

# A **Greener Future** *for All*



Annual Report  
**2023**





Forests for **climate** 

Wind turbines and productive forest at Raheenleagh, Co. Wicklow.



Forests for **nature** 

Bluebells at Coillte's Moore Abbey forest, Co. Kildare.



Forests for **wood** 

Timber frame house under construction.



Forests for **people** 

Children on the Treetop Walk at Beyond the Trees, Avondale at Avondale Forest Park, Co. Wicklow

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Mixed Coillte forest in Co. Wicklow

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**Our vision is to create a sustainable future for all**

**Our mission** is to balance and deliver the multiple benefits of our forests to society

**Our purpose** is to manage the state forests on behalf of the people of Ireland

Mountain bikers at Coillte's Ticknock forest Co. Dublin.

Aerial photo of Coillte's Farran Forest Park in Co. Cork.

# Business Overview

Coillte employs **over 800 staff** and circa **1,200 contractors** all over Ireland.

Coillte manages **440,000 hectares** or 7% of Ireland's land.

Coillte is part of Ireland's wider forestry sector which supports **9,000 jobs** and contributes **€2.3 billion** to the Irish economy annually.



800+ Staff  
1,200 Contractors



Manages 440,000 hectares  
or 7% of Ireland's land



Forest sector contributes €2.3bn  
to Irish economy annually.

## COILLTE FOREST



## LAND SOLUTIONS



## MEDITE SMARTPLY



## COILLTE FOREST

- Coillte is Ireland's largest producer and supplier of certified wood to the domestic wood processing sector. Coillte produces circa 3 million m<sup>3</sup> of sustainable wood annually which is used to build homes and substitute the use of carbon intensive products.
- Approximately 90,000 hectares of the estate (circa 20%) is managed primarily for nature and biodiversity with an ambition to increase this to 30% by the year 2025.
- Coillte is the largest provider of outdoor recreation spaces in Ireland with 12 forest parks, 260 recreational areas and 3,000km of waymarked walking trails. Coillte has an open forest policy, with an estimated 18 million visits made to its forests every year.
- Coillte's forests are certified by both the Forest Stewardship Council (FSC®) and the Programme for the Endorsement of Forest Certification (PEFC)\*.



Produces circa 3 million m<sup>3</sup>  
of wood annually



Ireland's largest provider  
of outdoor recreation



Coillte Forests are  
FSC® and PEFC certified

## LAND SOLUTIONS

- Coillte works with local communities, organisations and businesses to support community development projects, renewable energy, education, housing, tourism, infrastructure, and commercial developments.
- Coillte has had a role in enabling over 50% of Ireland's wind energy generation.
- Coillte Nature, the not-for-profit branch of Coillte, is dedicated to the restoration, regeneration and rehabilitation of nature across Ireland through innovative projects of scale.



Enabling innovative  
solutions for housing,  
tourism & education



Had a role in enabling over  
50% of Ireland's wind energy



Coillte Nature is dedicated to  
restoration and rehabilitation  
of nature across Ireland

## MEDITE SMARTPLY

- MEDITE SMARTPLY, Coillte's market leading panel board business with operations in Clonmel and Waterford, employs circa 400 people and exports to over 20 countries worldwide.
- MEDITE SMARTPLY produces sustainable and innovative Medium Density Fibreboard (MDF) and Oriented Strand Board (OSB) wood panels, with uses from furniture to construction.
- MEDITE SMARTPLY is committed to manufacturing products that contribute to more sustainable buildings.



Manufacturing wood  
based products for  
sustainable buildings



Sourced from sustainably  
managed forests



Exports to over 20  
countries worldwide

\* FSC licence code: FSC-C005714. PEFC licence code: PEFC/17-23-042

# About Coillte



Orienteering Trail Marker in Coillte's Dublin Mountains forests.

**Coillte, Ireland's semi-state forestry company, is responsible for managing 440,000 hectares (ha) of primarily forested lands. Coillte balances and delivers the multiple benefits of forestry for climate, nature, wood and people.**

Coillte is the nation's largest forester and producer of certified wood, a natural, renewable and sustainable resource. It is also the largest provider of outdoor recreation spaces in Ireland, it facilitates renewable energy generation on the estate and manufactures panel board wood products. Coillte also enhances and restores biodiversity and delivers nature rehabilitation projects of scale.

Coillte employs over 800 people directly, and circa 1,200 contractors, working across three divisions; Coillte Forest, Land Solutions and MEDITE SMARTPLY, and is part of a wider sector which supports circa €2.3 billion of economic activity annually.

**Coillte Forest**

When Coillte was established as a commercial semi-state company in 1989, it became the manager of a diverse forest estate of 396,000 hectares. Over the last 35 years, the organisation has developed the forests and land and grown the area under management to 440,000 hectares.

