledge' commitments met
- Ability Campaign & Survey rolled out resulting in 3.38% of Coillte employees declaring disability

7. Governance Structure

- Governance Structure fully developed
- Group Sustainability Committee established
- Divisional Green Teams in place

8. Sustainability Team

- New roles hired:
- Group Sustainability Manager
 - Group Sustainability Accountant
 - Group Sustainability Coordinator
 - Group Sustainability Transport PM
 - Sustainability Manager, MEDITE, SMARTPLY
 - ESG Director, Coillte Forest

9. Compliance & Policy

- Integrated Management System in MEDITE SMARTPLY
- Coillte Group certified to ISO 50001 and ISO14001
- Sustainable Procurement Policy



Contribution to Sustainable Development

Coillte uses the United Nations Sustainable Development Goals as a foundation for its sustainability framework. The 17 Sustainable Development Goals (SDGs) were adopted by all United Nations member states in 2015 as part of the 2030 Agenda for Sustainable Development. They were created to provide a shared strategic direction for the member states to enable peace, equality and prosperity for people and the planet now and into the future.

Through the process of materiality assessment, Coillte identified that the forestry sector, including Coillte, supports 10 out of the 17 UN SDGs. The Group recognises that it has a particularly significant impact on Climate Action and Clean Energy, Good Health and Wellbeing, and Life on Land, as well as on providing economic growth through the production of innovative and sustainable timber products. Those benefits are summarised by the four pillar objectives of: forests for climate, forests for wood, forests for nature and forests for people.

Forestry supports 10 of the UN SDGs

UN GOALS	FOREST VALUES	OBJECTIVES
3 Good Health & Wellbeing	Climate Change Mitigation	<i>for climate</i>
4 Quality Education	Environmental Awareness	
6 Clean Water & Sanitation	Water & Soil Protection	<i>for wood</i>
7 Affordable & Clean Energy	Habitats for Nature & Wildlife	
8 Work & Economic Growth	Sustainable Products	<i>for nature</i>
9 Innovation & Infrastructure	Health & Wellbeing	
11 Sustainable Cities and Communities	Rural Economy & Job Creation	<i>for people</i>
12 Responsible Consumption and Production		
13 Climate Action		
15 Life on Land		

UN Sustainable Development Goals



Climate



Ballyrafton Wood, Co. Kilkenny

Progress towards Task Force on Climate-related Financial Disclosures (TCFD)

As the custodian of forests and land, Coillte is aware of its direct and indirect impact on the climate in terms of how the Coillte estate is managed and the products it produces. Coillte also acknowledges its responsibility to decarbonise its own operations, influence positive climate solutions across the industry and Coillte's supply chain; and to support Ireland's transition to a low carbon economy.

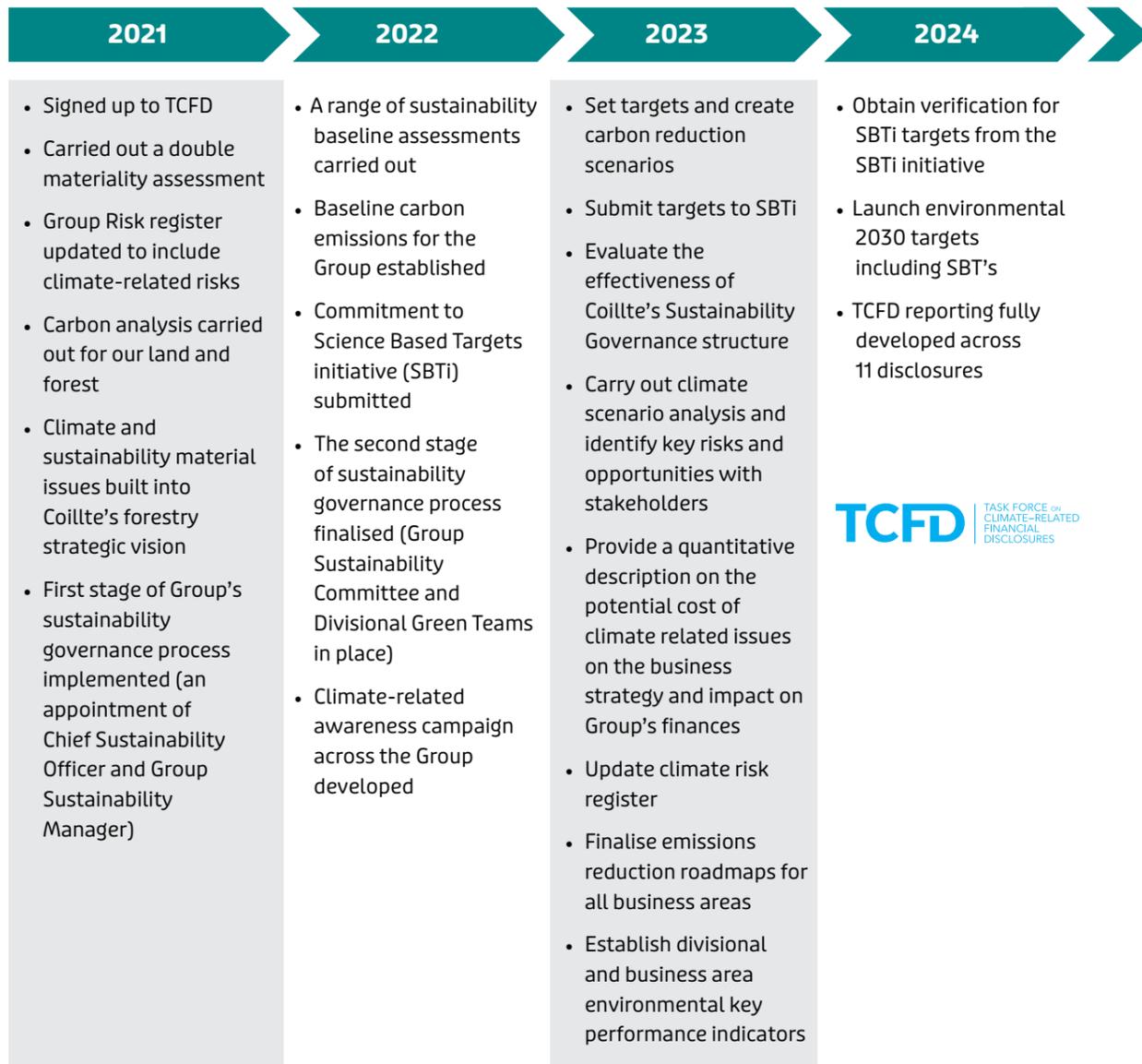
In 2021, in recognition of the growing climate crisis, Coillte declared its support for the Financial Stability Board (FSB) Task Force on Climate-related Financial Disclosures (TCFD).

Coillte's alignment with the TCFD framework will support the organisation in gaining a better understanding of its climate-related financial risks and opportunities. Given that a tree grows for between 40 and 100 years, Coillte needs to ensure that careful consideration is given as to

the possible climate change scenarios in this period. Therefore, a long-term strategy, strong governance, pro-active risk management and measurement of Coillte's progress will be crucial not only for the sustainability of the organisation, but also to ensure that Coillte can continue to deliver the multiple benefits of forestry. Ultimately, TCFD recommendations will help Coillte to improve reporting and strengthen climate-related strategies, risk management, integration and transparency.

Over the last 18 months Coillte has made significant progress across three TCFD disclosure areas: Governance, Strategy and Risk Management. Work has also commenced on the development of Coillte's Metrics and Targets, with Scope 1 and Scope 2 emissions for 2018-2022 being disclosed in this annual report. Coillte is committed to implementing all eleven TCFD recommendations, and to achieve full compliance with the framework by the end of 2024.

The TCFD’s implementation path is outlined below:



NewERA Climate Action Framework

The Climate Action Framework for the Commercial Semi State Sector was approved by the Government in July 2022. The Framework consists of five commitments that each Commercial Semi-State Body should adopt:

- Governance of Climate Action Objectives
- Emissions Measurement & Reduction Targets
- Measuring and Valuing Emissions in Investment Appraisals
- Circular Economy and Green Procurement
- Disclosures in Financial Reporting

The Coillte Board adopted the framework in Q4 of 2022. At that point, as part of our overall strategy, Coillte had already developed a climate related governance process, a green procurement policy, and Coillte’s first sustainability disclosure in the 2021 Annual Report. The key focus in 2023 will be to finalise Coillte’s emission measurement, setting carbon reduction targets and building carbon evaluation into projects and investments appraisals. Coillte will need to report to NewEra on its progress twice yearly using the online Framework Reporting Template.

Carbon Emissions

In 2022, Coillte carried out a baseline assessment of Scope 1 and Scope 2 carbon emissions associated with its business and operations. In line with the recommendations of the Climate Action Plan, 2018 was chosen as a baseline year for the calculations. The inventory was completed in line with the Greenhouse Gas Protocol (GHG Protocol) guidance. Once baseline emissions were established, the same methodology was applied to years 2019 to 2022.

The results of Coillte’s Scope 1 and Scope 2 emissions are presented in the table below:

	Unit	2018	2019	2020	2021	2022
Greenhouse Gas Emissions						
Group Scope 1 Total	Metric Tons CO ₂ e	27,268	26,906	23,615	25,163	22,194
Group Scope 1 emissions (mobile combustion)	Metric Tons CO ₂ e	12,251	11,133	10,302	11,805	9,955
Group Scope 1 emissions (stationary combustion)	Metric Tons CO ₂ e	15,016	15,773	13,313	13,358	12,239
Group Scope 2 emissions (location-based)	Metric Tons CO ₂ e	56,064	45,230	40,390	51,527	48,619
Group Total	Metric Tons CO₂e	83,331	72,136	64,004	76,690	70,813

Notes:

- 2022 SEAI location-based emission factor for electricity not available until June 2023. Therefore, the 2021 emission factor was used for the 2022 Scope 2 calculations.
- If the overall Group emissions change by > 5%, Coillte will publish adjusted emissions on its website.

This is Coillte’s internally defined threshold which applies to data/calculation updates resulting in changes to figures previously communicated.

Coillte’s total Scope 1 and Scope 2 emissions were 15% lower in 2022 than in 2018. This change was driven mostly by three factors:

- Changes in Scope 2 location-based emission factor which significantly fluctuates year on year depending on the percentage of renewable energy available from the Irish electrical grid
- Lower 2022 production volume vs. 2018, and
- Energy improvement initiatives, with the most significant impact being the recently completed construction of a new world-class drying, energy and screening system in SMARTPLY.

Emission Scopes

The Greenhouse Gas Protocol established three ‘Scopes’ to differentiate carbon emissions for which a company is responsible:

Scope 1 - refers to organisation’s direct emissions from its owned operations, including company-owned vehicles and buildings

Scope 2 - refers to indirect emissions from purchased electricity, steam, heating and cooling

Scope 3 - refers to indirect emissions generated across organisation’s value chain.

Coillte is currently evaluating its Scope 3 emission profile. Coillte intends to work towards a full quantification of Scope 3 emissions as part of our commitment to the Science Based Targets initiative.

The work that has been completed to date suggests that there are three key areas Coillte needs to focus on in order to reduce its carbon emissions:

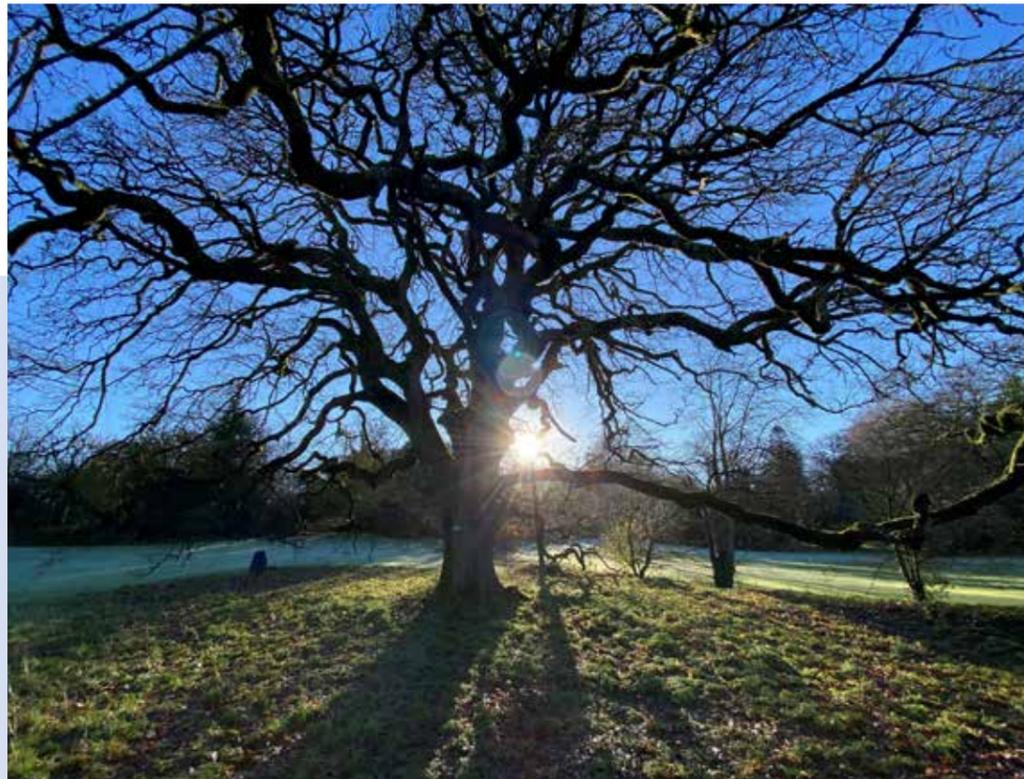
- Electricity (Scope 2)
- Diesel related activities in Scope 1 and Scope 3 – with a particular focus on upstream and downstream distribution, harvesting operations and mobile equipment, and
- Purchased goods and services (Scope 3)

While Coillte is still in the process of assessing its carbon footprint, there are already steps being taken to address the three main emissions sources. The organisation is continuously working on various energy improvement initiatives, and is fully certified to ISO 50001 standard. In 2022, the

Sustainability Team was extended with a new Sustainability Transport Manager responsible for the development of the Group's sustainable transport and mobility strategy over the next two years. The Group is also carrying out research projects which will help to increase the circularity of our processes and lower carbon associated with its supply chain.

GHG Protocol Land Sector and Removals Guidance Pilot

During 2022, Coillte worked with a number of leading experts to determine the current Greenhouse Gas (GHG) profile of Coillte's existing managed forest estate. In the last quarter of 2022, Coillte also engaged in a pilot test of the GHG Protocol Land Sector and Removals Guidance. The GHG Protocol Pilot gave Coillte the opportunity to test the draft Guidance and to provide suggestions for improvement for the final publication. Currently Coillte is awaiting feedback from the trial and will seek to integrate it into the reporting cycle when the protocol is finalised.



Sunrise at Coillte's Avondale forest park

The Bio and Circular Economy

The bioeconomy refers to economic activity derived from the use of biological resources such as wood to produce resources, while the circular economy refers to economic activity based on the use, reuse and recycling of resources and materials.

The forestry and forest products sectors are one of the primary examples of functioning bio and circular economies. As trees grow, they sequester or sink carbon, which is stored in their wood. When trees are harvested and converted into long life wood products for construction and other uses, they store that carbon in buildings and products. Wood products can substitute for and replace non-renewable high carbon products. This sink, store and substitution of carbon has a triple effect on climate, while the loop is completed by replanting to start the circular process for sinking and storing again once trees are harvested.

Wood products in construction have a major impact on decarbonising the built environment, by displacing high carbon traditional forms of construction with timber buildings to support a circular economy.

Coillte's aim is to use wood in a sustainable manner under the cascading principal use of biological resources, where the waste of one wood process is used to produce other products as follows:

- Wood is initially processed into high value long life, circular, carbon products such as construction products (sawnwood and engineered wood)
- Waste stream from primary processing (residual wood) is then used to manufacture wood-based panel products such as OSB, MDF, Wood Fibre Insulation and other products

- Waste streams from the above are biorefined to make high end products such as, fuel and chemicals, and
- After use and re-use of these valuable natural resources, their potential end of life use will be to create heat or power.

This principal use of biological resources in a cascading model is in-line with the ambition of the EU Green Deal, which aims to make Europe Net Zero by 2050.

Coillte works continually with its customers and partners to develop sustainable, circular and innovative wood products. With other Irish and EU companies, research institutes and academia, they explore innovative technologies and solutions to develop lean processes and products of the future.

These include:

- Timber building systems - working with partners to explore how more Irish timber could be used in timber frame construction in general and also to develop engineered wood products such as Cross Laminated Timber (CLT) to allow multistorey timber construction in Ireland.
- Bio-refining - an emerging technology to utilise the waste stream of wood to develop bio-chemicals, biochar, bioplastics and biofuels from wood, and
- Bio-chemicals - the development of bio-chemicals and products to allow wood products to be circular and to be re-used at their end of life.

Coillte's forests and lands today and into the future also support a vibrant bioeconomy through the production of bio services in the form of recreation, outdoor activities, water, clean air, carbon removal, biodiversity and other ecosystem services.

Our People

Coillte employs over 800 people who demonstrate strong loyalty to, and affinity with, the organisation. Staff take pride in the forests and lands they manage, as well as the manufacturing of panel products and engage with each other within a supportive culture of comradery and collaboration.



Health and Safety

At Coillte, the health and safety (H&S) of all our colleagues is an absolute priority and an area of continued focus. The occupational H&S management systems were audited in 2022 with the organisation now fully accredited and certified to the International Standard Organisation (ISO) 45001. The H&S management system in Coillte Forest was also audited as part of our Forest Stewardship Council (FSC) and Programme for the Endorsement of Forest Certification (PEFC) certificates, and the results of these were also positive.

Our Occupational Safety and Health Administration (OSHA) rate for the year was below the internal target. While Coillte oversees and monitors the safety of all contractors carefully, contractor accident numbers in 2022 were higher than previous years. A number of vehicle-related incidents were reported and careful monitoring is taking place to understand this trend. Safety alerts and notices were issued, as required, to staff and contractors following accident investigations raising awareness around H&S matters to help ensure the safety of all colleagues.

In 2022 MEDITE SMARTPLY amalgamated four ISO certificates (H&S, Quality, Energy and Environment) into an overall Integrated Management System, resulting in one set of Operating Procedures and one annual external audit which covers all four ISO Standards. This is a higher bar than was previously in place and a more efficient way of managing the suite of standards.

Gender Pay Gap

The gender pay gap is the difference in average hourly wage of men and women across a workforce. Coillte published its first Gender Pay Gap Report in December 2022. This first report noted a mean gender pay gap of -9.7% and a median gender pay gap of -5.32%. The report which is available on the Coillte website at www.coillte.ie reviewed the Gender Pay Gap for 451 employees across Coillte Forest, Land Solutions and Group Services on the snapshot

date of 24 June 2022. MEDITE SMARTPLY is not represented in this report as it is expected to publish its gender pay gap in 2024.

Coillte believes in making sustainable long-term changes to improve the gender pay gap and is committed to helping every employee, regardless of gender, reach their full potential. Led by the CEO and supported by the Operating Executive and Diversity, Equity and Inclusion Committee, significant work has been undertaken to shape Coillte's culture to ensure both women and men can thrive and sustain a balanced and progressive working career. As part of Coillte's commitment to closing the gender pay gap at all levels in the organisation, it pledges to focus on the following three key areas:

1. Promote the forestry industry to a wider pool of applicants, significantly widening the pool of women applicants;
2. Increase the number of women we employ in Coillte and;
3. Support the retention and advancement of women in Coillte.



Diversity, Equity and Inclusion 2022 highlights

2022 was a year when we significantly progressed Diversity, Equity and Inclusion (DEI) in Coillte.

Coillte published its DEI Strategy in September 2022, which followed consultation over a 12-month period with employees and external experts. In addition, the Group met all of its commitments associated with the Elevate Pledge which was signed with Business in The Community Ireland in 2021.

With the support and advice of the National Disability Authority, Coillte continued its Ability Campaign in 2022. The purpose of the campaign is to raise awareness and acceptance of people with all different levels of abilities in Coillte and to support those with challenges, both visible and invisible.

A new partnership with the Trinity Centre for People with Intellectual Disabilities resulted in a graduate from the programme joining Coillte in March 2022 on a one-year internship. This internship has increased the Group's focus on all ability-related matters, with the intern interviewing various employees for an internal newsletter.

Coillte also ran a series of webinars for staff to raise awareness of Diversity, Equity and Inclusion. Those with Adam Harris from AsIAM and Barbara Brennan from See Change were particularly popular. Over 80 senior employees also received training in Inclusive Leadership, and throughout June, Coillte supported PRIDE by displaying banners across a number of forest parks. Coillte also participated in the Dublin PRIDE parade.

Regular supportive work on wellbeing also continued throughout 2022. Counselling supports, mental health and mindfulness talks, and a series of lunchtime walks in six locations across the country were all provided, some with the help of Employee Assistance Provider, Spectrum Life.

Coillte also facilitated a MABS financial support session for staff, while nutritional support was provided in the form of a podcast focusing on "Eating for Immunity."

In March 2022 Coillte raised €30,000 for its 'Support Ukraine' initiative through a combination of staff and Group-matching funds, while the Group also organised a woodland walk to support new Ukrainian arrivals into Ireland and help them find relief in the tranquility of native woodlands.



Coillte staff at Dublin PRIDE parade June 2022

Diversity, Equity and Inclusion 2023 KPIs and Objectives



Coillte is committing to DEI targets for the first time including through our ability campaign where we are targeting an increased level of disability disclosure with a target of 3.9% set for 2023.

A series of actions are planned to assist Coillte reach its targets. In 2023, the Group will formally conduct a DEI disclosure capturing exercise, via anonymously and voluntarily provided information which will give the organisation a clear baseline. Based on this information, Coillte will then create a DEI KPI dashboard and begin to capture trend information. The trends will form part of the management information used by the leadership team and will also be reviewed annually by the Remuneration Committee of the Coillte Board of Directors.

Following a governance review, Coillte has also restructured the DEI Committee. It now has five workstreams to support the areas of Gender, Ability, Pride, Wellbeing and Refugees. Each workstream is expected to deliver a minimum of two initiatives in 2023.

Illustrating the Group's strong commitment to DEI, Coillte will include a DEI objective in the 2023 objectives for the Operating Executive. Other actions are also planned, including all staff being offered Unconscious Bias training and a DEI section is being developed on the Group website.



Mixed Coillte woodland with mature beech and Scot's pine

Ways of Working

Following the easing of Covid-19 public health measure restrictions in early March 2022, Coillte committed to delivering a working model that would recognise the needs of both staff and the organisation in a post-Covid world.

Between April and June 2022, Coillte's Ways of Working Committee designed and delivered a series of focus group workshops nationwide. The consultation process reached 85% of employees and it, along with clear feedback from Coillte leadership on the organisational needs going forward, informed thought processes. The Committee leading the project was cross-functional, while key contributions from the trade union Fórsa ensured that Coillte's people were at the forefront of every stage.

The result of the process was a return to the office for a minimum of two-days per week, with one set Anchor Day where all desk-based activities would be done from the office and, where possible, all meetings would be held 'face to face' to enhance in-person interactions. Coillte also now requests all new starters to be in an office three-days a week for the initial six months. Coillte is confident that these measures represent important steps forward to reinforce its culture and organisational values. However, it is also committed to reviewing the Ways of Working model regularly to ensure it remains relevant, appropriate, and effective for the organisation and its people.



Coillte Ways of Working Committee visit the Microsoft offices in Sandyford to discuss the people, space and technology implications of hybrid working

Community

As Ireland's largest forester and largest provider of outdoor recreation, Coillte operates in local communities throughout the country and takes its responsibilities as an employer, as a semi-state organisation and as a good neighbour seriously.

Coillte is proud to support a wide variety of community initiatives at both a national and local level across Ireland that align with its strategic objectives of forests for climate, nature, wood and people.

Below is a selection of just some of the community initiatives that Coillte was proud to support in 2022 which include tree-planting, walks to raise awareness of the health benefits from forests and nature, diversity and inclusion initiatives, educational talks on nature and more.



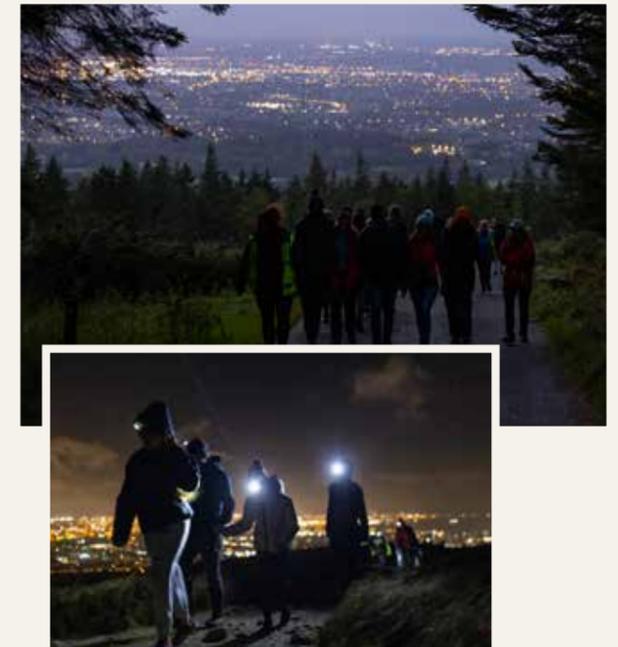
Green Schools Committee Planting at Cruagh Woods

Pictured planting trees at Cruagh Woods with the Green Schools Committee were students from the local primary school, Edmondstown N.S. The students helped plant a section of Cruagh Woods which is being converted from a commercial plantation to a native woodland mix. This is part of the wider Dublin Mountains Makeover which will see an area of over 900 ha across nine Coillte forests transition away from commercial forestry, to be managed primarily for people and nature.



Going Batty in the Dublin Mountains

Pictured enjoying the Bat Walk and presentation at Ticknock Woods, Co. Dublin in September. A diverse group gathered in the early evening and hiked through the hills to look for bat species, meeting for an audio-visual presentation in a shelter at Three Rock. The group was led by Coillte staff and Bat expert Enda Mullen from National Parks and Wildlife Service (NPWS). It was an opportunity to find out about the bat species living in and around the Dublin Mountains and the biodiversity value of the surrounding habitats. This event was run in collaboration with Dublin Mountains Partnership, the National Parks and Wildlife Service, Native Events and Dun Laoghaire Rathdown Sports Partnership.



SMARTPLY Collaboration with Ferrybank Men's Shed

SMARTPLY partnered with Ferrybank Men's Shed in 2022. The Shed is a Kilkenny based community project which brings men together and as part of its commitment to support to local groups, SMARTPLY provided OSB products for the Shed members to work with and create products such as large Christmas decorations for local schools and community centres. Coordinated by employees living in the Ferrybank community, SMARTPLY is looking forward to continued collaboration with the group in 2023.

Park Runs in Coillte Forests across Ireland

During the year many of Coillte's forests hosted local community park runs. One such event was in Mountbellew Forest, Galway where 150 people took part. It's a great example of a multifunctional forest within local communities.



Educational Programmes

Coillte and An Taisce Deliver Six Outdoor Based Forest Classrooms

Coillte and the Environmental Education Unit (EEU) of An Taisce formed a key partnership in 2022 to develop outdoor forest classrooms for schools, known as An Choill Bheags (little woodlands). The project was launched in the Presentation Secondary School, Cloonbeg, Tralee, Co Kerry in collaboration between Coillte and An Taisce.

Six new An Choill Bheags were created in primary and secondary schools across Ireland in counties Kerry, Donegal, Offaly, Wicklow and Dublin.

An Choill Bheag is a long-term educational programme, an initiative of LEAF (Learning About Forests) Ireland and the Environmental Education Unit (EEU) of An Taisce. The aim of the initiative is to create small, dense native woodland habitats for biodiversity and an educational and recreational resource for the whole school community to enjoy.

The setting is an outdoor living classroom, which will bring small, dense, biodiverse native woodland habitats to school grounds. Furthermore, as these woodlands develop, it is envisaged that nature trails can be fostered and managed for the students to enjoy in future years.

The key objectives of An Choill Bheag are to involve students in site selection and tree planting, to encourage proactive, practical and sustainable tree planting and to provide students with the necessary skills to maintain, monitor and study essential natural ecosystems for long term use projects.

Coillte provided the native trees (including such tree species as oak, alder, wild cherry, rowan, Scots pine, willow and whitethorn among others) for the students to plant while the staff of the EEU unit of An Taisce assisted with the creation of the little woodlands in collaboration with students and staff. Students are encouraged to connect with woodland culture to greater understand the benefits of forests to society, including climate change, biodiversity and wood products for their local economy.

Supporting Education with World of Work Programme

Coillte's participation in the Business Action on Education initiative coordinated by Business in the Community Ireland (BITCI) continued in 2022. Over the year, a new school, Mercy College in Woodford, Co. Galway was added, while the Group continued to work with Duiske College in Graiguenamanagh, Co. Kilkenny. Over 80 students have participated in the programme with Coillte so far, all of them benefitting from an introduction to the work of Coillte and to the roles and opportunities forestry offers. Coillte has also introduced sustainability as a topic of conversation, focusing on the positive outcomes of sustainably managed initiatives, projects and programmes in Ireland and worldwide.

MEDITE SMARTPLY supports University of Limerick Autumn Careers Fair

In September MEDITE SMARTPLY took part in the University of Limerick Autumn Careers Fair. The event targeted Science, Engineering and ICT related careers. With over 170 other companies taking part it was a great opportunity for MEDITE SMARTPLY to discuss their upcoming Graduate Programmes with students.



Students from Duiske College Kilkenny visit a Coillte tree harvesting and replanting site



Board of Directors



Bernie Gray, Chair

Bernie is a management consultant and partner in Betterboards. She is an accountant and formerly held a number of senior management positions in Telecom Eireann and was latterly HR Director. She was appointed Chair of Coillte in March 2019 and is a member of the Remuneration Committee. She is currently a Board member of National Broadband Ireland and the Accountability Board of the Civil Service. She has held a number of non-executive roles in the public and not for profit sectors including former Chairperson of Eirgrid and member of the Governing Authority of DCU.



Imelda Hurley, CEO

Imelda joined Coillte in 2019 and was appointed to the Board in January 2022. She has extensive executive and non-executive experience in public company, state owned, private equity and venture capital backed businesses. She has built that experience in multiple geographies including Ireland, UK, Eastern Europe, and Asia, and across a variety of sectors including forestry, agriculture, food, technology related product development and supply chain management.

Prior to joining Coillte, Imelda was an executive Director and CFO with agri-services group Origin Enterprises plc and, earlier in her career, she held a range of senior leadership positions at PCH International and Greencore Group plc. She has also previously served as a non-executive director of Total Produce plc, Valeo Foods and Ervia.

Imelda is currently president of Ibec, Ireland's largest business representative group, and a non-executive Director at the world's leading fresh produce provider, Dole plc. She is also a patron of Chapter Zero Ireland, a community of non-executive Directors that lead Irish boardroom discussions on the impacts of climate change. Imelda is a graduate of University of Limerick, a Fellow of the Institute of Chartered Accountants and an alumna of Harvard Business School.



Patrick Eamon King

Patrick Eamon (Eamon) was appointed to the Board in February 2018 and reappointed in February 2023. He is Chair of the Investment Committee and is a member of the Remuneration Committee. He has worked in corporate development roles in a number of UK and Irish public companies. He spent 13 years as Head of Corporate Development with Ardagh Group during a period of rapid growth and now works as a corporate development consultant with Paragon Group. He holds an Engineering degree from University College Dublin and an MBA from Trinity College Dublin. Eamon is also a member of Chapter Zero Ireland.



Gerry Gray

Gerry was appointed to the Board in February 2018 and reappointed in February 2023. He is Chair of the Audit and Risk Committee and is a member of the Investment Committee. He has more than 35 years' experience working in senior financial and strategy roles in international blue-chip organisations including PWC, Ford Motor Company and Pilkington. Gerry has held a number of non-executive positions in both the private and public sectors in the UK and Ireland. A graduate in Economics from Liverpool University, Gerry is a Fellow of the Chartered Institute of Management Accountants and a Fellow of the Chartered Institute of Management.



Eleanor O'Neill

Eleanor was appointed to the Board in 2019. She is Chair of the Remuneration Committee and is a member of the Audit and Risk Committee. She has more than 30 years' experience working in Digital Transformation roles in technology multinationals, Symantec, Visio, Microsoft, Marrakech, and Digital Equipment Corporation. Eleanor also serves as a non-executive Director of Children's Health Ireland (CHI) and the National Transport Authority (NTA). Eleanor is an Engineering graduate of NUI Galway. In addition, she has post graduate qualifications in Systems Analysis from NUI Galway, Cybersecurity from UCD and Corporate Governance from the Institute of Directors Ireland. She is also a member of Chapter Zero Ireland.



Frank Hayes

Frank was appointed to the Board in January 2022 and is a member of the Audit and Risk Committee. He has more than 40 years' experience in international business and served as Director of Corporate Affairs in Kerry Group from 1991 to 2018. A graduate in Agricultural Science BAgSc from University College Dublin, he also served as Agriculture & Food Attaché at the Irish Embassy in London from 1982 to 1991.



Deirdre-Ann Barr

Deirdre-Ann joined the Board in November 2022 and is a member of the Investment Committee. She has a number of non-executive roles and is chairperson of the Irish Blood Transfusion Service and The Peter McVerry Trust. A solicitor and notary public, Deirdre-Ann is a former corporate partner in Matheson LLP where she established the risk management function and was later General Counsel for the firm. Deirdre-Ann has a Diploma in Company Direction from the Institute of Directors and has completed the Institute of Directors Leading Sustainability programme. She is also a member of Chapter Zero Ireland.



Gerard Murphy

Gerard was appointed to the Board in December 2019 and is a member of the Audit and Risk Committee and the Investment Committee. Gerard has extensive forestry experience having worked in a variety of senior roles within the forest. He held the position of Managing Director in Coillte Forest Division for nine years and most recently Managing Director of the Land Solutions division until his retirement in September 2019. Gerard is currently a Coillte nominated Director of FuturEnergy Ireland. He has previously held a number of non-executive positions in not-for-profit organisations, as well as being a council member of COFORD and EUSTAFOR. He is a graduate of Agriculture Science BAgSc (Forestry) from University College Dublin (UCD), holds an MBA from UCD, a Diploma in Company Direction from the Institute of Directors and has a Graduate Diploma in Science from the Australian National University. Gerard is a member of Chapter Zero Ireland.



Kevin McCarthy

Kevin was appointed to the Board in May 2020 and is a member of the Audit and Risk Committee. Kevin represented workers on the Fórsa/IMPACT executive between 2013 and 2020 and was elected as an employee Director by Fórsa in 2020. He began work with Coillte in October 2005 and is at present operations resource manager covering Donegal, West Leitrim and North Sligo. Prior to 2012 he held the role of area forest manager in North Donegal. Kevin graduated from Oregon State University in 1985 with a degree in Forest Management and is a technical member of the Society of Irish Foresters.

**Coillte Cuideachta
Ghníomhaíochta
Ainmnithe**

**Statutory Financial
Statements for the
financial year ended
31 December 2022**

Report of Directors

The Directors have pleasure in presenting their annual report together with the audited financial statements for the financial year ended 31 December 2022.

The Company

The Company was incorporated on 8 December 1988 and commenced trading on 1 January 1989 when it took over the forestry business formerly carried out by the Department of Agriculture, Food and the Marine. The related assets were acquired and liabilities assumed as at 1 January 1989.

One ordinary share is held by the Minister for Agriculture, Food and the Marine and the remainder of the issued share capital is held by the Minister for Public Expenditure and Reform.

Principal activities, review of the business and principal risks and uncertainties

The principal activities of the Group are forestry and forestry related activities, wood based panels, renewable energy and land development. The review of the business including principal risks and uncertainties as required by sections 326 and 327 of the Companies Act 2014 is included in the Chair's Statement, Chief Executive's Review and the Statement on Internal Control and Risk Management sections of the Annual Report.

Results and dividends

Details of the results of the Group are set out in the Group profit and loss account, Group statement of other comprehensive income, Group and Company balance sheets, Group and Company statements of cashflows, Group and Company statements of changes in equity and the related notes. These results reflect the combined impact of strong end market pricing coming into 2022 for sawnwood and timber related products coupled with a global supply and

demand imbalance which continued to create a series of supply challenges in key markets, particularly in the first half of the year. In the second half of the year pricing fell back sharply. No different than most businesses, we also experienced the impact of high inflation on our cost base over the course of the year with movements in our key input costs closely correlated to movements in gas and oil prices. We are carefully managing the impact of these inflationary pressures on our cost base.

Group turnover at €478.8m in 2022, is a c.13% increase on 2021 largely driven by increased end market pricing. Operating costs increased by €52.7m (+17%) year on year. Other operating gains reflecting the contribution from other asset sales of €2.2m (2021: €13.4m) were recorded during the year. Operating profit (before exceptional items and revaluation gains) decreased from €124.4m in 2021 to €116.8m in 2022. The results for 2022 include a net exceptional gain of €1.9m (2021: €6.8m).

A final dividend of €0.0079 per share totalling €5.0m was paid in May 2022, relating to 2021's financial performance bringing total dividends in respect of 2021 to €30m. The Board paid an interim dividend of €0.0317 per share totalling €20m in December 2022, relating to 2022's financial performance. The Board recommend a final dividend of €0.0122 per share totalling €7.7m, relating to 2022's financial performance bringing the total proposed dividends in respect of 2022 to €27.7m.

The full result for the year after dividend was transferred to reserves.

Report of Directors

Directors and Company Secretary

All the Directors of the Company were appointed by the Minister for Agriculture, Food and the Marine.

The following Directors were in office during the financial year ended 31 December 2022:

Bernie Gray (Chair)	Imelda Hurley
Julie Murphy-O'Connor	Gerry Gray
Patrick Eamon King	Eleanor O'Neill
Gerard Murphy	Kevin McCarthy
Frank Hayes	Deirdre-Ann Barr

Julie Murphy-O'Connor resigned from the Board on 30 June 2022.

Mr. Frank Hayes was appointed to the Board on 21 January 2022. **Ms. Imelda Hurley** was appointed to the Board on 24 January 2022. **Ms. Deirdre-Ann Barr** was appointed to the Board on 7 November 2022.

The Directors and Secretary as at 31 December 2022 have no interests in the shares of the Company or its subsidiaries.

Report of Directors

Statement of Directors' responsibilities in respect of the Annual Report and the financial statements

The Directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the Group and Company financial statements in accordance with FRS 102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" as applied in accordance with the provisions of the Companies Act 2014.

Under company law, the Directors must not approve the Group and Company financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Group and Company as at the end of the financial year and of the profit or loss of the Group for the financial year.

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Assess the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- Use the going concern basis of accounting unless they either intend to liquidate the Group or Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and which enable them to ensure that the financial statements are prepared in accordance with the applicable accounting framework and comply with the provisions of the Companies Act 2014. They are responsible for such internal controls as they determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors are also responsible for preparing a directors' report that complies with the requirements of the Companies Act 2014.

The Directors are responsible for ensuring that the corporate governance statement on pages 134 to 139 reflects the Group's compliance with the 2016 Code of Practice for the Governance of State Bodies.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors, in accordance with Section 225(2) of the Companies Act 2014, acknowledge their responsibility for securing the Company's compliance with its relevant obligations specified in that section arising from the Companies Act 2014 and Irish tax legislation ("relevant obligations"). In order to secure said compliance the Directors:

- Issued a compliance policy statement setting out the Company's policies in respect of compliance by the Company with its relevant obligations.

Report of Directors

- Ensured that there are appropriate arrangements and structures in place and that they are satisfied that they provide reasonable assurance of compliance in all material respects with those obligations.
- Reviewed the existing arrangements and structures during the year to ensure they continue to provide reasonable assurance of compliance in all material respects with those obligations.

Corporate Governance

The Board of Coillte CGA is committed to the highest standards of corporate governance and is accountable to its shareholders for those standards. The Code of Practice for the Governance of State Bodies (2016 edition), issued by the Department of Public Expenditure and Reform, sets out the principles of corporate governance that apply to the Group. Coillte CGA was in full compliance with the Code of Practice for the financial period.

Board of Directors

During the financial year, the Board consisted of a non-executive Chair, seven non-executive Directors, one executive Director and one worker representative Director. The Chair and the non-executive Directors are independent of the Chief Executive and senior management. All the Directors are appointed to the Board by the Minister for Agriculture, Food and the Marine for a period not to exceed five financial years (unless reappointed by the Minister) and their terms of office are set out in writing. The level of remuneration for the Board of Directors is also determined by the Minister and remuneration of non-executive Directors is not linked to performance.

The Board meets formally on a regular basis. It met on ten occasions in 2022. It has a schedule of matters specifically reserved to it for decision and is satisfied that the direction and control of the Group is firmly in its hands. The Group's annual budget and rolling five year financial plan are reviewed

and approved by the Board. The Board receives the latest management accounts in advance of each meeting, with detailed comparison of actual to budget included in these accounts. Board papers are circulated electronically to the Directors sufficiently in advance of each meeting to allow adequate time for review and consideration prior to Board and Committee meetings. Significant contracts, not in the normal course of business, major investments and capital expenditure are also subject to approval by the Board. Each non-executive Director brings independent judgement to bear on all matters dealt with by the Board including those relating to strategy, performance, resources and standards of conduct.

All members of the Board have access to the Company Secretary and the Group's and Company's professional advisors as required. This ensures that Board procedures are followed and that applicable rules and regulations are complied with. Each Director received appropriate briefing on being appointed to the Board.

Conflicts of interest

Board members make annual disclosures of any potential or actual conflicts of interest under the Ethics in Public Office Act 1995. In addition, Board members are responsible for notifying the Company Secretary on an ongoing basis should they become aware of any change in their circumstances regarding conflicts of interest, as detailed in the Coillte Group Code of Business Conduct for Employees and Directors.

Report of Directors

Accounting records

The Directors believe that they have complied with the requirements of sections 281 to 285 of the Companies Act 2014 with regard to adequate accounting records by employing accounting personnel with appropriate expertise and by providing adequate resources to the financial function. The accounting records are kept at the Group's head office at Dublin Road, Newtownmountkennedy, Co. Wicklow.

Report under section 22 of the Protected Disclosures Act 2014

The Group has implemented a Protected Disclosures Policy in accordance with the requirements of the Protected Disclosures Act 2014.

Section 22 of the Protected Disclosures Act 2014 requires the Group to publish an Annual report relating to protected disclosures made under the Protected Disclosures Act 2014. In accordance with this requirement, the Directors confirm that no protected disclosures were made during the financial year ending 31 December 2022.

Research and development

The Group is involved in research and development activities and during the financial year, the Group continued its research and development programme in relation to its forestry activities and in expanding the application of its MEDITE SMARTPLY products, expensing costs of €562,000 in 2022 (2021: €502,000).

Prompt payments regulation

The Directors acknowledge their responsibility for ensuring compliance, in all material respects, with the provisions of the Prompt Payment of Accounts Act, 1997 as amended by the European Communities (Late Payment in Commercial Transactions) (S.I. No. 580 of 2012) ('the Regulations').

Procedures have been implemented to identify the dates upon which invoices fall due for payment and for payments to be made by such dates.

Accordingly, the Directors are satisfied that the Company has complied with the requirements of the Regulations.

Subsidiary, joint venture and associate undertakings

A list of subsidiary, joint venture and associate undertakings as at 31 December 2022 is set out in note 18.

Political contributions

There were no political contributions which require disclosure under the Electoral Act, 1997.