The Coillte Forest division manages all aspects of the forest cycle, from collecting seed to planting trees, tending forests and sustainably harvesting trees, before replanting to start the cycle again. It is also responsible for protecting nature and biodiversity by restoring and enhancing habitats across the estate.

Coillte's forest estate has both Forest Stewardship Council (FSC®) and Programme for the Endorsement of Forest Certification (PEFC) certification, which certify that the forests are managed sustainably.

Coillte is the leading supplier of roundwood to the vibrant Irish wood processing sector. Circa 3 million m<sup>3</sup> of roundwood is produced by Coillte's harvesting operations each year, the majority of which is processed by the sawmill sector to

produce construction timber to build homes; pallets to move goods and materials; and fencing for farms and gardens. Small-diameter roundwood is mainly used by Coillte's wood-based panel mills and, to a lesser extent, for bioenergy.

Coillte is the country's leading provider of outdoor recreation, offering open public access to circa 6,000 forest properties throughout Ireland, 3,000 km of way-marked trails, 12 forest parks, six mountain-bike trails, and 260 recreational areas.

Approximately 90,000 ha of the estate (circa 20%) is managed primarily for biodiversity with an ambition to increase this to 30% (an additional 44,000 ha) by the year 2025. These biodiversity areas are located throughout the estate and contain a wide variety of habitats of high biodiversity value ranging from conifer, mixed and broadleaved forests, to open bogs, heathlands, lakes and rivers. Coillte has developed a science-based approach known as 'BioClass', which classifies the ecological value of the biodiversity areas in the estate. This allows Coillte to develop ecological and silvicultural plans to improve the biodiversity value of these sites. Work to restore habitats and enhance biodiversity is ongoing across the estate through Coillte's BioForest programme.

**Land Solutions**

Coillte's Land Solutions division is responsible for seeking out opportunities to create a more sustainable future for Ireland. The division works across a portfolio which is focused on adding significant value to Coillte itself and its stakeholders, through a combination of its people and forests. This includes asset development and providing innovative and sustainable solutions to activities in areas such as renewable energy, housing, infrastructure development, tourism and education.

An example of one partnership in the Land Solutions portfolio is **FuturEnergy Ireland**. As part of Coillte's vision to generate 1 Gigawatt (GW) of renewable energy, it has partnered with ESB to establish this joint venture with the aim of developing best-in-class wind farms with the support of local communities. This supports Ireland and its people to combat climate change and contributes to more sustainable living. Coillte also continues to work with other partners outside of this joint venture in supporting the development of renewable energy projects.



Raheenleagh Windfarm and productive forest, Co. Wicklow.

As part of the ongoing management of the estate, Land Solutions is also responsible for acquiring new land and forests and for land sales that support local and national needs. Land is bought and sold by Coillte for a variety of reasons including the expansion of forests, and supporting neighbours, local communities, schools and businesses with local infrastructure projects, as well as supporting strategic national objectives such as tourism, regional development and infrastructure projects.

Also, within the Land Solutions division is **Coillte Nature**, the not-for-profit branch of Coillte which was established in 2019. Coillte Nature seeks to deliver significant climate and nature solutions through innovative projects of scale including:

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

Coillte Nature projects include the Dublin Mountains Makeover, the Midlands Native Woodlands, the Wild Western Peatlands, the Hazelwood Restoration project in Co. Sligo and the EU LIFE Insular project in partnership with the National Parks and Wildlife Service (NPWS) to restore biodiversity at the Raven Nature Reserve in Co. Wexford. Working with nature takes time with the result that these projects are generally long-term initiatives.

In 2021, another not-for-profit social enterprise called **The Nature Trust** was established with Coillte and Forestry Partners to deliver native woodland afforestation at scale. Management of The Nature Trust is provided by the Coillte Nature team and Coillte also offers operational services for planting and long-term management of the forests.

## MEDITE SMARTPLY

MEDITE SMARTPLY is Coillte's market leading producer of engineered wood-based construction panels. It is responsible for manufacturing products that contribute to innovative and sustainable building solutions.

With manufacturing mills in Clonmel and Waterford, MEDITE SMARTPLY employs circa 400 people dedicated to delivering high quality MDF and OSB panels. These innovative and sustainable wood-based products are used in furniture manufacture and construction and MEDITE SMARTPLY has a market presence in over 20 countries across the globe.

The wood used in MEDITE SMARTPLY OSB and MDF panels is small-diameter wood from fast-growing species such as spruce and pine along with wood that is selectively removed for forest thinning and residues from sawmilling. The timber used to make the products is carefully harvested to preserve the forest's biodiversity, productivity and ecological processes. All MEDITE SMARTPLY's timber construction panels are FSC® certified, certifying that its wood-based products originate from forests which are managed in an environmentally and socially responsible manner.