Events since the end of the financial year

There have been no events between the balance sheet date and the date on which the financial statements were approved by the Board, which would require adjustment to the financial statements or any additional disclosure in the financial statements.

Relevant audit information

The Directors believe that they have taken all steps necessary to make themselves aware of any relevant audit information and have established that the Group's statutory auditor is aware of that information. In so far as the Directors are aware, there is no relevant audit information of which the Group's statutory auditor is unaware.

Auditors

The Auditor, KPMG, has indicated their willingness to continue in office.

On behalf of the Board

Bernie Gray
Chair

Gerry Gray
Director

Date: 3 April 2023

Statement on Internal Control and Risk Management

Scope of Responsibility

On behalf of Coillte CGA, the Board acknowledges its responsibility for ensuring that an effective system of internal control is maintained along with having overall responsibility for risk management. The Board ensures that the Group's risk exposure remains proportional to the pursuit of its strategic objectives and to its longer-term goal of creating shareholder value. This responsibility takes account of the requirements of the Code of Practice for the Governance of State Bodies (2016).

Management is responsible for the identification and evaluation of significant risks applicable to their areas of business, together with the implementation of suitable internal controls. These risks are assessed on a continuous basis and may arise because of control failures, disruption to IT systems, legal and regulatory issues, market conditions and natural catastrophes. Management also reports to the Board on major changes in the business and external environment which affect risk. Where areas of improvement in the system are identified, the Board considers the recommendations of management and the Audit and Risk Committee.

Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a tolerable level rather than to eliminate it. The system can therefore provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded and that material errors or irregularities are either prevented or detected in a timely way.

The system of internal control, which accords with guidance contained in the Code of Practice for the Governance of State Bodies, has been in place in Coillte CGA for the year ended 31 December 2022 and up to the date of approval of the financial statements.

Capacity to Handle Risk

Coillte CGA has an Audit and Risk Committee (ARC) comprising of four non-executive Directors, one of whom is the Chair, a worker representative Director and one external member, with relevant expertise. Coillte CGA has also established an assurance and compliance function which is adequately resourced and conducts a programme of work agreed with the Audit and Risk Committee.

The Audit and Risk Committee operates under terms of reference which clearly outline its responsibilities with regard to internal controls and risk management systems.

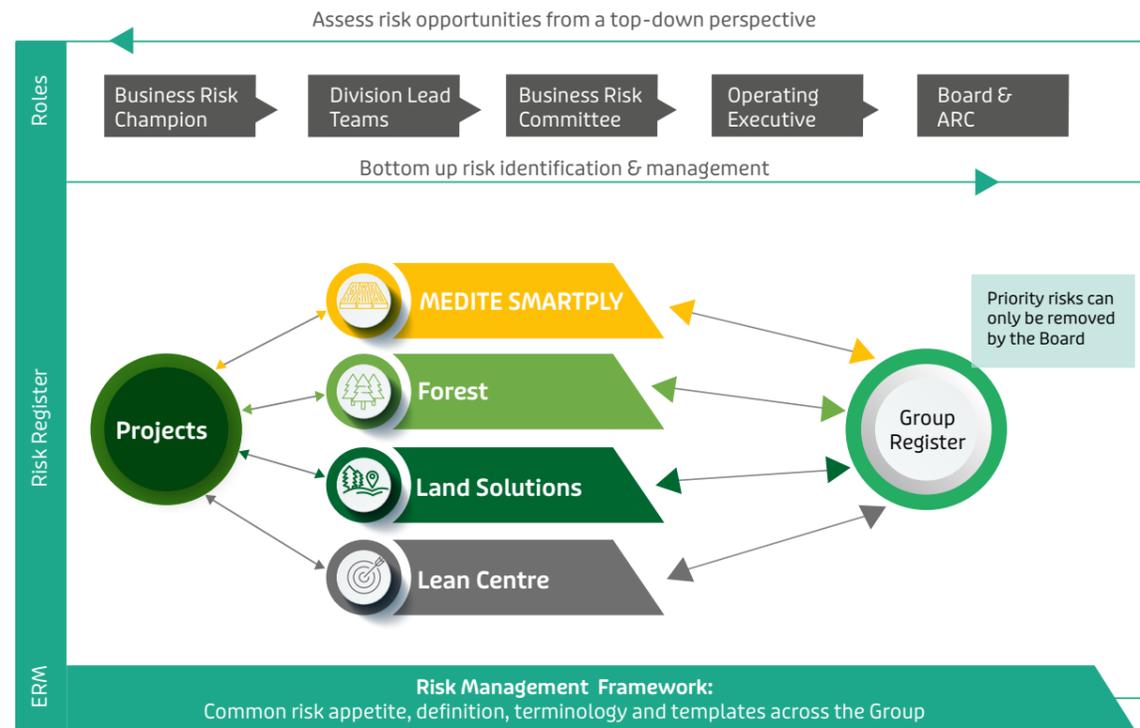
Approach to Risk Management

As part of running a successful and growing business, Coillte recognises that managing risk and opportunity can help in achieving its objectives, likewise failure to manage risk may prevent us from achieving our objectives. An effective risk management framework supports the business in the identification, evaluation and management of these risks and opportunities. We have developed our risk management framework to be integrated into the day-to-day activities and values of the business, structured to ensure risk management is consistent and comparable across the Group and is dynamic to account for risk and opportunity development in a timely manner. We also recognise that our risk profile is constantly evolving and therefore we regularly review our risk management framework, seeking input from our stakeholders.

Statement on Internal Control and Risk Management

Risk Management Framework

Coillte’s approach to risk management combines a top-down strategic assessment of risk and risk appetite, which takes account of the external business environment and any changes to the business model, along with a bottom-up identification and reporting process arising from a review and assessment of the business unit risk registers. Coillte has adopted a risk management framework based on the principles of the “three lines of defence”. The key elements of the framework are shown in the table and model below:



Statement on Internal Control and Risk Management

Oversight	
Board	Ultimately responsible for risk management across Coillte and for ensuring that an effective system of internal control is maintained. Sets the risk appetite and ensures risks are managed within appetite.
Audit & Risk Committee	Responsible for monitoring and providing challenge on the principal risks and opportunities facing the Group. Receives regular updates on risk management strategies, mitigation and action plans.
First line of Defence	
CEO and Operating Executive	Management is responsible for the identification and evaluation of significant risks together with the implementation of suitable internal controls.
Management Risk Committee	Committee responsible for setting risk strategy and ensuring risks and opportunities are consistently managed across the Group.
Second Line of Defence	
Division Lead Team	Responsible for identifying and managing divisional risks, ensuring risk management frameworks are operating effectively and capturing upside of risk, where possible.
Business Risk Champions	Leads risk management within the division. Responsible for regular reporting of risks.
Third Line of Defence	
Assurance and Compliance	Assurance and Compliance provide independent assurance over the control environment.

Roles and Responsibilities within the Risk Management Framework

Board	<ul style="list-style-type: none"> • Approves the Group's strategy based on an understanding of the risks and opportunities facing the Group • Reviews and monitors the key risks facing the organisation • Approves the Group's risk appetite, policy and framework • Ensures the Group has an effective risk management and internal control systems in place • Approves the delegation of authority
Audit & Risk Committee	<ul style="list-style-type: none"> • Assesses the Group's risk framework on behalf of the Board • Ensures risks present an accurate reflection of risk landscape • Reviews and monitors high level risks (closure, categorisation, rating and ranking) and the mitigating actions in place • Sets the programme of work for Assurance and Compliance for reviewing internal control and risk management systems • Reviews whistleblowing arrangements and the Company Code of Conduct
CEO and Operating Executive	<ul style="list-style-type: none"> • Drives culture of risk management • Develops and implements the Group risk framework that is appropriate to Coillte and its business environment • Ensures that the necessary resources are allocated to managing risk • Assigns authority, responsibility and accountability at appropriate levels within the organisation • Aligns risk management with the Group's objectives, strategy and culture • Communicates the value of risk management to the organisation and its stakeholders • Identification and evaluation of significant risks applicable to the business, together with the implementation of suitable internal controls
Division Lead Teams	<ul style="list-style-type: none"> • Identification and evaluation of significant risks applicable to the business • Implementation of suitable internal controls and KPIs • Ensures employees are aware of the risk management policy and fosters a culture where risks can be identified and escalated • Documents processes and procedures • Delivers training on key risk areas and policy
Chief Risk Officer	<ul style="list-style-type: none"> • Continuously improving risk management policy, strategy and supporting framework • Chairs the Management Risk Committee and escalates risks from the Divisions to Operating Executive, ARC/Board • Updates the Corporate risk register and advises Business Risk Champions of amendments • Facilitates annual review of categorisation, rating and ranking criteria • Reviews and updates Risk Policy and communicates policy to staff
Business Risk Champions	<ul style="list-style-type: none"> • Advise CRO of changes to Division Risk Register • Facilitate monthly review of Division Risk Register and consider any new risks • Participate in the Management Risk Committee • Act as a change agent and facilitate the resolution of risk related problems
Management Risk Committee	<ul style="list-style-type: none"> • Ensures risks present an accurate reflection of Coillte's risk landscape • Ensures risks are consistently categorised, ranked and rated across the Group • Identifies and co-ordinates risk training • Identifies and shares best practices for managing risk
Assurance and Compliance	<ul style="list-style-type: none"> • Reviews the risk management and internal control processes • Develops risk based internal audit plans which are approved by the ARC • Provide independent and objective assurance on risk matters to the ARC • Conduct an annual control effectiveness assessment, identify controls, KPIs, any further actions proposed to mitigate the risk

Statement on Internal Control and Risk Management

Risk Culture

It is critical that a good understanding of risk and its implications, both positive and negative, is embedded in our organisational culture. It is also critical that our culture promotes responsibility to identify, assess and manage risk in all areas of the business. Coillte's risk culture is underpinned by Our Values. Our people play a key role in managing risks across our business and activities every day. We do not see risk management as a separate or oversight function within Coillte and it is embedded into how we manage our business. We have created policies and procedures to enhance risk awareness across our Group. We encourage our people to speak up in raising issues and opportunities and expect management to treat concerns seriously and professionally.

To embed a risk focused culture, we have implemented structures on financial controls, business forecasting, health & safety, training, employee welfare, contractor and stakeholder management. We have training in place for high risk activities for our employees and contractors in activities such as factory maintenance, use of equipment, harvesting, working alone, certification etc. The aim of this approach is to manage risks from the bottom up, identifying risks, dealing effectively with them at a local level and ensuring that material risks are notified and highlighted to the Board and the Operating Executive. The Board and Operating Executive also assess risks and opportunities from a top-down and the potential impact on the Group's strategy. As part of this top down approach, the Board and Operating Executive review risks with a high impact and low probability. The business will then look at these risks on a periodic basis to ensure the business is resilient to the potential impact.

The Audit and Risk Committee reviews the risk register as a standing meeting agenda item. This provides a challenge to Executive management on how risks are being mitigated and sets the tone from Board to management on risk management matters.

Our internal audit function plays a key role, providing additional oversight and reporting on how risks are being managed to the Audit and Risk Committee. This process of bottom-up and top-down analysis and oversight provides the basis for the monitoring and assessment of risks, including the identification of emerging risks.

Risk Appetite

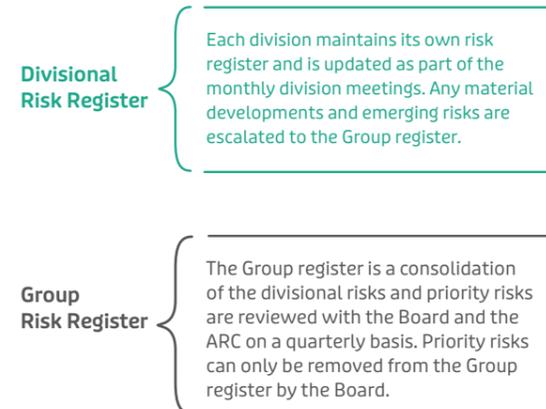
Coillte has set out a risk appetite within the Risk Management Framework. This is used to set risk appetite at the Group level across different risk dimensions, from where the Group is prepared to take on a certain level of risk to limited or zero risk.

The risk appetite is utilised in annual business planning process by defining the desired forward-looking risk profile of the Group in achieving strategic objectives. A full review of the Risk Appetite is undertaken by the Board every three years with the most recent completed in 2021.

Statement on Internal Control and Risk Management

Risk Assessment

Coillte maintains a risk register at Group and divisional levels. Risk is assessed in a systematic and collaborative way, drawing on the knowledge and views of stakeholders. Group risks are reviewed quarterly by the Board.



The risk assessment process is forward looking and uses the best available information to identify risks, evaluate risks and develop mitigating actions. The key steps in the risk assessment stage are:

- Risk identification,
- Risk analysis,
- Risk evaluation,
- Risk mitigations and
- Monitoring and review.

Statement on Internal Control and Risk Management

Risk Identification

The purpose of risk identification is to find, recognise and describe risks and opportunities that might help or prevent Coillte from achieving its objectives. Coillte relies on all of its people to identify risk but it also supplements it with:

- Workshops with the Board as part of the Annual Strategy Review;
- Ireland’s National Risk Assessment;
- World Economic Forum’s annual ‘Global Risks’ Report;
- Engagement with peer companies;
- The five climate change scenarios developed by the IPCC (Inter-governmental Panel on Climate Change).

Risk Analysis

The purpose of the risk analysis stage is to consider the residual risk or opportunity under the following headings:

- the effectiveness of existing controls;
- the likelihood of events and consequences with the controls in place;
- the nature and magnitude of consequences with controls in place.

Risk Evaluation

The purpose of the risk evaluation stage is to support the business in determining where additional action is required. This can lead to a decision to:

- do nothing further;
- consider risk treatment options;
- undertake further analysis to better understand the risk;
- maintain existing controls;
- reconsider objectives.

Risk Mitigations

Selecting the most appropriate risk mitigation involves balancing the potential benefits derived in relation to the achievement of the objectives against costs, effort or disadvantages of implementation. Options for treating risk may involve one or more of the following:

- avoiding the risk by deciding not to start or continue with the activity that gives rise to the risk;
- taking or increasing the risk in order to pursue an opportunity;
- removing the risk source;
- changing the risk likelihood;
- changing the consequences;
- sharing the risk (e.g. through contracts, buying insurance);
- retaining the risk by informed decision.

Monitoring and Review

The risks are documented in the division and Group register and updated and reviewed as part of the monthly division and Group meetings.

Statement on Internal Control and Risk Management

Climate Risks

During the year, the Group launched its new forestry strategic vision which is a response to the climate and bio-diversity challenges we face as a country. As our forest asset is a biological asset linked to the environment, our risk processes in how we manage operational activities have always been focused on managing this risk. The new forestry strategic vision has identified a range of climate-smart mitigation measures that can be applied across the forest estate to increase removals of CO₂ from the atmosphere and improve the store of carbon in our estate. We also recognise the risks that climate change present to our forest estate in terms of species suitability, productivity, and abiotic and biotic threats such as disease and fire. Consequently, we will work to better understand how we can manage and diversify our estate to ensure that our forests are resilient and can adapt to a changing climate.

Coillte's overall risk management framework integrates climate risks as part of the overall process. It includes pre-determined risk appetite in relation to sustainability and environment established by the Board. As part of the risk assessment process, the Board considers the IPCC climate change scenarios to identify risks to be included in the risk management framework.

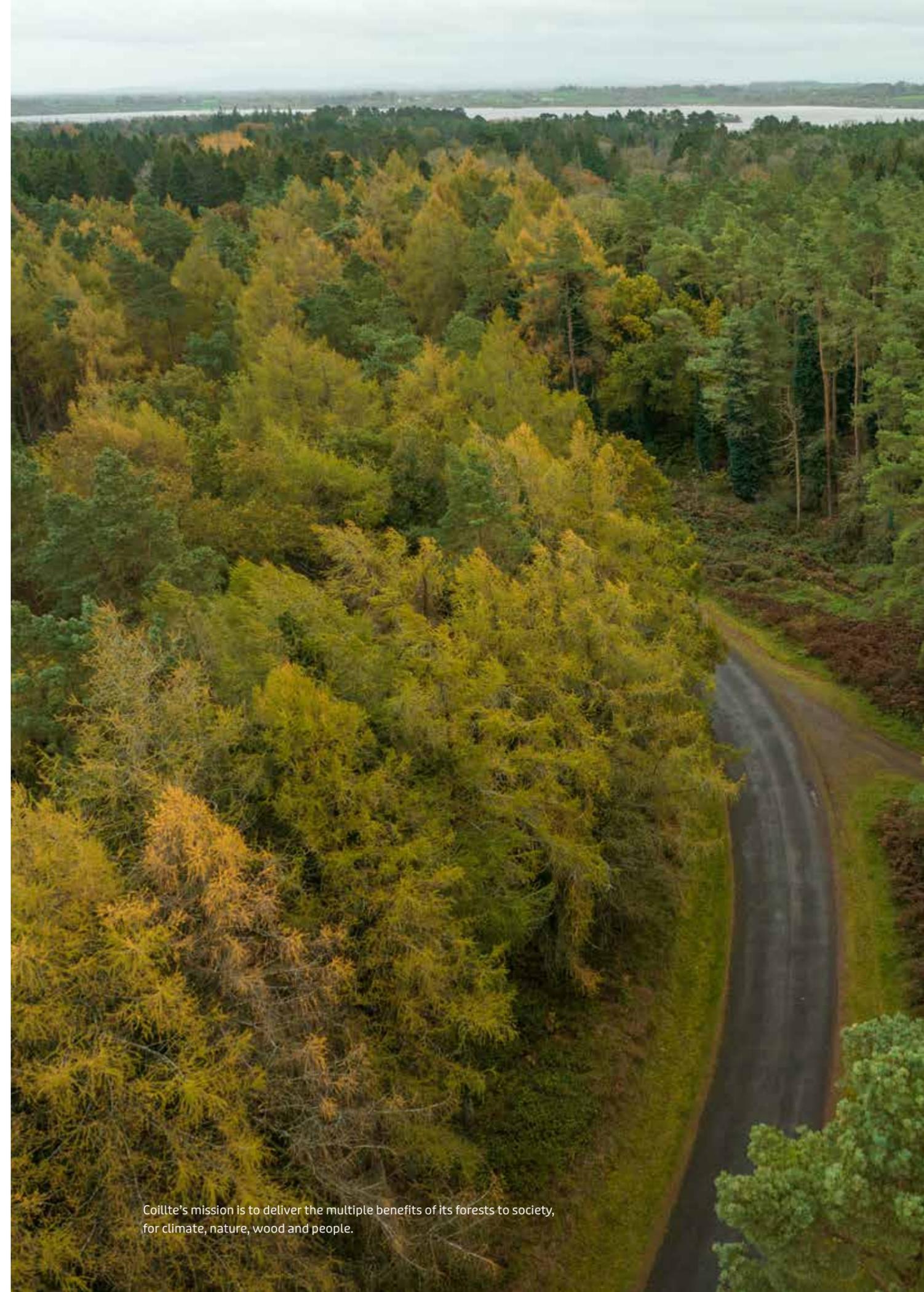
Climate change has the potential to affect our business in various ways. While these may not be severe in the short term, we believe climate-related risks are likely to have a medium and long-term impact on our business. We have identified both transition (Forest Regulation, Climate Change Transition) and physical risks (Climate change impact on the forest asset) as part of our principal risks.

Emerging Risks

The risk management framework enables the Group to identify, analyse and manage emerging risks to help ascertain exposures as soon as possible. This is managed as part of the process that identifies the principal risks. Emerging risks are monitored and reviewed in conjunction with principal risks. Key emerging risks include supply chain challenges, which could limit the Group's access to materials and key equipment spare parts and disrupt supplies to customers and bare land access, which could impact the Group's ability to deliver afforestation targets.

Principal Risks

The principal risks are tracked and opportunities that have the potential to have a significant impact upon the Group's strategic objectives are set out below, together with an indication of the strategic objective to which they relate, the principal mitigations, developments in relation to the risk during 2022 and areas of focus for 2023.



Statement on Internal Control and Risk Management

Regulatory

Forestry Regulation	
Risk Description	Our main forestry activities (afforestation, harvesting & roading) are subject to licence under the 2014 Forestry Act and new rules and regulations can be developed.
Impact	Regulatory impacts on the flow of felling licences and road permits. Any disruption in the licensing process can disrupt timber supply and Coillte's ambition to increase afforestation.
Controls	The Group has put a timber supply planning process in place that leverages an internal Environmental Risk Assessment (ERA) system to ensure Coillte creates high quality applications that meet the regulatory requirements.
2022 Developments and 2023 Areas of Focus	The Group continues to have ongoing engagement with DAFM and EUSTAFOR on national and EU policy developments. During 2023, we will also be developing our future forest vision which will enhance our controls to manage this risk.



Renewable Energy Market and Regulation	
Risk Description	The Group has significant renewable energy assets in development on Coillte land which are subject to various laws and regulations from planning to noise and market mechanisms for the energy sector.
Impact	Any changes in the energy market and regulation can have a direct impact on the financial viability of our or third party renewable projects on Coillte land. This can lead to an impairment in the asset and/or reduced profitability.
Mitigations	The Group through its JV FuturEnergy Ireland (FEI) has dedicated resources which focus on understanding regulatory changes in this sector and ensuring our projects take account of these regulations.
2022 Developments and 2023 Areas of Focus	FEI continues to monitor and engage on new and emerging regulation directly and through Wind Energy Ireland (WEI). FEI are also reviewing alternative energy storage to address grid constraints and capacity.



Statement on Internal Control and Risk Management

Strategic

Stakeholder Management	
Risk Description	The view of our stakeholders is a key success factor in delivering our strategy.
Impact	The Company cannot deliver the Group's strategy or complete strategic investments without stakeholder support. This could impact on the long term viability of the Group.
Mitigations	The Group has open channels of communication with key stakeholders and focusses its communications to showcase the multi-functional value of forests and the benefits they deliver to the public centred across four main themes, forests for people, forests for nature, forests for climate and forests for wood.
2022 Developments and 2023 Areas of Focus	During 2022, the Group conducted an extensive stakeholder engagement on our future forestry strategic vision. The Group is developing a new strategic communications plan to further enhance stakeholder engagement in 2023.



Capital Investment	
Risk Description	The Group's strategy is reliant on the delivery of a number of significant capital projects.
Impact	Large scale capital projects have a significant cost and any delays in the delivery of the projects can result in increased costs, reduced financial return and confidence from our shareholders.
Mitigations	The Investment Committee and dedicated resources manage key large scale capital projects.
2022 Developments and 2023 Areas of Focus	During 2023, the investment appraisal model will be enhanced to account for the proposed shadow price for carbon based on the public spending code.



Statement on Internal Control and Risk Management

Financial

Market Volatility and Economic Downturn

Risk Description	The Coillte Group is highly dependent on commodity products in the construction sector which are highly cyclical and influenced by global and national markets.
Impact	Depending on the severity of the cycle, it can lead to a mild or severe reduction in revenues. However, given the size of the Group's operations, the costs of hedging exposure to commodity product price risk exceed any potential benefits.
Mitigations	The Directors will revisit the appropriateness of this hedging policy should the Group's operations change in size or nature.
2022 Developments & 2023 Areas of Focus	During 2023, as part of its strategy the Group will focus on increasing the use of timber used in construction and developing higher value products which are less exposed to cyclical commodity markets.



Legal Disputes

Risk Description	The Group has a number of ongoing legal disputes.
Impact	An unfavourable outcome of these disputes could cause financial loss to the Group and reputational damage.
Mitigations	The Group has adequate provisions in place and an active engagement process.
2022 Developments & 2023 Areas of Focus	The Group is continuing to engage and will seek to resolve any disputes.



Inflation

Risk Description	Erosion of margin and profit due to significant cost increases.
Impact	Impact of price increases on key inputs (e.g. fuel, resin, etc.) driven by inflation which may not be passed on to the end markets in the long term.
Mitigations	Cost task force established to monitor cost increases and develop mitigations in response to same. Quarterly forecasting prepared to measure the impact of cost increases on profit margins and profits. Flexible cost base enablers being developed.
2022 Developments & 2023 Areas of Focus	During 2022, the Group entered into longer term contracts in respect of resin, energy, and contractors to allow cost certainty. The focus for 2023 will be the identification of various cost containment measures which can be implemented.



Statement on Internal Control and Risk Management

Operational

Climate Change Impact on the Forest Asset

Risk Description	Climate change can have a direct impact on Coillte's forests through risks such as pest, disease, fire, drought and storms.
Impact	A significant event in this area results in direct economic loss through reduced operating profit and reduced value of forest assets. The Group also faces additional costs for clean-up or prevention costs. It also puts a strain on the organisation.
Mitigations	The Group has a dedicated National Estates Risk Manager in place who ensures there is a Biotic Risk Outbreak Management Plan developed and reviewed annually, a Windstorm Contingency Plan in place and that Fire Plans are in place for all Business Area Units (BAUs). There is also a Fire Management Improvement Plan in place along with a training programme.
2022 Developments & 2023 Areas of Focus	The focus for 2023 will be the completion of the fire preparation and training, as well as development of a pest and disease register for the Coillte estate. The Group will also review DAFM's pest risk register, install IPS traps at agreed locations and complete forest health surveys. There will also be an Increased focus on Biotic risk with engagement at senior level in DAFM through an all island plant health group and participating in DAFM's Protecting Resilient Forests research project.



Attracting Labour to the Industry

Risk Description	Inability to attract people to work in the industry and the business.
Impact	Risk to successful execution of the Group Strategy and the long-term growth of the industry. It could lead to upward pressure on costs.
Mitigations	The Group's people strategy is multi-faceted and includes the use of specialist recruitment agencies to attract staff with expertise and engagement with third Level Educational Institutions aims to attract high quality forestry graduates.
2022 Developments & 2023 Areas of Focus	During 2023, we will be completing a Strategic assessment of the Group's employment policy, training and supports.



Statement on Internal Control and Risk Management

Operational

Health and Safety

Risk Description	The forest and panels sector and the construction of wind farms are industries where health and safety risks are inherently prominent.	
Impact	A serious health and safety incident could have a significant impact on welfare of our employees, contractors or partners. It could also impact the Group's operational and financial performance, as well as the Group's reputation.	
Mitigations	Health and safety committees are in place in each part of the Group which are responsible for: <ul style="list-style-type: none"> • the implementation of safety legislation and guidelines; • the implementation of a safe system of work; • safety reporting and investigation; • safety improvement planning; • appropriate training for all employees and contractors; • and Internal safety audits. Additional reporting to the Board includes quarterly reviews of progress made against safety plans as well as a Group Forum twice a year which allows learnings to be shared and input from external experts on specific topics.	
2022 Developments & 2023 Areas of Focus	Divisional Health and Safety Plans for 2023 have been developed and approved by the Board. The Group will continue to focus on Health and Safety with annual risk assessments and training for all staff. Additional training programmes to be rolled out from Q2-Q4 2023.	

Talent Management and Succession Planning

Risk Description	The ability to retain and develop talent is key to the success of the Group.	
Impact	A poor talent management and succession planning process will limit our ability to execute the strategy.	
Mitigations	The Group has a number of actions in place ranging from the development of internal talent as part of a performance management process and employee engagement and wellbeing strategies to retain and develop our people.	
2022 Developments & 2023 Areas of Focus	During 2022, we updated our multi-year collective agreements. During 2023, we will refresh our Workforce Model to include updates for talent and succession plans. We will also be implementing Employee Engagement & wellness programme underpinned with employee sentiment pulse check and external certification.	

Statement on Internal Control and Risk Management

Operational

Key Equipment Failure

Risk Description	Failure of key equipment.	
Impact	Failure of key equipment could result in significant capacity constraints and or extended plant stoppages.	
Mitigations	Condition of ageing equipment is monitored through a structured and centralised Maintenance Management System. Capital expenditure plans are reviewed and implemented annually.	
2022 Developments & 2023 Areas of Focus	In 2022, we completed the second phase of our SmartPly renewal project. During 2023, the focus will be on reviewing other key infrastructure in the Group for asset replacement.	

Climate Change Transition

Risk Description	EU and national climate targets will require a change to the business model.	
Impact	The transition to a zero carbon and bio-diversity focused economy could lead to new regulation, carbon taxes and deployment of new technology.	
Mitigations	Monitoring of EU and national targets. Participation in developing national climate actions for forestry.	
2022 Developments & 2023 Areas of Focus	During 2022, the Coillte Board approved the adoption of the Climate Action Framework for the Commercial Semi-State Sector and the Group commenced the implementation of TCFD in the annual report. The focus for 2023 will be to develop carbon reduction pathways and targets.	

Statement on Internal Control and Risk Management

Operational

Cyber Security

Risk Description	Cyber Security Infiltration and Data Leakage.
Impact	Potential extended outage of critical technology and systems from cyber-attacks or financial loss as a result of a successful phishing exercise.
Mitigations	The Group continues to improve and invest in information security processes and services which further increase our protection against IT system infiltration.
2022 Developments & 2023 Areas of Focus	In 2022, a new IT managed service contract was put in place with an enhanced cyber security service. For 2023, there will be increased awareness and training of staff through our online training resource. The Group will also conduct an external assessment of Cyber Incident Response of the Group.



Statement on Internal Control and Risk Management

Ongoing Monitoring and Review

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management and the Board, where relevant, in a timely way. We confirm that the following ongoing monitoring systems are in place:

- key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies,
- reporting arrangements have been established at all levels where responsibility for financial management has been assigned, and
- there are regular reviews by senior management of periodic and annual performance and financial reports which indicate performance against budgets/ forecasts.

As documented in the Code of Practice for the Governance of State Bodies, to comply with the requirement to ensure periodic review of the effectiveness of the risk management, in Q2, 2022 Marsh Advisory was engaged by Coillte to undertake a maturity review of the Group's risk management framework including Governance, Core Risk Management Processes and Resources and Infrastructure.

The findings of the review indicate that considerable time has been invested in developing and establishing the Group's risk management framework and that changes introduced in the past three years bring greater definition to the risk management process and provide greater visibility over divisional and Group risks.

A number of recommendations have been proposed to further support progression of Coillte's risk management maturity including:

- Establishing links between appetite levels and existing risks.
- Introducing a more structured process for Emerging risks.
- Assessing risks for insurability.
- Enhancing assurance in control effectiveness reviews.

These recommendations are being implemented by management.

Procurement

The Board confirms that Coillte CGA has procedures in place to facilitate compliance with current procurement rules and guidelines and that, during the year ended 31 December 2022, Coillte CGA complied with those procedures.

Review of Effectiveness

The Board confirms that Coillte CGA has put in place appropriate procedures to monitor the effectiveness of its risk management and control procedures. Coillte CGA's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors, the Audit and Risk Committee which oversees their work, and the senior management within Coillte CGA responsible for the development and maintenance of the internal financial control framework.

Internal Control Issues

No weaknesses in internal control were identified during the year ended 31 December 2022 that require disclosure in the financial statements.

Bernie Gray
Chair

Gerry Gray
Director

Date: 3 April 2023

Governance Statement and Board Members' Report

Governance

The Board of Coillte CGA was established under The Forestry Act, 1988. The Board is accountable to the Minister for Agriculture, Food and the Marine and is responsible for ensuring good governance and performs this task by setting strategic objectives and targets and taking strategic decisions on all key business issues. The regular day-to-day management, control and direction of Coillte CGA is the responsibility of the Chief Executive Officer (CEO) and the senior management team. The CEO and the senior management team follow the broad strategic direction set by the Board, and ensure that all Board members have a clear understanding of the key activities and decisions related to the Group, and of any significant risks likely to arise. The CEO acts as a direct liaison between the Board and management of Coillte CGA.

Board Responsibilities

Matters specifically reserved for Board decision are set out in the Register of Delegated Authority and include the following:

- Approval of acquisitions and disposal of property and land assets of Coillte or its subsidiaries of €2,000,000 or greater;
- Investments and capital project expenditure exceeding €3,000,000;
- Approval of disposal of assets (other than property) to a single purchaser with a value of €2,000,000 and above;
- Approval of delegated authority levels, treasury policies and risk management policies;
- Approval of terms of major non-operational contracts exceeding €1,500,000 in value and 3 years in duration and major operational contracts exceeding €3,000,000 in value and five years in duration;
- Approval of terms of major contracts exceeding €1,500,000 in value and 3 years in duration;
- Approval of current expenditure (including Forest Operational CAPEX) exceeding €10,000,000;

- Approval of expenditure outside of the ordinary course of business exceeding €500,000;
- Approval of policy on determination of senior management remuneration;
- Appointment, remuneration and assessment of the performance of, and succession planning for, the CEO;
- Approval of Union pay agreements exceeding 3 years in duration and an increased cost exceeding €1.5m in value for the duration of the agreement;
- Approval of annual budgets and corporate plans;
- Approval of dividend policy;
- Approval of asset sales to Directors or their families or connected persons;
- Pre-approval of all shareholder reserved matters;
- Approval of all loan facilities;
- Approval of authorised signatories for the Company Seal; and
- Approval of all corporate governance guidelines.

Standing items considered by the Board at each meeting include:

- declaration of interests,
- reports from committees,
- health & safety update,
- financial reports/management accounts and
- performance reports.

The Board is responsible for keeping adequate accounting records which disclose, with reasonable accuracy at any time, its financial position and enables it to ensure that the financial statements comply with Sections 281 – 285 of the Companies Act 2014. The maintenance and integrity of the corporate and financial information on the Coillte CGA's website is the responsibility of the Board.

Governance Statement and Board Members' Report

The Board is responsible for approving the annual plan and budget. An evaluation of the performance of Coillte CGA by reference to the 2022 annual plan and budget was carried out in January 2023.

The Board is also responsible for safeguarding its assets and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board considers that the financial statements of Coillte CGA give a true and fair view of the financial performance of Coillte CGA for the year ended 31 December 2022 and of its financial position at that date.

Board Structure

The Board consists of a Chair and seven ordinary members and a worker representative member all of whom are appointed by the Minister for Agriculture, Food and the Marine. The members of the Board were appointed for a period of five years, unless otherwise stated, and meet on a regular basis. The table below details the appointment date for current members:

Board Member	Role	Date Appointed
Bernie Gray	Chair	13 March 2019
Gerry Gray	Ordinary Member	26 February 2023 <small>(reappointed for 4.5 years)</small>
Patrick Eamon King	Ordinary Member	26 February 2023 <small>(reappointed for 4 years)</small>
Eleanor O'Neill	Ordinary Member	24 July 2019
Gerard Murphy	Ordinary Member	13 December 2019
Kevin McCarthy	Worker Representative Director	19 May 2020
Frank Hayes	Ordinary Member	21 January 2022
Imelda Hurley (CEO)	Ordinary Member	24 January 2022
Deirdre-Ann Barr	Ordinary Member	7 November 2022

The Board continually strives to improve its effectiveness. This is done on an informal, ongoing basis by discussion amongst Board members with feedback to the Chair. The Board conducts an annual evaluation of its own performance and that of its Committees. The evaluation provides assurance that the Board is committed to the highest standards of governance. The evaluation is led by the Chair and supported by the Company Secretary. In addition, an independent evaluation of Board effectiveness is conducted every three years, with the last such exercise completed in early 2022. The purpose of the independent evaluation was to review the Board's performance as a whole and identify any potential areas for improvement. The independent evaluation confirmed that the Board is operating effectively.

Governance Statement and Board Members' Report

Three committees of the Board were in existence during 2022, as follows:

Audit and Risk Committee

Members during 2022: Gerry Gray (Chair), Eleanor O'Neill, Gerard Murphy, Kevin McCarthy, Frank Hayes (appointed 24 February 2022) and Tommy Doherty (appointed 1 September 2022).

The Audit and Risk Committee comprises non-executive Directors, the Worker Representative Director and one independent member and operates under formal terms of reference. It met on five occasions in 2022. The role of the Audit and Risk Committee is to support the Board in relation to its responsibilities for issues of risk, control and governance and associated assurance as well as supporting the Board in its responsibilities with respect to sustainability and climate change. The Audit and Risk Committee is independent from the financial management of the organisation. In particular, the Audit and Risk Committee ensures that the internal control systems, including internal audit activities, are monitored actively and independently. The Audit and Risk Committee reports formally to the Board after each meeting.

The Audit and Risk Committee may review any matters relating to the financial affairs of the Group, in particular, the annual financial statements, the financial control framework, the Assurance and Compliance function (including internal audit), reports of the external and internal auditors and proposed changes to accounting policies. The Chief Executive, Chief Financial Officer, the Assurance and Compliance Director and other senior managers are normally invited to attend these meetings as appropriate. The Audit and Risk Committee oversees the selection process for the appointment of the external auditors (which includes agreeing audit fees) and makes a recommendation to the Board in this regard. The Audit and Risk Committee meets with the external auditors to plan and subsequently review the results of the annual audit. The external auditors also meet privately with the Audit and Risk Committee. The Assurance

and Compliance Director reports directly to the Audit and Risk Committee and the Audit and Risk Committee is responsible for approval of the internal audit plan. The Assurance and Compliance Director also meets privately with the Audit and Risk Committee.

A framework to formally identify risk and assess the effectiveness of internal controls has been established. The Assurance and Compliance function monitors the Group's control systems by examining financial reports, by testing the accuracy of the reporting of transactions and by otherwise obtaining assurance that the systems are operating in accordance with the Group's objectives. Management's response to significant risks identified and their reporting procedures are also evaluated.

Remuneration Committee

The role of the Remuneration Committee is to advise the Board with regard to policy on executive remuneration in the Group and to give guidance and advice to the CEO regarding the implementation of the Board's policy as applied to the senior management.

The members of the Committee during 2022 were Julie Murphy-O'Connor (Chair, resigned 24 February 2022), Eleanor O'Neill (Chair, appointed 24 February 2022), Bernie Gray and Patrick Eamon King. It met on five occasions in 2022.

Investment Committee

The role of the Investment Committee is to advise the Board with regard to the status of existing strategic projects across the Group against project milestones, to recommend and advise on new projects of scale and to review the risk assessment of each Strategic Project.

The members of the Committee during 2022 were Patrick Eamon King (Chair), Gerry Gray and Gerard Murphy. It met on nine occasions in 2022.

Governance Statement and Board Members' Report

Schedule of Attendance and Fees

A schedule of attendance at the Board meetings for 2022 is set out below, together with the fees received by each member:

	Board Meetings attended (10 held)	Fees €'000	Salary €'000	Pension Contribution €'000	Taxable Benefits €'000	2022 Total €'000	2021 Total €'000
Directors							
Bernie Gray	10/10	22	-	-	-	22	22
Julie Murphy -O'Connor ^{1,2}	4/6	-	-	-	-	-	-
Gerry Gray	7/10	13	-	-	-	13	13
Patrick Eamon King	10/10	13	-	-	-	13	13
Eleanor O'Neill	9/10	13	-	-	-	13	13
Gerard Murphy	10/10	13	-	-	-	13	13
Kevin McCarthy	9/10	13	68	10	-	91	88
Frank Hayes ³	10/10	13	-	-	-	13	-
Deirdre-Ann Barr ⁴	2/2	2	-	-	-	2	-
		102	68	10	-	180	162
Chief Executive							
Imelda Hurley ⁵	10/10	-	224	56	23	303	304
		102	292	66	23	483	466

¹ Ms. Murphy-O'Connor waived all emoluments in 2022 and 2021.

² Ms. Murphy-O'Connor resigned from the Board on 30 June 2022.

³ Mr. Hayes was appointed to the Board on 21 January 2022.

⁴ Ms. Barr was appointed to the Board on 7 November 2022.

⁵ Ms. Hurley, CEO since November 2019, was appointed to the Board on 24 January 2022.

Key Management Personnel Changes

Ms. Aoife Donohoe, Group Communications Director was appointed as a member of the Operating Executive with effect from 16 May 2022.

Governance Statement and Board Members' Report

Disclosures Required by Code of Practice for the Governance of State Bodies (2016)

The Board is responsible for ensuring that Coillte CGA has complied with the requirements of the Code of Practice for the Governance of State Bodies ("the Code"), as published by the Department of Public Expenditure and Reform in August 2016. The following disclosures are required by the Code:

Employee Short-Term Benefits

Employees' short-term benefits in excess of €50,000 are categorised into the following bands:

Range		Number of Employees	
From	To	2022	2021
€50,000	€74,999	279	283
€75,000	€99,999	169	160
€100,000	€124,999	55	55
€125,000	€149,999	7	8
>€150,000		8	5

Note:

For the purposes of this disclosure, short-term employee benefits in relation to services rendered during the reporting period include salary, overtime allowances and other payments made on behalf of the employee, but exclude employer's PRSI. Remuneration of key management, being those people having the authority and responsibility for planning, directing and controlling the activities of the Group, is separately disclosed in note 8 and not included above.

Consultancy Costs

Consultancy costs include the cost of external advice to management that contributes to decision making or policy making and exclude outsourced 'business-as-usual' functions.

	2022	2021
	€'000	€'000
Legal advice	577	617
Financial/actuarial advice	89	175
Marketing	1,058	1,552
Human Resources	17	17
Business Improvement	1,406	898
Other	120	192
Total Consultancy	3,267	3,451

	2022	2021
	€'000	€'000
Consultancy costs capitalised	623	603
Consultancy costs charged to the profit and loss account	2,644	2,848
	3,267	3,451

Consultancy costs in 2021 exclude exceptional costs of €6,986,000 associated with the sale of the Group's windfarm development portfolio and other exceptional costs outlined in note 9 to the financial statements. There were no similar costs in 2022.

Governance Statement and Board Members' Report

Disclosures Required by Code of Practice for the Governance of State Bodies (2016)

Legal Proceedings and Settlements

The table below provides an analysis of amounts recognised as expenditure in the reporting period in relation to legal proceedings, settlements and conciliation and arbitration proceedings relating to contracts with third parties. This does not include expenditure incurred in relation to general legal advice received by Coillte CGA, which is disclosed in Consultancy costs above.

	2022	2021
	€'000	€'000
Legal proceedings	128	549
Conciliation and arbitration payments	-	-
Settlements	66	231
	194	780

Travel and Subsistence Expenditure

Travel and subsistence expenditure incurred during the reporting period was:

	2022	2021
	€'000	€'000
Domestic		
- Board*	9	1
- Employees	1,540	1,092
International		
- Board*	1	-
- Employees	316	122
	1,866	1,215

* comprises travel and subsistence expenses payable directly to Board members.

Hospitality Expenditure

Hospitality expenditure incurred during the reporting period was as follows:

	2022	2021
	€'000	€'000
Staff hospitality	111	116
Client hospitality	278	89
	389	205

Compliance with Code of Practice for the Governance of State Bodies

Coillte CGA complies with the Code of Practice for the Governance of State Bodies, which sets out the principles of corporate governance which the Boards of State Bodies are required to observe.

Bernie Gray

Chair

Date: 3 April 2023

Gerry Gray

Director

Independent auditor's report to the members of Coillte Cuideachta Ghníomhaíochta Ainmnithe

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Coillte Cuideachta Ghníomhaíochta Ainmnithe ('the Company') and its consolidated undertakings ('the Group') for the year ended December 31, 2022 set out on pages 142 to 202, which comprise the Group profit and loss account, the Group statement of other comprehensive income, the Group and Company balance sheets, the Group and Company statements of cashflow, the Group and Company statements of changes in equity and related notes, including the summary of significant accounting policies set out in note 3.

The financial reporting framework that has been applied in their preparation is Irish Law and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland issued in the United Kingdom by the Financial Reporting Council.

In our opinion:

- the financial statements give a true and fair view of the assets, liabilities and financial position of the Group and Company as at December 31, 2022 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- the financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical

Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other 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 opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the Directors' report, Financial Performance section, 2022 Highlights section, the Chairperson's Statement, the Chief Executive's Review, the Business Overview, the Statement of Internal Control and Risk Management and the Governance statement and Board Members' Report. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with

the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information undertaken during the course of the audit, we report that:

- we have not identified material misstatements in the Directors' report;
- in our opinion, the information given in the Directors' report is consistent with the financial statements;
- in our opinion, the Directors' report has been prepared in accordance with the Companies Act 2014.

Our opinions on other matters prescribed by the Companies Act 2014 are unmodified

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion, the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

Matters on which we are required to report by exception

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by sections 305 to 312 of the Act are not made. We have nothing to report in this regard.

Under the Code of Practice for the Governance of State Bodies ("the Code") we are required to report to you if the statement regarding the system of internal financial control required under the Code on pages 117 to 133 does not reflect the Group's compliance with paragraph 1.9 (iv) of the Code or if it is not consistent with the information of which we are aware from our audit work on the financial statements and we report if it does not.

Respective responsibilities and restrictions on use

Responsibilities of directors for the financial statements

As explained more fully in the Directors' responsibilities statement set out on page 114,

the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group's and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) 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 financial statements.

A fuller description of our responsibilities is provided on IAASA's website at <https://iaasa.ie/publications/description-of-the-auditors-responsibilities-for-the-audit-of-the-financial-statements/>.

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Colm O'Sé
for and on behalf of
KPMG, Chartered Accountants,
Statutory Audit Firm

1 Stokes Place, St. Stephen's Green, Dublin 2

Date: 4 April 2023

Group Profit and Loss Account

Financial year ended 31 December 2022		2022	2021
Notes		€'000	€'000
Turnover	5	478,772	422,393
Cost of sales		(271,036)	(230,271)
Gross profit		207,736	192,122
Distribution costs		(34,459)	(29,615)
Administrative expenses		(58,673)	(51,584)
Other operating gains	10	2,178	13,427
Operating Profit before exceptional items and revaluation gains		116,782	124,350
Gain on revaluation of investment properties	16	-	3,822
Exceptional items	9	1,928	6,794
Operating profit	6	118,710	134,966
Share of joint venture losses	18	(3,813)	(350)
Share of associate profits/(losses)	18	7,458	(573)
Profit before interest and taxation		122,355	134,043
Interest receivable and similar income	11	334	1
Interest payable and similar charges	11	(1,774)	(2,044)
Profit on ordinary activities before taxation		120,915	132,000
Tax on profit on ordinary activities	13	(11,496)	(14,911)
Profit for the financial year		109,419	117,089

Group Statement of Other Comprehensive Income

Financial year ended 31 December 2022		2022	2021
Notes		€'000	€'000
Profit for the financial year		109,419	117,089
Other comprehensive income/(expenses):			
Re-measurement of net defined benefit pension liability	14	39,061	31,130
Movement on deferred tax relating to defined benefit pension liability	13	(1,645)	(1,372)
Effective portion of changes in fair value of cash flow hedges			
Fair value movement on cash flow hedges	24	2,647	(167)
Cash flow hedges – reclassification to profit and loss account	24	525	(919)
Deferred tax effect of fair value movement on cash flow hedges	13	132	(7)
Share of other comprehensive income of associates	18	765	50
Other comprehensive income for the financial year, net of tax		41,485	28,715
Total comprehensive income for the financial year		150,904	145,804

Group Balance Sheet

At 31 December 2022		2022	2021
	Notes	€'000	€'000
Fixed assets			
Intangible assets	15	9,674	11,385
Tangible assets	16	676,712	660,217
Biological assets	17	908,225	887,656
Investments	18	19,845	
		1,614,456	1,559,258
Current assets			
Stocks	19	35,000	33,695
Debtors	20	97,541	119,870
Assets held for resale	21	1,928	-
Cash at bank and in hand		155,471	121,071
		289,940	274,636
Creditors - amounts falling due within one financial year	22	(73,196)	(84,570)
Net current assets		216,744	190,066
Total assets less current liabilities		1,831,200	1,749,324
Creditors - amounts falling due after more than one financial year	23	(90,000)	(90,000)
Provisions for liabilities	25	(37,702)	(40,703)
Deferred government grants	26	(119,496)	(120,760)
Net assets before pension asset/(liability)		1,584,002	1,497,861
Defined benefit pension asset/(liability)	14	27,520	(12,243)
Net assets		1,611,522	1,485,618
Capital and reserves			
Called-up share capital presented as equity	27	795,060	795,060
Undenominated capital	28	6,145	6,145
Cash-flow hedge reserve	28	1,936	(1,368)
Retained earnings	28	808,381	685,781
Shareholders' funds		1,611,522	1,485,618

The notes on pages 150 to 202 are an integral part of these financial statements. The financial statements on pages 142 to 202 were authorised for issue by the Board of Directors on 3 April 2023 and were signed on its behalf by:

Bernie Gray Chair
Gerry Gray Director

Company Balance Sheet

At 31 December 2022		2022	2021
	Notes	€'000	€'000
Fixed assets			
Intangible assets	15	9,663	11,371
Tangible assets	16	543,742	527,372
Biological assets	17	908,225	887,656
Investments	18	96,271	79,740
		1,557,901	1,506,139
Current assets			
Stocks	19	4,237	3,929
Debtors	20	157,111	177,526
Cash at bank and in hand		54,420	85,299
		215,768	266,754
Creditors - amounts falling due within one financial year	22	(40,383)	(44,747)
Net current assets		175,385	222,007
Total assets less current liabilities		1,733,286	1,728,146
Creditors - amounts falling due after more than one financial year	23	(90,000)	(90,000)
Provisions for liabilities	25	(30,801)	(34,517)
Deferred government grants	26	(119,496)	(120,760)
Net assets before pension asset/(liability)		1,492,989	1,482,869
Defined benefit pension asset/(liability)	14	18,094	(16,126)
Net assets		1,511,083	1,466,743
Capital and reserves			
Called-up share capital presented as equity	27	795,060	795,060
Undenominated capital	28	6,145	6,145
Cash-flow hedge reserve	28	216	(605)
Retained earnings	28	709,662	666,143
Shareholders' funds		1,511,083	1,466,743

The notes on pages 150 to 202 are an integral part of these financial statements. The financial statements on pages 142 to 202 were authorised for issue by the Board of Directors on 3 April 2023 and were signed on its behalf by:

Bernie Gray Chair
Gerry Gray Director

Group Statement of Cash Flows

Financial year ended 31 December 2022		2022	2021
	Notes	€'000	€'000
Net cash inflow from operating activities before taxation paid	32	141,276	119,936
Taxation paid		(8,909)	(11,076)
Net cash inflow from operating activities		132,367	108,860
Cash flows from investing activities			
Additions to intangible assets	15	(342)	(789)
Additions to tangible assets	16	(29,115)	(48,269)
Additions to biological assets	17	(35,974)	(32,872)
Distributions from associate undertakings		3,375	469
Amounts advanced to joint venture undertakings		(12,766)	(2,960)
Amounts received from associate undertakings		-	2,740
Proceeds from disposals of tangible and intangible assets		2,103	15,234
Proceeds from sale of wind farm development portfolio net of associated costs		-	43,444
Receipt of capital government grants	26	1,003	219
Net cash outflow from investing activities		(71,716)	(22,784)
Cash flows from financing activities			
Increase in borrowings	32	-	220
Net interest paid	32	(1,251)	(1,573)
Dividends paid	12	(25,000)	(25,000)
Net cash outflow from financing activities		(26,251)	(26,353)
Net increase in cash and cash equivalents		34,400	59,723
Cash and cash equivalents at 1 January		121,071	61,348
Cash and cash equivalents at 31 December	32	155,471	121,071

Company Statement of Cash Flows

Financial year ended 31 December 2022		2022	2021
	Notes	€'000	€'000
Net cash inflow from operating activities before taxation paid	33	65,557	63,281
Taxation paid		(1,784)	(5,983)
Net cash inflow from operating activities		63,773	57,298
Cash flows from investing activities			
Additions to intangible assets	15	(342)	(789)
Additions to tangible assets		(26,237)	(18,189)
Additions to biological assets	17	(35,974)	(32,872)
Amounts received from/(advanced to) subsidiary undertakings		225	(83,266)
Distributions from associate undertakings		3,375	469
Amounts advanced to joint venture undertakings		(12,766)	(2,960)
Amounts received from associate undertakings		-	2,740
Distributions from subsidiaries		-	70,000
Proceeds from disposals of tangible assets		2,301	15,124
Proceeds from sale of wind farm development portfolio net of associated costs		-	43,444
Receipt of capital government grants	26	1,003	219
Net cash outflow from investing activities		(68,414)	(6,080)
Cash flows from financing activities			
Increase in borrowings		-	220
Net interest paid		(1,238)	(1,497)
Dividends paid	12	(25,000)	(25,000)
Net cash outflow from financing activities		(26,238)	(26,277)
Net (decrease)/increase in cash and cash equivalents		(30,879)	24,941
Cash and cash equivalents at 1 January		85,299	60,358
Cash and cash equivalents at 31 December		54,420	85,299

Group Statement of Changes in Equity

Financial year ended 31 December 2022		Called-up share capital presented as equity	Undenominated capital	Cashflow hedge reserve	Retained Earnings	Total
	Notes	€'000	€'000	€'000	€'000	€'000
At 1 January 2022		795,060	6,145	(1,368)	685,781	1,485,618
Profit for the financial year		-	-	-	109,419	109,419
Other comprehensive income for the financial year		-	-	3,304	38,181	41,485
Total comprehensive income for the financial year		-	-	3,304	147,600	150,904
Transactions with shareholders recorded directly in equity: Dividends paid	12	-	-	-	(25,000)	(25,000)
At 31 December 2022		795,060	6,145	1,936	808,381	1,611,522
At 1 January 2021		795,060	6,145	(275)	563,884	1,364,814
Profit for the financial year		-	-	-	117,089	117,089
Other comprehensive income for the financial year		-	-	(1,093)	29,808	28,715
Total comprehensive income/ (expenses) for the financial year		-	-	(1,093)	146,897	145,804
Transactions with shareholders recorded directly in equity: Dividends paid	12	-	-	-	(25,000)	(25,000)
At 31 December 2021		795,060	6,145	(1,368)	685,781	1,485,618

Company Statement of Changes in Equity

Financial year ended 31 December 2022		Called-up share capital presented as equity	Undenominated capital	Cashflow hedge reserve	Retained Earnings	Total
	Notes	€'000	€'000	€'000	€'000	€'000
At 1 January 2022		795,060	6,145	(605)	666,143	1,466,743
Profit for the financial year		-	-	-	35,718	35,718
Other comprehensive income for the financial year		-	-	821	32,801	33,622
Total comprehensive income for the financial year		-	-	821	68,519	69,340
Transactions with shareholders recorded directly in equity: Dividends paid	12	-	-	-	(25,000)	(25,000)
At 31 December 2022		795,060	6,145	216	709,662	1,511,083
At 1 January 2021		795,060	6,145	(122)	517,416	1,318,499
Profit for the financial year		-	-	-	149,003	149,003
Other comprehensive income for the financial year		-	-	(483)	24,724	24,241
Total comprehensive income/ (expenses) for the financial year		-	-	(483)	173,727	173,244
Transactions with shareholders recorded directly in equity: Dividends paid	12	-	-	-	(25,000)	(25,000)
At 31 December 2021		795,060	6,145	(605)	666,143	1,466,743

Notes to the Financial Statements

1 Company Information

Coillte CGA was established under the Forestry Act, 1988.

Coillte CGA is a designated activity company limited by shares, that is to say a private company limited by shares registered under Part 16 of the Companies Act 2014. Coillte CGA is domiciled in Ireland and the address of its registered office is Dublin Road, Newtownmountkennedy, Co. Wicklow and the company number is 138108.

2 Statement of compliance

The Company and Group financial statements of Coillte CGA (the Group) have been prepared in accordance with Financial Reporting Standard 102, “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (“FRS 102”), and with the Companies Act 2014.

3 Summary of significant accounting policies

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the financial years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the measurement at fair value of investment properties and certain financial assets and liabilities including derivative financial instruments.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement

or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

(b) Going concern

After making enquiries, the Directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. The Group and Company therefore continue to adopt the going concern basis in preparing the financial statements.

(c) Exemptions

As permitted by Section 304 of the Companies Act 2014, the Company is availing of the exemption from presenting its separate profit and loss account in these financial statements and from filing it with the Registrar of Companies. The Company’s profit for the financial year was €35,718,000 (2021: €149,003,000).

(d) Consolidation and equity accounting

The Group financial statements consolidate the financial statements of the Company and all its subsidiary undertakings.

(i) Investments in subsidiaries

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefits from its activities. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

In the Company’s individual financial statements, investments in subsidiaries are accounted for at cost less impairment. Dividend income is recognised when the right to receive payment is established.

Notes to the Financial Statements

(ii) Investments in joint ventures

Entities in which the Group holds an interest and which are jointly controlled by the Group and one or more other venturers under a contractual arrangement are treated as joint ventures.

In the Group financial statements, joint ventures are accounted for using the equity method. Investments in joint ventures are recognised initially in the consolidated balance sheet at the transaction price and subsequently adjusted to reflect the Group’s share of total comprehensive income and equity of the joint venture, less any impairment. Any excess of the cost of acquisition over the Group’s share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the joint venture recognised at the date of acquisition, although treated as goodwill, is presented as part of the investment in the joint venture. Amortisation is charged so as to allocate the cost of goodwill over its estimated useful life, using the straight-line method. Losses in excess of the carrying amount of an investment in a joint venture are recorded as a provision only when the Group has incurred legal or constructive obligations or has made payments on behalf of the joint venture. Unrealised gains arising from transactions with joint ventures are eliminated to the extent of the Group’s interest in the entity. Unrealised losses are eliminated in the same manner as unrealised gains, but only to the extent that there is no evidence of impairment.

In the Company’s individual financial statements, investments in joint ventures are accounted for at cost less impairment. Dividend income is recognised when the right to receive payment is established.

(iii) Jointly controlled operations

Jointly controlled operations involve the use of assets and resources of the Group and other venturers rather than the establishment of a separate entity or financial structure separate

from the Group and other venturers. Each venturer (including the Group) uses its own assets and incurs its own expenses and liabilities and raises its own finance.

In the financial statements, jointly controlled operations are accounted for by recognising the assets that the Group controls, the liabilities that it incurs, the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the joint venture.

(iv) Investments in associate companies

Entities in which the Group holds an interest of less than 50% and has a demonstrable significant influence are treated as associate companies.

In the Group financial statements, associates are accounted for using the equity method. Investments in associates are recognised initially in the consolidated balance sheet at the transaction price and subsequently adjusted to reflect the Group’s share of total comprehensive income and equity of the associate, less any impairment. Any excess of the cost of acquisition over the Group’s share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition, although treated as goodwill, is presented as part of the investment in the associate. Amortisation is charged so as to allocate the cost of goodwill over its estimated useful life, using the straight-line method. Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the Group has incurred legal or constructive obligations or has made payments on behalf of the associate. Unrealised gains arising from transactions with associates are eliminated to the extent of the Group’s interest in the entity. Unrealised losses are eliminated in the same manner as unrealised gains, but only to the extent that there is no evidence of impairment.

Notes to the Financial Statements

In the Company's individual financial statements, investments in associates are accounted for at cost less impairment. Dividend income is recognised when the right to receive payment is established.

(e) Foreign currencies

(i) Functional and presentation currency

The Company's functional and presentation currency and the Group's presentation currency is the euro, denominated by the symbol "€" and, unless otherwise stated, the financial statements have been presented in thousands ('000).

(ii) Transactions and balances

Foreign currency transactions are translated into euro using the spot exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rates ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Non-monetary items measured at fair value are measured using the exchange rate ruling when the fair value was determined.

Foreign currency gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

(f) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the Group and value added taxes.

Where the consideration receivable in cash or cash equivalents is deferred, and the arrangement constitutes a financing transaction, the fair value of the consideration is measured as the present value of all future receipts using the imputed rate of interest.

The Group recognises revenue to the extent that revenue and related costs incurred or to be incurred are subject to reliable measurement, that it is probable that economic benefits will flow to the Group and that the significant risks and rewards of ownership have passed to the buyer, or in accordance with specific terms and conditions agreed with buyers.

Sale of goods and rendering of services

Revenue from the sale of standing timber is recognised over the course of the sales contract. Revenue from the sale of harvested timber is recognised when delivered to the mill gate. Revenue from the sale of MEDITE SMARTPLY products is recognised when the goods are delivered. All other revenue is recognised when the goods or services are delivered.

(g) Exceptional items

The Group classifies charges or credits that have a material impact on the Group's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the Group. Judgement is used by the Group in assessing the particular items, which by virtue of their materiality and/or nature, are disclosed in the Group profit and loss account and related notes as exceptional items. Such items may include restructuring costs including defined benefit pension scheme curtailments or past service costs/credits, profit or loss on disposal of operations, impairment of assets and accelerated amortisation of bank fees.

(h) Employee benefits

The Group provides a range of benefits to employees, including paid holiday arrangements and defined benefit and defined contribution pension plans.

Notes to the Financial Statements

(i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) Defined benefit pension plans

The pension entitlements of the majority of employees in Coillte CGA and Medite Europe DAC (a subsidiary undertaking), are funded through separately administered defined benefit superannuation schemes. A defined benefit plan defines the pension benefit that the employee will receive on retirement usually dependent upon several factors including age, length of service and remuneration.

The asset/liability recognised in the balance sheet in respect of the Group's defined benefit plans is the difference between the present value of the defined benefit obligation at the reporting date and the fair value of the plans' assets at the reporting date. The defined benefit obligation is calculated using the projected unit credit method. The Group engages independent actuaries to calculate the obligation. A full actuarial valuation is undertaken every three financial years and is updated to reflect current conditions in the intervening periods. The present value of plan liabilities is determined by discounting the estimated future payments using a market yield on high quality corporate bonds that are denominated in euro and that have terms approximating the estimated period of the future payments ('discount rate'). The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy, including the use of appropriate valuation techniques. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or refunds from the scheme.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the statement of other comprehensive income. These amounts, together

with the return on plan assets, less amounts included in net interest, are disclosed as 'Re-measurement of net defined benefit liability'. Re-measurements are not reclassified to the profit and loss account in subsequent periods.

The cost of defined benefit plans is recognised in the profit and loss account as employee costs, except where included in the cost of an asset. The cost comprises:

- (a) the increase in pension benefit liability arising from employee service during the period; and
- (b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in the profit and loss account as a 'Finance expense'.

(iii) Defined contribution pension plans

Pension entitlements of employees of Smartply Europe DAC and Medite Smartply UK Limited (both subsidiary undertakings) are funded through a separately administered defined contribution superannuation scheme. Pension entitlements of employees in Coillte CGA and Medite Europe DAC who are not members of the defined benefit superannuation scheme are funded through separately administered defined contribution schemes. The contributions are recognised as an expense in the profit and loss account as services are rendered.

(i) Taxation

Taxation expense comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Notes to the Financial Statements

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the financial year or prior financial years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

(ii) Deferred tax

Deferred tax arises from timing differences that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are recognised only when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

(j) Intangible assets

Computer software is stated at cost less accumulated amortisation and accumulated impairment losses. Software is amortised over its estimated useful life, of between two and five financial years, on a straight line basis.

Where factors, such as technological advancement or changes in market price, indicate that the useful life has changed, the amortisation rate is amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

(k) Tangible assets

Tangible assets, except for investment properties, are stated at cost less accumulated depreciation

and accumulated impairment losses. Cost includes the original purchase price, related borrowing costs, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

(i) Depreciation

Land is not depreciated. Depreciation on other assets is calculated, using the straight-line method, to allocate the cost over their estimated useful lives, as follows:

- Freehold buildings 20 to 50 years
- Forest roads and bridges 20 to 50 years
- Machinery and equipment 3 to 20 years

Depreciation on certain plant and installations, included in plant and machinery, is provided on a unit of production basis over the estimated useful lives of the assets. The following rates were being applied to these assets as at 31 December 2022:

- Plant and installations range of 4% - 11%

The assets' useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

(ii) Subsequent additions

Subsequent costs are included in an asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the Group and the cost can be measured reliably. Repairs, maintenance and minor inspection costs are expensed as incurred.

(iii) Assets in the course of construction

Assets in the course of construction are stated at cost. These assets are not depreciated until they are available for use.

Notes to the Financial Statements

(iv) Derecognition

Tangible assets are derecognised on disposal or when no future economic benefits are expected. Revenue from the sale of tangible assets is recognised when all conditions of a contract are satisfied. The difference between the net disposal proceeds and the carrying amount is recognised in the profit and loss account within 'Other operating gains'.

(v) Transfers to stock

Land which is identified during the accounting period as part of the Group's land dealing and development business is transferred to stock.

(l) Investment properties

Investment properties are measured at fair value with changes in fair value recognised in the profit and loss account.

(m) Biological assets

The Group's biological assets comprise of forest plantations and nursery plants and are measured at cost less any accumulated depletion and any accumulated impairment losses.

Biological assets taken over from the Department of Agriculture, Food and the Marine on Vesting Day (1 January 1989) are stated at cost based on the overall amount agreed between the Group and the Minister for Agriculture, Food and the Marine. Subsequent additions are stated at cost.

The Group capitalises the costs associated with establishing and maintaining its forest plantations. Direct costs are capitalised on the basis of the specific operations carried out. Indirect costs are capitalised by operation by reference to the proportion of the direct costs capitalised for which the individual management team has responsibility. The Group owns forest plantations established on leased land. Land rentals are treated as direct costs and are capitalised. When the annual rental paid is based on expected future profitability of

these forest plantations, any interim revenues from thinning activities are deducted from the amount capitalised.

Depletion represents the costs of forest plantations clear felled and is calculated as the proportion that the area harvested bears to the total area of similar forest plantations. The amount of depletion charged to the profit and loss account is based on the original cost of the forest plantation at vesting day or, if the forest plantation was established post vesting day, the original establishment costs, plus an allocation of maintenance costs capitalised since that date.

Harvested timber is measured at the point of harvest at the lower of cost and estimated selling price less costs to sell.

Biological assets which are identified during the accounting period as part of the Group's land dealing and development business are transferred to stock.

(n) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. The Group has elected to treat the date of transition to FRS 102 (1 January 2014) as the commencement date for the capitalisation of interest on qualifying assets.

All other borrowing costs are recognised in the profit and loss account in the period in which they are incurred.

(o) Leased assets

At inception the Group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Notes to the Financial Statements

(i) Finance lease assets

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the Group's incremental borrowing rate is used. Incremental direct costs, incurred in negotiating and arranging the lease, are included in the cost of the asset.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

(ii) Operating lease assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

(p) Impairment of non-financial assets

At each reporting date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value

less costs to sell and value in use. Value in use is defined as the present value of future pre-tax and interest cash flows obtainable as a result of the asset's (or asset's cash generating unit) continued use. The pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account.

If an impairment loss subsequently reverses, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

(q) Stocks

Stocks are stated at the lower of historical cost and estimated selling price less costs to complete and sell. Stocks sold are recognised as an expense in the period in which the related revenue is recognised.

Cost is determined using the first-in, first-out (FIFO) method or a weighted average cost formula. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the stock to its present location and condition. The cost of manufactured finished goods and work in progress includes design costs, raw materials, direct labour and other direct costs and related production overheads (based on normal operating capacity). A provision is made for obsolete, slow-moving or defective items where appropriate.

Non-critical spare parts, which are deemed to be of a consumable nature, are included within stocks and expensed when utilised.

Notes to the Financial Statements

(r) Financial assets held for resale

These assets are initially measured at transaction price less costs and are subsequently measured at fair value. Net gains and losses are recognised in profit or loss.

(s) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

(t) Provisions and contingencies

(i) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount of the obligation can be estimated reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate.

The unwinding of the discount is recognised as a finance cost in the profit and loss account in the period it arises.

(ii) Replanting obligation

The Group has recognised a provision (liability) in respect of the replanting obligation attaching to clear felled forests and has also recognised a current asset, 'forest plantations to be planted', within debtors. The related costs are treated as an asset because future economic benefits are expected to flow to the Group. As the asset does

not meet the definition of biological assets, they are treated as a current asset 'forest plantations to be planted' within debtors.

(iii) Contingencies

Contingent liabilities, arising as a result of past events, are not recognised when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Group's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

(u) Government grants

Government grants are recognised at their fair value when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on submission of a valid claim for payment.

Government grants in respect of capital expenditure are credited to a deferred income account. These government grants are released to the profit and loss account over the expected useful lives of the relevant assets by equal annual instalments, except for forestry grants.

Grants in respect of afforestation costs which have been capitalised are released to the profit and loss account when the related forest plantations are clear felled.

Government grants of a revenue nature are deferred and credited to the profit and loss account over the period necessary to match them with the costs that they are intended to compensate.

Notes to the Financial Statements

(v) Financial instruments

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade receivables, other receivables and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the profit and loss account.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the profit and loss account.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group

companies, are initially recognised at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one financial year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) Derivative financial instruments

The Group uses derivative financial instruments (interest rate swaps and forward foreign currency contracts) to hedge its exposure to interest rate and foreign currency risks arising from operational and financing activities.

Derivative financial instruments, including interest rate swaps and forward foreign currency contracts, are not basic financial instruments. Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value.

Notes to the Financial Statements

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Changes in the fair value of derivatives for which the Group has not elected to apply hedge accounting are recognised in the profit and loss account in finance costs or income as appropriate.

(iv) Hedging

For the purposes of hedge accounting, the Group's hedges are designated as cash flow hedges (which hedge exposures to fluctuations in future cash flows derived from a particular risk associated with recognised assets or liabilities or highly probable forecast transactions).

The Group documents, at the inception of the transactions, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions.

The fair values of various derivative instruments are disclosed in note 24 and the movements on the cash-flow hedge reserve in equity are shown in the statement of other comprehensive income. The full fair value of a derivative is classified as a non-current asset or non-current liability if the remaining maturity of the derivative is more than 12 months and as a current asset or current liability if the remaining maturity of the derivative is less than 12 months.

(w) Research and development

All expenditure on research and development activities is written off to the profit and loss account in the financial year in which it is incurred.

(x) Distributions to equity shareholders

Dividends to the Group's shareholders are recognised as a liability in the financial statements in the period in which the dividends are approved by the Group's shareholders. These amounts are recognised in the statement of changes in equity.

(y) Emission rights

Emission allowances permit the Group to emit a specified amount of carbon compounds into the atmosphere, and may be purchased if emissions are expected to exceed a quota or sold if the quota is not reached. To the extent that excess emission rights are disposed of during a financial period, the profit or loss arising thereon is recognised immediately within cost of sales in the financial statements.

4 Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, include but are not limited to the following areas:

(i) Revaluation of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in the profit and loss account. An independent review was completed as at 31 December 2021 and management performed an assessment as at 31 December 2022. Due to the nature of the property and a lack of comparable market data, the valuation methodology is based on a discounted cash flow model. The determined fair value of the investment properties is most sensitive to the estimated yield and the expected future rental income stream. The key assumptions used to determine the fair value of investment properties are further explained in note 16.

(ii) Impairment of non-financial assets

Non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication,

Notes to the Financial Statements

the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset. The recoverable amount of an asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. These calculations require the use of estimates. The calculations are inherently judgmental and susceptible to change from period to period because they require the Group to make assumptions about future supply and demand, future sales prices, the achievement of cost savings, applicable exchange rates and an appropriate discount rate. If the Group fails to meet its forecasted sales levels or if weak economic conditions prevail in its primary markets, the value in use of an asset (or an asset's cash generating unit) is likely to be adversely affected.

(iii) Pensions

The Group has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary and pension payment increases, asset valuations, inflation and the discount rate on corporate bonds. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to judgement and estimation uncertainty. Management estimates these factors in determining the net pension asset/obligation on the balance sheet. The assumptions reflect historical experience and current trends and may differ from the actual data as a result of changes in economic and market conditions. See note 14 for the disclosures relating to the defined benefit pension schemes.

(iv) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives of the assets. The useful economic lives are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments,

economic utilisation and the physical condition of the assets. See note 16 for the carrying amount of the Group's tangible assets. The useful economic lives for each class of assets are disclosed in the accounting policy set out in note 3.

(v) Depletion

Depletion represents the costs of forest plantations clear felled and is calculated as the proportion that the area harvested bears to the total area of similar forest plantations. The amount of depletion charged to the profit and loss account is based on the original cost of the forest plantation at vesting day or, if the forest plantation was established post vesting day, the original establishment costs, plus an allocation of maintenance costs capitalised since that date.

(vi) Impairment of debtors

The Group makes an estimate of the recoverable value when assessing impairment of trade and other debtors. Management considers factors including the insurance policy in place, the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 20 for the net carrying amount of the Group's debtors and associated impairment provision.

(vii) Provisions for liabilities

The determination of the Group's provisions for liabilities inevitably involves a high degree of judgement. Where provisions are deemed necessary, judgements are made in relation to the future cash outflows arising in connection with provisions made. The main judgemental areas in the Group relate to legal claims and replanting provisions. Management calculate these provisions factoring in the best information available and they make estimates based on their judgement.

Notes to the Financial Statements

5 Turnover

Analysis of turnover

The Group is organised into three operating divisions: Forest, Land Solutions and MEDITE SMARTPLY. The Forest Division is involved in the management of the Group's forestry business, including the establishment, management and protection of forests. Land Solutions is responsible for (i) optimising land resource, (ii) for Coillte Nature and, (iii) for managing the Group's strategic investments and other value added initiatives. MEDITE SMARTPLY is a leading manufacturer and supplier of innovative and sustainable MDF and OSB panels.

The table below is an analysis of turnover by division and by geography.

	Forest		Land Solutions		MEDITE SMARTPLY		Group	
	2022	2021	2022	2021	2022	2021	2022	2021
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Group turnover								
Continuing operations:								
Republic of Ireland	148,370	140,956	4,940	4,602	36,411	30,395	189,721	175,953
United Kingdom	18,474	17,748	39	71	208,655	176,732	227,168	194,551
Rest of the World	16	392	-	-	89,026	76,544	89,042	76,936
Inter-segment sales*	(27,159)	(25,047)	-	-	-	-	(27,159)	(25,047)
Sales to third parties	139,701	134,049	4,979	4,673	334,092	283,671	478,772	422,393

* Representing sales from the Group's Forest division to its MEDITE SMARTPLY division.

Notes to the Financial Statements

6 Operating profit

	2022 €'000	2021 €'000
Operating profit has been arrived at after charging/(crediting):		
Depreciation (note 16)	19,830	19,428
Depletion (note 17)	15,405	13,344
Amortisation of intangible assets (note 15)	2,017	1,825
Amortisation of grants (note 26)	(2,267)	(1,843)
Operating lease charges	1,612	1,395
Research and development expenditure	562	502
Operating lease rental income	(3,801)	(3,505)
Impairment of trade and other receivables	653	153
Inventory recognised as an expense	246,651	206,707
Impairment of inventory / (Reversal of Impairment) (included in 'cost of sales')	1,001	441
Gain on revaluation of investment property (note 16)	-	(3,822)
Exceptional items (note 9)	(1,928)	(6,794)

Remuneration (including expenses) for the statutory audit of the financial statements and other services carried out by the Group and Company's auditors is as follows:

	Group		Company	
	2022 €'000	2021 €'000	2022 €'000	2021 €'000
Audit of the financial statements	234	225	204	169
Other assurance services	42	15	24	23
Tax advisory services	243	219	208	186
Other non-audit services	37	119	37	119
	556	578	473	497

Notes to the Financial Statements

7. Emoluments of Directors

	2022 €'000	2021 €'000
Emoluments	420	153
Contributions to retirement benefits schemes	65	9
Total	485	162

Retirement benefits were accruing for 2022 to one Director (2021: one), under a defined benefit scheme.

8. Employees and remuneration

The average number of persons employed by the Group (excluding joint venture and associate undertakings) during the year was 827 (2021: 840).

	2022 €'000	2021 €'000
Staff costs comprise:		
Wages and salaries	56,286	60,221
Social insurance costs	5,869	5,760
Other retirement benefit costs	6,339	6,788
	68,494	72,769
Less: Own work capitalised	(7,689)	(10,155)
Charge to profit and loss account	60,805	62,614
Other retirement benefit costs comprise:		
Defined contribution scheme pension costs (note 14)	1,889	1,967
Defined benefit scheme pension costs (note 14)	4,450	4,821
	6,339	6,788

In 2020, the Group availed of Government Grants in the form of the Covid-19 Temporary Wage Subsidy Scheme amounting to €2.1m. In 2021, the Board took the decision to refund these grants in full to Revenue inclusive of related PRSI savings.

Notes to the Financial Statements

Wages and Salaries	2022	2021
	€'000	€'000
Wages and salaries comprise:		
Basic pay	46,463	48,987
Overtime	5,056	4,755
Allowances	4,767	6,479
	56,286	60,221
	<hr/>	<hr/>
Key management compensation	2022	2021
	€'000	€'000
Short term benefits	1,766	1,693
Post-employment benefits	147	130
	1,913	1,823
	<hr/>	<hr/>

The key management compensation amounts disclosed above represent compensation to those people having the authority and responsibility for planning, directing and controlling the activities of the Group and Company. These include the Board members and senior executives. Senior Executives comprised the CEO plus six others during 2022 (2021: six).

In accordance with the Code of Practice for the Governance of State Bodies, post-employment benefits relate to payments in respect of defined contribution schemes. During the year, two (2021: two) key management personnel were members of the Coillte CGA defined benefit scheme and their entitlements in that regard do not extend beyond the terms of the public service pension scheme model.

Notes to the Financial Statements

9. Exceptional items

	2022	2021
	€'000	€'000
Recognised in arriving at operating profit:		
Profit on the disposal of a 50% stake in windfarm development portfolio (note A)	-	30,251
Impairment of associate investments (note B)	1,928	(13,567)
Recognition of deferred costs associated with projects (note C)	-	(2,823)
Impairment of tangible assets (note D)	-	(5,067)
Impairment of biological assets (note E)	-	(2,000)
	1,928	6,794
	<hr/>	<hr/>

A. Profit on the disposal of windfarm development portfolio

During 2021, the Group transferred its interest in its windfarm development portfolio to FuturEnergy Ireland Development DAC and subsequently sold a 50% interest to ESB Wind Development Limited ("ESB") resulting in a 50:50 joint venture company (note 18). The profit relating to this transaction was €30.3m.

B. Reversal of impairment/(impairment) of associate investments

The Group has reviewed the carrying value of certain investments following an impairment charge reflected in the 2021 profit and loss account of €13.6m. As a consequence of this review, the Group has reversed €1.9m of the previous impairment charge to reflect the assets updated net recoverable value. Subsequently, the Group disposed of its 11.3% shareholding in Tricoya Technologies Limited and its 8.2% shareholding in Tricoya UK Limited. Consideration of 3,500,000 shares in Accsys PLC was received for this disposal (note 21).

C. Recognition of deferred costs associated with projects

In 2021, the Group reviewed the carrying value of deferred costs relating to strategic initiatives. As a consequence of the review, the Group released costs of €2.8m to the profit and loss account relating to these initiatives.

D. Impairment of tangible assets

In 2021, the Group reviewed the carrying value of certain tangible assets. As a consequence of the review, the Group wrote down these assets to their recoverable amount by including an impairment charge of €5.1m in the profit and loss account.

E. Impairment of biological assets

In 2021, the Group reviewed the carrying value of its investment in certain biological assets. Following this review, the Group wrote down the assets to their recoverable amount by including an impairment charge of €2.0m in the Group's profit and loss account.

Notes to the Financial Statements

10. Other operating gains

Other operating gains, all of which relate to profits realised on the disposal of fixed assets, amount to €2.2 million (2021: €13.4 million).

11. Interest payable and similar charges

	2022 €'000	2021 €'000
Interest receivable and similar income		
Interest receivable	(334)	(1)
Interest payable and similar charges		
Interest on bank overdrafts and loans, and other related bank costs	1,619	1,570
Net interest expense on pension deficit (note 14)	132	451
Unwind of discount (note 25)	23	23
Other finance costs	155	474
Total interest payable	1,774	2,044
Net interest expense	1,440	2,043

12. Dividends

Equity dividends declared and paid on ordinary shares:

	2022 €'000	2021 €'000
(i) Interim dividend of €0.0317 per share for the financial year ended 31 December 2022	20,000	-
(ii) Final dividend of €0.0079 per share for the financial year ended 31 December 2021	5,000	-
(iii) Interim dividend of €0.0396 per share for the financial year ended 31 December 2021	-	25,000
	25,000	25,000

An interim dividend of €0.0317 per share totalling €20.0m was authorised by the Board and paid in December 2022. The Board recommended a final dividend of €0.0122 per share totalling €7.7m, relating to 2022's financial performance.

A final dividend of €0.0079 per share totalling €5.0m, relating to 2021's financial performance was paid in May 2022. Total dividends paid in the year ended 31 December 2021 amounted to €25.0m.

Notes to the Financial Statements

13. Taxation

(a) Tax expense included in the profit and loss account:

	2022 €'000	2021 €'000
Current tax:		
Corporation tax at 12.5%	13,984	12,641
Less: Woodlands relief	(4,832)	(6,683)
Irish corporation tax	9,152	5,958
Foreign tax	110	32
Adjustment in respect of prior financial years	(100)	371
Taxation on disposal of fixed assets at 33%	842	4,238
Total current tax	10,004	10,599
Deferred tax:		
Pension timing difference	40	(222)
Trade losses utilised	642	2,808
Revaluation of investment properties	-	1,261
Prior year under provision	(96)	-
Other timing differences	906	465
Total deferred tax	1,492	4,312
Total taxation on profit on ordinary activities	11,496	14,911

Notes to the Financial Statements

(b) Tax expense included in the statement of other comprehensive income:

	2022	2021
	€'000	€'000
Current tax:	-	-
Deferred tax:		
Pension timing difference	1,645	1,372
Other timing differences	(132)	7
Total tax charge included in the statement of other comprehensive income	1,513	1,379

(c) Reconciliation of tax charge

The tax assessed for the period is higher than the standard rate of corporation tax in the Republic of Ireland. The differences are explained below:

	2022	2021
	€'000	€'000
Profit on ordinary activities before tax	120,915	132,000
Profit on ordinary activities multiplied by the standard rate of tax in the Republic of Ireland of 12.5%	15,114	16,500
Effects of:		
Woodlands relief	(4,832)	(6,683)
Expenses non-deductible for tax purposes	796	2,798
Differences between capital allowances and depreciation	4	7
Higher rates of tax on certain activities	1,121	5,573
Income tax withheld	29	-
Tax exempt income (other than woodland profit)	-	(3,998)
Adjustments in respect of prior financial years	(139)	371
Other	(597)	343
	11,496	14,911

Notes to the Financial Statements

14. Pensions

A. Defined benefit pension scheme

The Group operates defined benefit pension schemes in Coillte CGA and Medite Europe DAC for the majority of those entities' employees, with assets held in separately administered funds.

The pension costs relating to the Group's defined benefit schemes are assessed in accordance with the advice of independent qualified actuaries. The valuations were based on the projected unit credit method and the last full valuations were carried out as at 1 January 2021 (Medite Europe DAC) and 31 December 2020 (Coillte CGA).

The assumptions which have the most significant effect on the results of the actuarial valuations are those relating to the rate of return on investments, discount rates and the rates of increase in remuneration and pensions. It was assumed that the rate of return on investments would on average exceed annual inflation increases by 0.3% (Coillte CGA) and 0.4% (Medite Europe DAC) in the last full valuations and that pension increases which will follow the Eurozone HICP (Harmonised Index of Consumer Prices) swap curve would be paid by Coillte CGA. No provision was made for future pension increases in Medite Europe DAC.

The market value of the assets in the Group's defined benefit schemes at the respective valuation dates was €311.2 million (Coillte CGA - 31 December 2020) and €43.5 million (Medite Europe DAC - 1 January 2021). The excess in the Coillte CGA scheme, inclusive of the Funding Standard Reserve, at 31 December 2021 was €22.9 million while there was a €0.7 million deficit in the Medite Europe DAC scheme, inclusive of the Funding Standard Reserve, at 1 January 2021.

The valuations indicated that the actuarial value of the total scheme assets was sufficient to cover 100% of the benefits that had accrued to the members of the combined scheme, inclusive of the Funding Standard Reserve, as at the valuation dates. Coillte CGA and Medite Europe DAC contribute to their

respective scheme on behalf of members at a rate of 25% and 15.4% respectively. The actuarial reports of both schemes are available to scheme members, but not for public inspection.

The payment of pre-Vesting Day pension entitlements of employees retiring after Vesting Day, which is the liability of the Minister for Public Expenditure and Reform, has been delegated to the Company by the Minister for Agriculture, Food and the Marine under section 44 of the Forestry Act, 1988. Payments made by the Company in accordance with such delegation are reimbursed by the Minister for Public Expenditure and Reform.

A funding proposal in respect of the Coillte CGA scheme was approved by the Pensions Authority in 2010. The funding proposal had the objective of returning the scheme to full solvency on a Minimum Funding Standard basis by 31 December 2021 and required Coillte to make significant additional contributions and employees to increase their contributions. This objective was achieved. A funding agreement which varied some of the terms of the funding proposal was agreed with the Trustees in July 2014 with the final payment under the agreement made in March 2022.

A funding proposal in respect of the Medite Europe DAC Scheme was approved by the Pensions Authority in July 2015. This proposal has the objective of returning the scheme to full solvency on a Minimum Funding Standard basis by 2023 and involved significant additional cash contributions by that company, additional employee contributions and benefit changes for members.

Notes to the Financial Statements

A. Group

The amounts recognised in the profit and loss account are as follows:

	2022 €'000	2021 €'000
Current service cost	4,450	4,821
Less: Capitalised expenses	-	(1,155)
Total charge in operating profit	4,450	3,666
Net interest expense	132	451
Total profit and loss account charge	4,582	4,117

The amounts recognised in the statement of other comprehensive income are as follows:

	2022 €'000	2021 €'000
(Loss)/return on scheme assets excluding interest income	(77,437)	32,947
Actuarial gains/(losses)	116,498	(1,817)
Re-measurement gains recognised in the statement of other comprehensive income	39,061	31,130

Expected contributions for the financial year ending 31 December 2023 are €4,137,000.

Notes to the Financial Statements

Movement in scheme assets and liabilities

	Pension assets €'000	Pension liabilities €'000	Pension (deficit)/surplus €'000
At 1 January 2022	385,939	(398,182)	(12,243)
Benefits paid from plan assets	(13,060)	13,060	-
Employer contributions paid	5,284	-	5,284
Contributions by plan participants	1,040	(1,040)	-
Current service cost	-	(4,450)	(4,450)
Interest income/(expense)	5,364	(5,496)	(132)
Re-measurement gains/(losses)			
- Actuarial gain	-	116,498	116,498
- Loss on plan assets excluding interest income	(77,437)	-	(77,437)
As at 31 December 2022	307,130	(279,610)	27,520
At 1 January 2021	354,896	(398,540)	(43,644)
Benefits paid from plan assets	(12,373)	12,373	-
Employer contributions paid	5,543	-	5,543
Contributions by plan participants	1,052	(1,052)	-
Current service cost	-	(4,821)	(4,821)
Interest income/(expense)	3,874	(4,325)	(451)
Re-measurement gains/(losses)			
- Actuarial loss	-	(1,817)	(1,817)
- Return on plan assets excluding interest income	32,947	-	32,947
As at 31 December 2021	385,939	(398,182)	(12,243)

For the purposes of disclosure, the assets and liabilities of the Coillte CGA and Medite Europe DAC defined benefit schemes have been combined. At 31 December 2022, the surplus in the Coillte CGA scheme was €18,094,000 (2021: deficit of €16,126,000) and the Medite Europe DAC scheme was in a surplus position of €9,426,000 (2021: €3,883,000).

Notes to the Financial Statements

The fair value of the plan assets was:

	2022 €'000	2021 €'000
Equities	89,232	100,567
Bonds	156,848	207,561
Property	42,931	41,250
Other	18,119	36,561
Total market value of assets	307,130	385,939

The actual (loss)/return on plan assets was:

	2022 €'000	2021 €'000
Actual (loss)/return on plan assets	(72,073)	36,821

Notes to the Financial Statements

Principal actuarial assumptions at the balance sheet date:

	2022	2021
Rate of increase in salaries	3.00%	2.40%
Rate of increase in pension payments		
- Coillte CGA	2.50%	1.90%
- Medite Europe DAC	0.00%	0.00%
Discount rate	4.20%	1.40%
Price inflation	2.50%	1.90%
Post-retirement mortality*		
Current pensioners at 65 - Male	22.6	22.5
Current pensioners at 65 - Female	24.3	24.2
Future pensioners at 65 - Male	24.3	24.2
Future pensioners at 65 - Female	26.1	26.0

* Assumptions regarding future mortality are based on published statistics and experience.

B. Defined contribution pension scheme

The Group also contributes to a number of defined contribution pension schemes on behalf of certain employees who are not members of the defined benefit schemes. The assets of these schemes are held separately from those of the Group or Company in independently administered schemes. The pension cost for the period amounted to €1,889,000 (2021: €1,967,000) and contributions of €181,000 (2021: €116,000) were not transferred to the funds until after the financial year end.

Notes to the Financial Statements

15. Intangible assets

A. Group

		Software €'000
Cost		
At 1 January 2022		20,969
Additions	(i)	342
Disposals - cost		(1,017)
At 31 December 2022		20,294
Accumulated amortisation		
At 1 January 2022		(9,584)
Amortisation		(2,017)
Disposals - amortisation		981
At 31 December 2022		(10,620)
Net book amounts		
At 31 December 2022	(ii)	9,674
At 31 December 2021		11,385
Cost		
At 1 January 2021		20,687
Additions		789
Disposals - cost		(507)
At 31 December 2021		20,969
Accumulated amortisation		
At 1 January 2021		(8,256)
Amortisation		(1,825)
Disposals - amortisation		497
At 31 December 2021		(9,584)
Net book amounts		
At 31 December 2021		11,385
At 31 December 2020		12,431

Notes to the Financial Statements

B. Company

		Software €'000
Cost		
At 1 January 2022		19,488
Additions	(i)	342
Disposals - cost		(1,017)
At 31 December 2022		18,813
Accumulated amortisation		
At 1 January 2022		(8,117)
Amortisation		(2,014)
Disposals - amortisation		981
At 31 December 2022		(9,150)
Net book amounts		
At 31 December 2022	(ii)	9,663
At 31 December 2021		11,371
Cost		
At 1 January 2021		19,206
Additions		789
Disposals - cost		(507)
At 31 December 2021		19,488
Accumulated amortisation		
At 1 January 2021		(6,798)
Amortisation		(1,816)
Disposals - amortisation		497
At 31 December 2021		(8,117)
Net book amounts		
At 31 December 2021		11,371
At 31 December 2020		12,408

(i) Software includes €0.1m (2021: €0.1m) of assets in the course of construction. In accordance with FRS 102 these additions have not been amortised.

(ii) Intangible assets include software costs incurred in developing the Group's Forest Management System, with a carrying value of €6.9 million (2021: €8.1 million). There are no other individual material intangible assets. Amortisation of intangible assets is included in cost of sales and administrative expenses. The estimated useful lives are disclosed in note 3(j).

Notes to the Financial Statements

16. Tangible assets

A. Group

	Notes	Land €'000	Buildings €'000	Investment Properties €'000	Forest roads & bridges €'000	Machinery & equipment €'000	Total €'000
Cost or valuation							
At 1 January 2022	(i)	360,853	39,900	29,524	341,982	247,986	1,020,245
Additions		6,257	5,892	-	12,212	12,154	36,515
Disposals		(67)	(76)	-	-	(2,214)	(2,357)
At 31 December 2022	(ii)	367,043	45,716	29,524	354,194	257,926	1,054,403
Accumulated depreciation							
At 1 January 2022		-	(30,333)	-	(204,312)	(125,383)	(360,028)
Charge for financial year		-	(2,092)	-	(8,521)	(9,217)	(19,830)
Disposals		-	3	-	-	2,164	2,167
At 31 December 2022		-	(32,422)	-	(212,833)	(132,436)	(377,691)
Net book amounts							
At 31 December 2022		367,043	13,294	29,524	141,361	125,490	676,712
At 31 December 2021		360,853	9,567	29,524	137,670	122,603	660,217

Notes to the Financial Statements

	Notes	Land €'000	Buildings €'000	Investment Properties €'000	Forest roads & bridges €'000	Machinery & equipment €'000	Total €'000
Cost of Valuation							
At 1 January 2021	(i)	357,337	35,575	25,702	332,872	218,957	970,443
Additions		5,171	4,382	-	9,110	34,741	53,404
Impairments	(iii)	-	-	-	-	(5,067)	(5,067)
Gain on revaluation		-	-	3,822	-	-	3,822
Disposals		(1,655)	(57)	-	-	(645)	(2,357)
At 31 December 2021	(ii)	360,853	39,900	29,524	341,982	247,986	1,020,245
Accumulated depreciation							
At 1 January 2021		-	(28,703)	-	(196,034)	(116,422)	(341,159)
Charge for financial year		-	(1,640)	-	(8,278)	(9,510)	(19,428)
Disposals		-	10	-	-	549	559
At 31 December 2021		-	(30,333)	-	(204,312)	(125,383)	(360,028)
Net book amounts							
At 31 December 2021		360,853	9,567	29,524	137,670	122,603	660,217
At 31 December 2020		357,337	6,872	25,702	136,838	102,535	629,284

Notes to the Financial Statements

B. Company

	Notes	Land	Buildings	Investment Properties	Forest roads & bridges	Machinery & equipment	Total
		€'000	€'000	€'000	€'000	€'000	€'000
Cost or valuation							
At 1 January 2022	(i)	349,071	14,621	29,524	341,982	9,414	744,612
Additions		6,257	4,159	-	12,212	3,834	26,462
Disposals		(67)	(76)	-	-	(1,420)	(1,563)
At 31 December 2022	(ii)	355,261	18,704	29,524	354,194	11,828	769,511
Accumulated depreciation							
At 1 January 2022		-	(5,242)	-	(204,312)	(7,686)	(217,240)
Charge for financial year		-	(348)	-	(8,521)	(1,033)	(9,902)
Disposals		-	3	-	-	1,370	1,373
At 31 December 2022		-	(5,587)	-	(212,833)	(7,349)	(225,769)
Net book amounts							
At 31 December 2022		355,261	13,117	29,524	141,361	4,479	543,742
At 31 December 2021		349,071	9,379	29,524	137,670	1,728	527,372

Notes to the Financial Statements

	Notes	Land	Buildings	Investment Properties	Forest roads & bridges	Machinery & equipment	Total
		€'000	€'000	€'000	€'000	€'000	€'000
Cost or valuation							
At 1 January 2021	(i)	345,555	11,747	25,702	332,872	9,271	725,147
Additions		5,171	2,931	-	9,110	677	17,889
Gain on revaluation		-	-	3,822	-	-	3,822
Disposals		(1,655)	(57)	-	-	(534)	(2,246)
At 31 December 2021	(ii)	349,071	14,621	29,524	341,982	9,414	744,612
Accumulated depreciation							
At 1 January 2021		-	(5,009)	-	(196,034)	(7,581)	(208,624)
Charge for financial year		-	(243)	-	(8,278)	(544)	(9,065)
Disposals		-	10	-	-	439	449
At 31 December 2021		-	(5,242)	-	(204,312)	(7,686)	(217,240)
Net book amounts							
At 31 December 2021		349,071	9,379	29,524	137,670	1,728	527,372
At 31 December 2020		345,555	6,738	25,702	136,838	1,690	516,523

- (i) Tangible assets taken over from the Department of Agriculture, Food and the Marine on Vesting Day (1 January 1989) are stated at cost, based on the overall amount agreed between the Group and the Minister for Agriculture, Food and the Marine. Subsequent additions are stated at cost.
- (ii) The Group's tangible fixed assets include €11.8m (2021: €59.7m) of assets in the course of construction. In accordance with FRS102, depreciation of these additions has not yet commenced.
The Company's tangible fixed assets include €0.1m (2021: €0.1m) of assets in the course of construction. In accordance with FRS102, depreciation of these additions has not yet commenced.
- (iii) During 2021, the Group reviewed the carrying value of certain tangible assets. As a consequence of the review, the Group wrote down these assets to their recoverable amount by including an impairment charge of €5.1m in the profit and loss account.
- (iv) At 31 December 2022, €3.0 million (2021: €10.4million) of total Group additions was unpaid and included within creditors due within one financial year.

Notes to the Financial Statements

The carrying value of land comprises:

	Group		Company	
	2022	2021	2022	2021
	€'000	€'000	€'000	€'000
Investment properties at fair value	29,524	29,524	29,524	29,524
Other land at cost	367,043	360,853	355,261	349,071
	396,567	390,377	384,785	378,595

The Group's investment properties predominantly comprise of land rented to wind-farm operators under long-term lease agreements. Investment properties were independently valued by CBRE as at 31 December 2021 on an open market valuation basis in accordance with the RICS Valuation – Global Standards 2017 (Red Book) published by the Royal Institution of Chartered Surveyors. The valuer noted that values are subject to changes on account of market adjustments and other factors, and that values in the future may therefore be higher or lower than at the valuation date. The fair value of the investment properties at 31 December 2022 was determined by the Directors using the similar assumptions as those applied by CBRE at 31 December 2021. There has been no change in the fair value of these investments properties at 31 December 2022.

The significant assumptions made relating to the valuation include:

- Future rental income stream. The rental income is partially contingent on the performance of the wind-farm.
- A yield range of 6.5% to 10.0% has been applied.

Investment properties: Group and Company:

	2022	2021
	€'000	€'000
Investment properties at fair value	29,524	25,702
Gain on revaluation	-	3,822
	29,524	29,524

The historic cost of investment properties at 31 December 2022 was €0.5 million (2021: €0.5 million).

Notes to the Financial Statements

17. Biological assets

Group and Company

	Notes	2022	2021
		€'000	€'000
Cost			
At 1 January	(i)/(ii)	953,019	933,491
Additions		35,974	32,872
Depletion	(iii)	(15,405)	(13,344)
At 31 December		973,588	953,019
Accumulated impairment			
At 1 January		(65,363)	(62,974)
Provision for impairment	(iv)	-	(2,389)
At 31 December		(65,363)	(65,363)
Net book amounts			
At 31 December		908,225	887,656

- The Group's forest assets are reported as (a) biological assets, that is, standing forest plantations, and (b) land and forest roads & bridges assets (see note 16). The Group's forest holdings comprise approximately 364,477 hectares of forestland in the Republic of Ireland and approximately 14,911 hectares of standing forest plantations established on leased land.
- Trustees of the superannuation pension scheme have security over €20 million of forestry assets that would be available to the Trustees in certain circumstances.
- During 2021, the Group reviewed the carrying value of its investment in certain biological assets. Following this review, the Group wrote down the assets to their recoverable amount by including a total impairment charge of €2.4m in Group's profit and loss account, with €2.0m being an exceptional impairment (note 9) and €0.4m being an impairment in the normal course of business.

Notes to the Financial Statements

18. Investments

Subsidiary undertakings, joint ventures and associates

A. Group

		2022	2021
	Notes	€'000	€'000
Joint venture undertakings	(a)	12,368	-
Associate undertakings	(b)	7,477	-
		19,845	-
		2022	2021
	Notes	€'000	€'000
At 1 January		-	-
Reclassification of joint venture investment from current assets	(i)	16,531	-
Share in loss of joint venture	(ii)	(3,813)	(350)
Reclassification of joint venture to provisions (note 25)	(ii)	(350)	350
At 31 December		12,368	-
		2022	2021
	Notes	€'000	€'000
At 1 January		-	13,895
Reversal of impairment/(impairment) of investment	(iii)	1,928	(13,567)
Disposals of associates	(iv)	(1,928)	-
Share in profit/(loss) of associates	(v)	7,458	(573)
Share in other comprehensive income of associates	(v)	765	50
Reclassification of associates (from)/to provisions (note 25)	(v)	(746)	195
At 31 December		7,477	-

Notes to the Financial Statements

(i) During 2021, the Group entered into a joint venture with ESB to develop renewable energy projects when ESB Wind Development Limited acquired a 50% stake in FuturEnergy Ireland Development DAC. The Group's equity investment reported in 2021 in relation to this joint venture was €1 and shareholder loans of €19,531,000 having been extended to the holding company of FuturEnergy Ireland Development DAC, FuturEnergy Ireland Development Holdings DAC, (collectively known as FEI) were recognised in Debtors for year end 2021. During 2022, following a review of the accounting treatment of the above it was determined that €16,531,000 should be reclassified from Debtors to Investments, to more accurately reflect the nature of Coillte's investment in FEI as an equity interest. Having carefully considered the qualitative and quantitative factors of the reclassification, the Company has determined that the amount or nature of the transaction does not require a prior year adjustment.

(ii) The Group's share of its joint venture losses amounted to €3,813,000 in 2022 (2021: €350,000).

Where the Group's share of profits in a joint venture is positive, the carrying amount of the Group's investment in that joint venture is recognised in investments.

Where the Group's share of losses in a joint venture exceeds the Group's investment in the joint venture, the carrying amount of the Group's investment in that joint venture is reduced to €NIL and the remaining balance is recognised in provisions for liabilities. At 31 December 2022 the amount included in provisions for liabilities in relation to joint ventures amounted to €NIL (2021: €350,000).

(iii) During 2021, the Group reviewed the carrying value of certain investments and wrote down these assets to their recoverable amount by including an impairment charge of €13.6m in the profit and loss account. During 2022, the Group disposed of its 11.3% shareholding in Tricoya Technologies Limited and its 8.2% shareholding in Tricoya UK Limited. Consideration of 3,500,000 shares in Accsys PLC was received for this disposal. Consequently, it was determined that €1.9m of the 2021 impairment charge of €13.6m should be reversed to more accurately reflect the updated recoverable amount of the investment.

(iv) The estimated market value of these shares less costs is reported as a financial asset held for resale in note 21.

(v) The Group's share of its associates' profits amounted to €7,458,000 in 2022 (2021: losses of €573,000) and its share of its associates' other comprehensive income amounted to €765,000 in 2022 (2021: €50,000)

Where the Group's share of profits in an associate is positive, the carrying amount of the Group's investment in that associate is recognised in investments.

Where the Group's share of losses in an associate exceeds the Group's investment in the associate, the carrying amount of the Group's investment in that associate is reduced to €NIL and the remaining balance is recognised in provisions for liabilities. At 31 December 2022 the amount included in provisions for liabilities in relation to associates amounted €NIL (2021: €746,000).

Notes to the Financial Statements

B. Company

		Subsidiary undertakings	Joint Ventures	Associate undertakings	Total
	Notes	€'000	€'000	€'000	€'000
Unlisted shares					
At 1 January 2022		78,856	-	884	79,740
Reclassification from current assets	(i)/(ii)	-	16,531	-	16,531
At 31 December 2022		78,856	16,531	884	96,271
At 1 January 2021 and 31 December 2021		78,856	-	884	79,740

- (i) During 2021, the Group entered into a joint venture with ESB to develop renewable energy projects when ESB Wind Development Limited acquired a 50% stake in FuturEnergy Ireland Development DAC. The Group's equity investment reported in 2021 in relation to this joint venture was €1 and shareholder loans of €19,531,000 extended to the holding company of FuturEnergy Ireland Development DAC, FuturEnergy Ireland Development Holdings DAC were recognised in Debtors for year end 2021. During 2022, following a review of the accounting treatment of the above it was determined that €16,531,000 should be reclassified from Debtors to Investments, to more accurately reflect the nature of Coillte's investment in FEI as an equity interest.

Notes to the Financial Statements

Listing of the Group's subsidiary, joint venture and associate undertakings

Subsidiary Undertakings	% Held	Principal Activities	Registered Office and Country of Incorporation
Smartply Europe DAC	100	Oriented strand board (OSB) manufacture	Belview, Slieverue, Co. Waterford, Ireland.
Medite Europe DAC	100	Medium density fibreboard (MDF) manufacture	Redmondstown, Clonmel, Co. Tipperary, Ireland.
Medite Smartply UK Limited	100	MEDITE SMARTPLY marketing	Persimmon House, Anchor Boulevard, Crossways Business Park, Dartford, Kent, UK.
Joint Venture Undertakings	% Held	Principal Activities	Registered Office and Country of Incorporation
Moylurg Rockingham DAC	50	Forest recreation	Lough Key Forest and Activity Park, Boyle, Co. Roscommon, F52PV66, Ireland.
FuturEnergy Ireland Development Holdings DAC	50	Wind energy	Riverside One, Sir John Rogerson's Quay, Dublin 2, D02X576, Ireland.
Associated Undertakings	% Held	Principal Activities	Registered Office and Country of Incorporation
Sliabh Bawn Wind Holdings DAC	37.5	Wind energy	Dublin Road, Newtownmountkenny, Co. Wicklow, A63DN25, Ireland.

In accordance with Section 357 of the Companies Act 2014, the Company has guaranteed the liabilities of its wholly owned subsidiaries and, as a result, these subsidiaries have been exempted from the provisions of Section 347 and Section 348 of the Companies Act 2014.

Notes to the Financial Statements

19. Stocks

	Group		Company	
	2022	2021	2022	2021
	€'000	€'000	€'000	€'000
Raw materials and consumables	6,321	5,673	675	747
Spare parts	6,904	4,916	-	-
Finished goods	21,775	23,106	3,562	3,182
	35,000	33,695	4,237	3,929

The value of stocks is shown net of any provisions for obsolescence and impairment. The replacement cost of stocks does not materially differ from the valuation computed on a first-in first-out basis.

20. Debtors

	Group		Company	
	2022	2021	2022	2021
	€'000	€'000	€'000	€'000
Trade debtors (i)	47,454	62,717	22,354	28,564
Amounts owed by subsidiary undertakings	-	-	81,425	82,268
Amounts owed by joint venture undertakings (ii)	15,766	19,531	15,766	19,531
Amounts owed by associate undertakings	-	-	8,680	12,055
Forest plantations to be planted (note 25)	20,098	24,394	20,098	24,394
Deferred tax (note 25)	398	1,335	346	1,332
Derivative financial instruments (note 24)	2,215	8	363	-
Grants receivable	426	426	426	426
Corporation tax	-	-	132	-
Other debtors	5,924	6,759	5,896	6,677
Prepayments	5,260	4,700	1,625	2,279
	97,541	119,870	157,111	177,526

(i) Trade debtors are stated after provisions for impairment of €1,894,000 (2021: €1,657,000).

(ii) During 2022, following a review of the accounting treatment of the initial investment to FEI in 2021 of €16,531,000, it was determined that this balance be reclassified from Debtors to Investments, to more accurately reflect the nature of Coillte's investment in FEI as an equity interest (see note 18). Loans of €12,766,000 were advanced to FEI during the course of 2022 to finance ongoing development expenditure.

Amounts owed by subsidiary, joint venture and associate undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Notes to the Financial Statements

21. Assets held for resale

	Group		Company	
	2022	2021	2022	2021
	€'000	€'000	€'000	€'000
Financial assets held for resale (note 18)	1,928	-	-	-

During the year, the Group disposed of its 11.3% shareholding in Tricoya Technologies Limited and its 8.2% shareholding in Tricoya UK Limited. Consideration of 3,500,000 shares in Accsys PLC was received for this disposal. The new shares in Accsys PLC have been recognised as a financial asset at a fair value of €1.9m for the year ended 2022 (2021: €Nil). The Group recognises non-derivative financial instruments as carried at fair value through profit or loss. No financial assets held at fair value through profit or loss are controlled by the Group. During 2022, fair value gains/losses of €Nil (2021: €Nil) were recognised in finance income.

Notes to the Financial Statements

22. Creditors: amounts falling due within one financial year

	Group		Company	
	2022	2021	2022	2021
	€'000	€'000	€'000	€'000
Trade creditors	11,892	13,606	6,756	9,480
Taxation and social insurance	5,380	5,419	1,511	2,474
Accruals	46,986	56,372	22,470	20,107
Deferred income	4,099	6,063	4,099	6,063
Derivative financial instruments (note 24)	6	1,652	-	458
Amounts owed to subsidiary undertakings	-	-	5,474	6,092
Amounts owed to joint venture undertakings	73	73	73	73
Amounts owed to associate undertakings	4,760	1,385	-	-
	73,196	84,570	40,383	44,747

	Group		Company	
	2022	2021	2022	2021
	€'000	€'000	€'000	€'000
Taxation and social insurance comprise:				
PAYE/PRSI	2,482	2,257	985	873
VAT	977	2,425	(146)	985
Corporation and capital gains tax	1,187	92	-	(16)
Other	734	645	672	632
	5,380	5,419	1,511	2,474

Trade and other creditors are payable at various dates in the next three months after the end of the financial year, in accordance with the creditors' usual and customary credit terms. Trade creditors of €5,578,000 (2021: €3,783,000) have reserved title to goods supplied.

Creditors for tax and social insurance are payable in the timeframe set down in the relevant legislation.

Amounts due to subsidiary, joint venture and associate undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Notes to the Financial Statements

23. Creditors: amounts falling due after more than one financial year

Bank Loans	Group		Company	
	2022	2021	2022	2021
	€'000	€'000	€'000	€'000
Loans, all repayable between 2 and 5 years	90,000	-	90,000	-
Loans, all repayable after more than five years	-	90,000	-	90,000

Loans and other debt comprise:

	Group		Company	
	2022	2021	2022	2021
	€'000	€'000	€'000	€'000
Details of loans and other debt				
EIB facility	90,000	90,000	90,000	90,000

Group Facilities

	Available Facility	Drawn Down as at 31 December 2022
	€'m	€'m
The Group has a total of €180m of facilities available to it at year end comprising:		
• a syndicated revolving credit facility ('RCF') (i)	90.0	-
• a European Investment Bank facility (ii)	90.0	90.0

(i) The RCF was originally negotiated in 2016 and has a seven-year term to 2023. Drawings incur interest at a margin of between 1% and 2.5%, depending on the performance of the Group in the previous reporting period. The margin is in addition to the floating Euribor charge, and a commitment fee is payable on any unutilised portion of the facility at a rate of 0.35% of the applicable margin.

(ii) In December 2016, the Group entered into a ten-year facility agreement for €90m with the European Investment Bank, which was drawn in January 2017 at a fixed rate of 0.743% for a period of six years. The fixed rate expired in January 2023 and the Group entered into a floating rate calculation basis for the remaining term of the agreement.

The Group had undrawn facilities of €90m (2021: €95m) as at 31 December 2022.

Notes to the Financial Statements

24. Financial instruments

A. Financial assets and liabilities:

	Group		Company	
	2022 €'000	2021 €'000	2022 €'000	2021 €'000
Financial assets measured at fair value through profit or loss:				
Shares held for resale (note 21)	1,928	-	-	-
Forward foreign currency contracts	2,215	8	363	-
	4,143	8	363	-

Financial assets that are debt instruments measured at amortised cost:

Trade debtors (note 20)	47,454	62,717	22,354	28,564
Amounts owed by subsidiary undertakings (note 20)	-	-	81,425	82,268
Amounts owed by joint venture undertakings (note 20)	15,766	19,531	15,766	19,531
Amounts owed by associate undertakings (note 20)	-	-	8,680	12,055
Other debtors (note 20)	5,924	6,759	5,896	6,677
Grants receivable (note 20)	426	426	426	426
	69,570	89,433	134,547	149,521

Financial liabilities measured at fair value through profit or loss:

Forward foreign currency contracts	(6)	(1,652)	-	(458)
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Financial liabilities that are debt instruments measured at amortised costs:

Trade creditors (note 22)	(11,892)	(13,606)	(6,756)	(9,480)
Amounts owed to subsidiary undertakings (note 22)	-	-	(5,474)	(6,092)
Amounts owed to associate undertakings (note 22)	(4,760)	(1,385)	-	-
Amounts owed to joint venture undertakings (note 22)	(73)	(73)	(73)	(73)
Loans (note 23)	(90,000)	(90,000)	(90,000)	(90,000)
	(106,725)	(105,064)	(102,303)	(105,645)

Notes to the Financial Statements

B. Derivative financial instruments:

Group

The Group uses forward foreign currency contracts to hedge currency exposure on highly probable forecasted sales transactions. The Group has elected to apply hedge accounting.

Forward foreign currency contracts

The Group uses a combination of financial instruments being vanilla forward contracts and average rate forward contracts.

At 31 December 2022, all of the outstanding vanilla forward contracts will mature within 12 months (2021: 12 months) of the financial year end, with €73.9m to mature in 2023. The Group is contracted to sell Stg £64.3 million (2021: Stg £61.9 million) and receive a fixed euro amount in return.

At 31 December 2022, the Group had average rate forward contracts outstanding for a notional amount of Stg £17.2 million (2021: Stg £29.5 million), where the Group will pay the difference of the average exchange rate based on known observations and the strike price.

The forward foreign currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key assumptions used in valuing the derivatives are the forward exchange rates for Euro /Stg£ and Euro/US\$. At 31 December 2022, the forward foreign currency contracts have a positive fair value movement of €3,245,000 (2021: €620,000 negative fair value movement). During 2022, a hedging gain of €2,647,000 (2021: €167,000 hedging loss) was recognised in the statement of other comprehensive income for changes in the fair value of the forward foreign currency contracts and a gain of €525,000 (2021: €919,000 loss) was reclassified from the hedge reserve to the profit and loss account.

Interest rates

The Group's interest rate exposure is managed via the €90.0 million European Investment Bank facility, which was drawn in early 2017 at a fixed rate of 0.743% for a period of six years.

This fixed rate expired in January 2023 and the Group entered into a floating rate calculation basis for the remaining four years of the agreement.

Company

The Company uses forward foreign currency contracts to hedge currency exposure on highly probable forecasted sales transactions. The Company has elected to apply hedge accounting.

Forward foreign currency contracts

At 31 December 2022, all of the outstanding contracts will mature within 12 months of the financial year end. The Company has entered into average rate forward contracts for a notional amount of Stg £17.2 million (2021: Stg £29.5 million), where the Company will pay the difference of the average exchange rate based on known observations and the strike price. At 31 December 2022, the forward foreign currency contracts have a positive fair value movement of €1.4m (2021: €0.5m negative fair value movement).

Interest rates

The Company's interest rate exposure is managed via the €90.0 million European Investment Bank facility, which was drawn in early 2017 at a fixed rate of 0.743% for a period of six years. The fixed rate expired in January 2023 and the Group entered into a floating rate calculation basis for the remaining four years of the agreement.

Notes to the Financial Statements

25. Provisions for liabilities

A. Group

	Provision for replanting clear felled forest plantations	Joint venture undertakings	Associate undertakings	Legal and other provisions	Deferred tax	Total
	€'000	€'000	€'000	€'000	€'000	€'000
At 1 January 2022	24,394	350	746	3,384	11,829	40,703
Additions	19,764	-	-	971	2,015	22,750
Amounts charged against the provision	(24,060)	-	-	(145)	-	(24,205)
Reclassification to Investments	-	(350)	(746)	-	-	(1,096)
Unused amounts reversed	-	-	-	(473)	-	(473)
Unwind of discount	-	-	-	23	-	23
At 31 December 2022	20,098	-	-	3,760	13,844	37,702
At 1 January 2021	30,590	-	551	3,672	8,400	43,303
Additions	16,239	350	195	506	3,429	20,719
Amounts charged against the provision	(22,435)	-	-	(546)	-	(22,981)
Unused amounts reversed	-	-	-	(361)	-	(361)
Unwind of discount	-	-	-	23	-	23
31 December 2021	24,394	350	746	3,384	11,829	40,703

Notes to the Financial Statements

B. Company

	Provision for replanting clear felled forest plantations	Legal and other provisions	Deferred tax	Total
	€'000	€'000	€'000	€'000
At 1 January 2022	24,394	514	9,609	34,517
Additions	19,764	684	-	20,448
Amounts charged against the provision	(24,060)	(104)	-	(24,164)
At 31 December 2022	20,098	1,094	9,609	30,801
At 1 January 2021	30,590	907	8,348	39,845
Additions	16,239	13	1,261	17,513
Amounts charged against the provision	(22,435)	(406)	-	(22,841)
At 31 December 2021	24,394	514	9,609	34,517

Replanting provision

Section 49(3) of the Forestry Act 1946 and Section 17(4) of the Forestry Act 2014 provide for a statutory replanting obligation in respect of all felling licences issued to the Group. A provision has been recognised for replanting clear felled forests over the next two financial years. The related costs are recognised as a current asset, 'forest plantations to be planted', within debtors (note 20).

Legal and other provisions

The Group employs an in-house team to manage all claims against the Group. It has also established a Liability Provisions Committee that meets four times a financial year to assess the provisions for legal claims proposed by the in-house legal team. The committee is made up of senior management and a representative of the Group's insurance brokers.

The utilisation of the provision is dependent on the timing of settlement of outstanding claims.

Notes to the Financial Statements

Deferred tax

The deferred tax in the balance sheet is as follows:

	Group		Company	
	2022	2021	2022	2021
	€'000	€'000	€'000	€'000
Included in debtors (note 20)	398	1,335	346	1,332
Included in provisions for liabilities	(13,844)	(11,829)	(9,609)	(9,609)
	(13,446)	(10,494)	(9,263)	(8,277)

The net deferred tax liability comprises:

	Group		Company	
	2022	2021	2022	2021
	€'000	€'000	€'000	€'000
Accelerated capital allowances	(3,198)	(1,452)	-	-
Defined benefit pension	(1,645)	(200)	(467)	519
Derivative financial instruments	190	(46)	-	-
Revaluation of investment properties	(9,609)	(9,609)	(9,609)	(9,609)
Other timing difference	816	813	813	813
	(13,446)	(10,494)	(9,263)	(8,277)

Notes to the Financial Statements

26. Deferred government grants

Group & Company

	Forestation	Forest roads	Other	Total
	€'000	€'000	€'000	€'000
At 1 January 2022	99,969	20,677	114	120,760
Movement during the year	-	1,003	-	1,003
	99,969	21,680	114	121,763
Amortised during the year	(1,284)	(978)	(5)	(2,267)
	98,685	20,702	109	119,496
At 31 December 2022	98,685	20,702	109	119,496
At 1 January 2021	100,832	21,448	119	122,399
Additions/disposals during the year	(15)	219	-	204
	100,817	21,667	119	122,603
Amortised during the year	(848)	(990)	(5)	(1,843)
	99,969	20,677	114	120,760

Forestry government grants

The Group has received capital government grants for afforestation and for building forest roads. Government grants received become repayable if certain conditions, as set out in the agreements, are not adhered to. The most significant of these conditions relates to afforestation grants. Plantations must be adequately maintained and protected for a period of 10 or 20 years after the date of payment of the grant, failing which all grant monies or part thereof may be refundable.

Notes to the Financial Statements

27. Called up share capital

	2022 €'000	2021 €'000
Ordinary shares of €1.26 each Authorised – 1,000,000,000 shares	1,260,000	1,260,000
Allocated, issued and fully paid – 631,000,000 shares presented as equity	795,060	795,060

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends or the repayment of capital.

28. Other reserves

Undenominated capital

During the financial year ended 31 December 2001, in accordance with the Economic and Monetary Union Act, 1998, the share capital was redenominated into Euro and the nominal value was renominised to €1.26. Consequently, the issued and fully paid share capital was reduced by €6,145,000 and that amount was transferred to the capital conversion reserve fund.

Cash-flow hedge reserve

The cash-flow hedge reserve is used to record transactions arising from the Group's cash-flow hedging arrangements.

Retained earnings

Retained earnings of the Group and Company include €19.4 million (2021: €19.4 million) of unrealised gains representing a gain on the revaluation of investment properties of €29.0 million (2021: €29.0 million) and a related deferred tax provision of €9.6 million (2021: €9.6 million). Up until such time as these are realised, these unrealised gains cannot be distributed to the shareholders by the Company.

Notes to the Financial Statements

29. Future capital expenditure not provided for

	2022 €'000	2021 €'000
Contracted for	14,323	24,463
Authorised by the Directors but not contracted for	62,086	58,336
At 31 December	76,409	82,799
Share of capital commitments of joint ventures	4,800	-

30. Leases

Operating lease agreements where the Group is lessee

The Group and Company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	Group		Company	
	2022 €'000	2021 €'000	2022 €'000	2021 €'000
Payments due:				
Within one financial year	2,376	2,348	2,194	2,089
Between two and five financial years	6,575	6,259	6,492	5,994
Over five financial years	10,423	10,201	10,423	10,201
	19,374	18,808	19,109	18,284

Included within the commitments, Smartply Europe DAC (Smartply) leases 60 acres on which its facility is constructed from Waterford Harbour Commissioners and Kilkenny County Council. The lease agreement expires in 2034, it is renewable at five financial year intervals thereafter and it provides for rent reviews every five years. Smartply has an option to terminate the lease on 25 July 2024. Smartply has a commitment, under the terms of the lease, to ship a certain agreed tonnage of finished product through the Port of Waterford each financial year. At 31 December 2022, Smartply was committed to making an annual payment of €112,000 (2021: €112,000) in respect of these lease obligations. On cessation of the lease and vacating the site, the company is required to remove all plant, equipment, rolling stock and inventory and to give the lessor clear and vacant possession of the premises, foundations and fixtures. A provision has been made for this decommissioning liability. This provision is contained within other provisions (see note 25).

Notes to the Financial Statements

Operating lease agreements where the Group is lessor

The Group holds land rented to wind-farm operators as investment properties as disclosed in note 16. The Group's significant lease arrangements have remaining terms of c.20 financial years. In addition to a minimum rent, the Group may receive a contingent rent based on the performance of individual wind-farms. The minimum rent is adjusted for increases in the Consumer Price Index annually or every five years.

The Group and Company's future minimum rentals receivable under non-cancellable operating leases are as follows:

	Group & Company	
	2022	2021
	€'000	€'000
Receipts due:		
Within one financial year	2,927	2,740
Between two and five financial years	11,816	11,842
Over five financial years	43,789	49,584
	58,532	64,166

31. Contingencies and commitments

Group and Company

A. The Irish Forestry Unit Trust

The trust deed of the Irish Forestry Unit Trust (the Trust) commits the Group to providing liquidity to the fund if it is needed. This commitment would require the purchase of forest assets, initially leased to the Trust by the Group, from the Trust representing up to 15% of the value of the Trust. This is subject to an annual limit of the lesser of 5% of the value of the fund or €4,444,083. The Group's maximum commitment to acquire forest assets reduces as the initial leased assets are clearfelled and the underlying lands revert to Coillte. At 31 December 2022, the maximum amount that the Group can be required to purchase is €9,625,626.

B. Immature Forest Asset

Trustees of the superannuation pension scheme have security over €20 million of forestry assets that would be available to the Trustees in certain circumstances.

Notes to the Financial Statements

32. Notes to Group Statement of Cash Flows

A. Reconciliation of profit to net cash inflow from operating activities

	Notes	2022 €'000	2021 €'000
Profit for the financial year		109,419	117,089
Adjustments for:			
Amortisation of intangible assets	15	2,017	1,825
Depreciation of tangible assets	16	19,830	19,428
Profit on disposals of tangible assets	10	(2,178)	(13,427)
Gain on revaluation of investment properties	16	-	(3,822)
Other exceptional items	9	(1,928)	23,457
Profit on sale of wind farm development portfolio	9	-	(30,251)
Depletion of biological assets	17	15,405	13,344
Impairment of biological assets (non-exceptional)	17	-	389
Amortisation of grants	26	(2,267)	(1,843)
Share of associate losses	18	(7,458)	573
Share of joint venture losses	18	3,813	350
Interest payable	11	1,619	1,570
Interest receivable	11	(334)	(1)
Other finance costs	11	155	474
Taxation	13	11,496	14,911
Movement in provisions for liabilities ¹	25	376	(378)
Difference between pension charge and cash contributions		(834)	(722)
Working capital movements:			
Increase in stock		(1,305)	(6,593)
Decrease/(increase) in debtors ²		15,538	(23,459)
(Decrease)/increase in creditors ³		(22,088)	7,022
Net cash inflow from operating activities before taxation paid		141,276	119,936

¹ Excluding provision for replanting clear felled forest plantations, associate undertakings and provision for deferred tax.

² Excluding capital grants receivable, corporation tax, amounts owed by joint venture and associate undertakings, forest plantations to be planted, deferred tax asset, the change in fair value of derivative financial instruments (assets) recognised in the statement of other comprehensive income and renewable energy deferred costs treated as part of disposal in 2021.

³ Excluding overdrafts and loans, corporation tax, capital creditors, leases, the change in fair value of derivative financial instruments (liabilities) recognised in the statement of other comprehensive income.

Notes to the Financial Statements

B. Interest paid

	2022 €'000	2021 €'000
Interest payable (note 11)	1,619	1,570
Interest receivable (note 11)	(334)	(1)
Movement on interest accruals	(34)	4
	1,251	1,573

C. Analysis of movement in net debt

	Balance 1 Jan €'000	Cash Flows €'000	Balance 31 Dec €'000
Cash at bank	121,071	34,400	155,471
Loans	(90,000)	-	(90,000)
	31,071	34,400	65,471

D. Reconciliation of net cash flow to movement in net debt

	2022 €'000	2021 €'000
Increase in cash in the financial year	34,400	59,723
Cash outflow on bank loans	-	(220)
	34,400	59,503
Funds / (net debt) at the beginning of the financial year	31,071	(28,432)
Net funds at the end of the financial year	65,471	31,071

Notes to the Financial Statements

33 . Note to Company Statement of Cash Flows

Reconciliation of profit to net cash inflow from operating activities

	Notes	2022 €'000	2021 €'000
Profit for the financial year		35,718	149,003
Adjustments for:			
Amortisation of intangible assets	15	2,014	1,816
Depreciation of tangible assets	16	9,902	9,065
Profit on disposals of tangible assets		(2,376)	(13,317)
Gain on revaluation of investment properties	16	-	(3,822)
Other exceptional items (non-cash)		-	4,824
Profit on sale of wind farm development portfolio	9	-	(30,251)
Dividends received from subsidiary undertakings		-	(70,000)
Depletion of biological assets	17	15,405	13,344
Impairment of biological assets (non-exceptional)	17	-	389
Amortisation of grants	26	(2,267)	(1,843)
Interest payable		1,352	1,494
Interest receivable		(80)	(1)
Other finance costs		189	426
Taxation		1,668	6,249
Movement in provisions for liabilities ¹	25	580	(393)
Difference between pension charge and cash contributions		(623)	(329)
Working capital movements:			
Increase in stock		(308)	(612)
Decrease/ (increase) in debtors ²		7,645	(8,219)
(Decrease)/increase in creditors ³		(3,262)	5,458
Net cash inflow from operating activities before taxation paid		65,557	63,281

¹ Excluding provision for replanting clear felled forest plantations, associate undertakings and provision for deferred tax.

² Excluding capital grants receivable corporation tax, amounts owed by subsidiary, joint venture and associate undertakings, forest plantations to be planted, deferred tax asset, the change in fair value of derivative financial instruments (assets) recognised in the statement of other comprehensive income and renewable energy deferred costs treated as part of disposal in 2021.

³ Excluding overdrafts and loans, corporation tax, capital creditors, leases, the change in fair value of derivative financial instruments (liabilities) recognised in the statement of other comprehensive income.

Notes to the Financial Statements

34. Related Party Transactions

Group

A. The ownership of the Company

One ordinary share is held by the Minister for Agriculture, Food and the Marine and the remainder of the issued share capital is held by the Minister for Public Expenditure and Reform.

In accordance with Paragraph 33.11 of FRS 102, the Group is exempt from disclosing related party transactions with another entity that is a related party because the Irish Government has control, joint control or significant influence over both the Group and that entity.

B. Key management compensation

The total key management compensation is disclosed in note 8.

Company

Other than the transactions disclosed above, the Company's other related party transactions were with wholly owned subsidiaries and so have not been disclosed.

35. Memberships

Coillte is a member of Nature Partners CLG, (operating under the Brand Name, The Nature Trust). The Nature Trust is a not-for-profit company, established in 2021 in collaboration with Forestry Partners CLG and its objective is to establish new native woodlands in communities across Ireland funded by the issuance of green certificates.

36. Post Balance Sheet Events

There have been no events between the balance sheet date and the date on which the financial statements were approved by the Board, which require adjustment to the financial statements or any additional disclosure in the financial statements.

37. Approval of Financial Statements

The Directors approved the financial statements on 3 April 2023.

TCFD REFERENCE

The Task Force on Climate-Related Financial Disclosures (TCFD) was created in 2015 by the Financial Stability Board (FSB) to develop consistent climate-related financial risk disclosures for use by companies, banks, and investors in providing information to stakeholders. Increasing the amount of reliable information on financial institutions' exposure to climate-related risks and opportunities will strengthen the stability of the financial system, contribute to greater understanding of climate risks and facilitate financing the transition to a more stable and sustainable economy.

Below is a reference table, listing where recommended disclosures have been referenced throughout Coillte's Annual Report.

TCFD Elements	TCFD Recommended Disclosures	Referenced
Governance	a. Board oversight	Page 14-16 (Chair's Statement) Page 71-78 (Sustainability)
	b. Management's role	Page 18-23 (Chief Executive's Review) Page 71-78 (Sustainability)
Strategy	a. Climate-related risks and opportunities	Page 14-16 (Chair's Statement)
		Page 18-23 (Chief Executive's Review)
		Page 30-33 (Coillte's Forestry Strategic Vision)
		Page 39-47 (Forests for Climate) Page 49-51 (Forests for Wood) Page 55-56 (Build with Wood) Page 71-107 (Sustainability)
b. Impact on the organisation's businesses, strategy, and financial planning	Page 117 -133 Statement on Internal Control and Risk Management	
	This will be developed In 2023	
c. Resilience of the organisation's strategy	Page 18-23 (Chief Executive's Review)	
	Page 30-33 (Coillte's Forestry Strategic Vision)	
	Page 49-51 (Forests for Wood) Page 55-56 (Build with Wood) Page 97 (Bio and Circular Economy)	
Risk Management	a. Risk identification & assessment process	Page 83-85 (Materiality Assessment)
	b. Risk management process	Page 117 -133 Statement on Internal Control and Risk Management
	c. Integration Into overall risk management	Page 117 -133 Statement on Internal Control and Risk Management
Metrics & Targets	a. Climate-related metrics in line with strategy and risk management process	Page 93-96. To be further developed during 2023
	b. Scope 1, 2, 3 GHG metrics and related risks	Page 93-96. To be further developed during 2023
	c. Climate-related targets and performance against targets	To be developed during 2023



Corporate Information

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Company Secretary

Deirdre Coleman

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KPMG
Chartered Accountants & Registered Auditors

Bankers

Bank of Ireland
Allied Irish Banks
Rabobank Ireland
Danske Bank
European Investment Bank

Insurance Brokers

Marsh Ireland

Solicitors

Arthur Cox
Byrne Wallace
BLM
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