In addition, MEDITE SMARTPLY has received the FSC® chain of custody certification, covering its manufacturing and distribution processes. This certification provides a guarantee to consumers that the product not only comes from a well-managed forest, but has passed through a secure, sustainable channel from its origin in the forest right through to the time it is installed by the end-user. Only products from FSC® certified forests can be labelled with the 'tick and tree' logo. All panel products also have UK Conformity Assessed marking (UKCA) and the Conformité Européenne (CE) mark, meaning they comply with applicable health, safety, performance and environmental requirements.



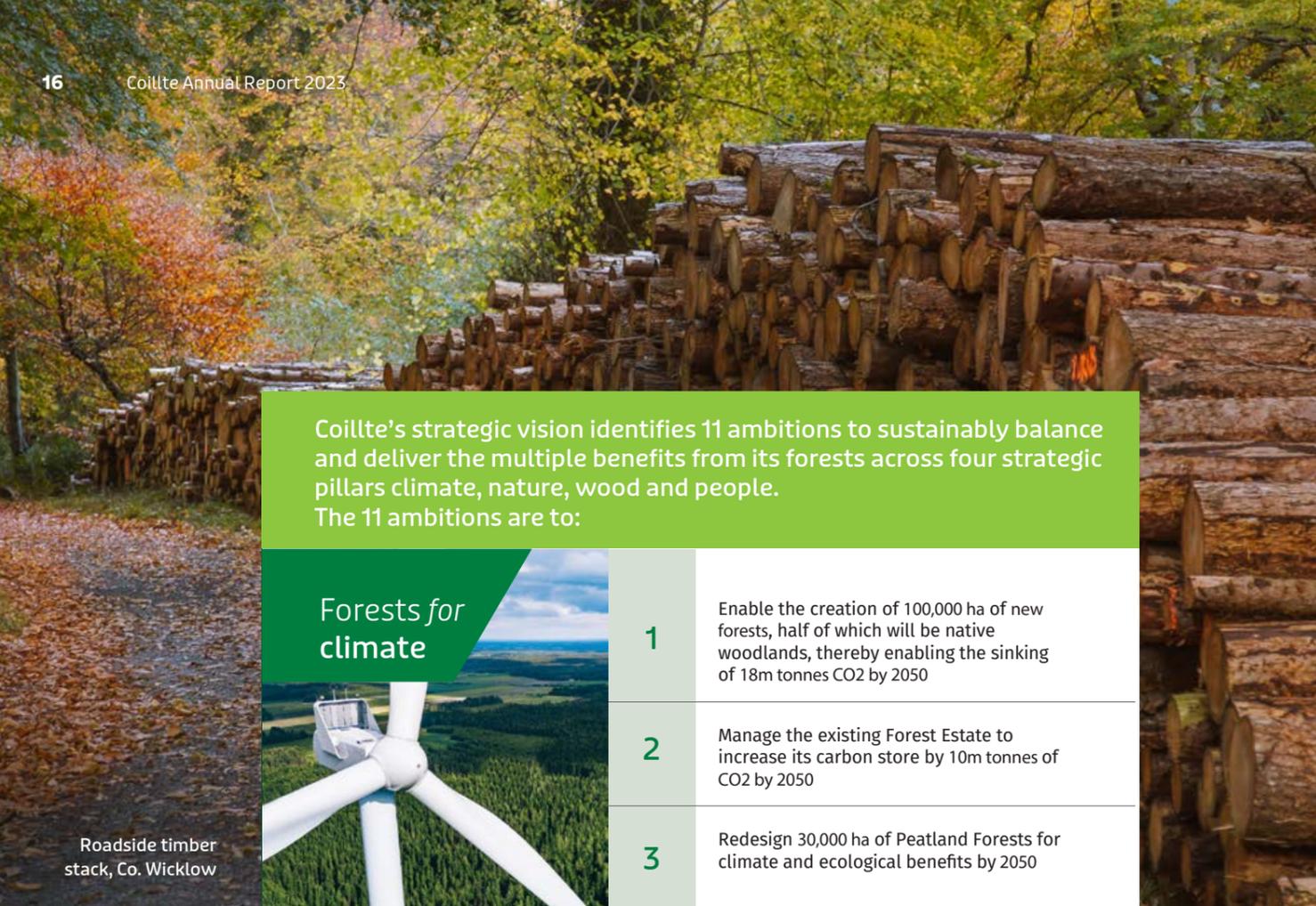
**MEDITE MDF** panels consist of 40% wood chip and 60% by-product and the MEDITE brand offers a range of ten high specification panels for distinct applications.

**SMARTPLY OSB** is an engineered, load bearing wood-based panel product free of knots and voids, made from FSC® certified timber.

By constantly innovating and investing, MEDITE SMARTPLY has been able to enter new and diverse markets and sectors, with a pipeline of innovative, versatile and sustainable products designed to address changing market demands and contribute to the construction of sustainable buildings.

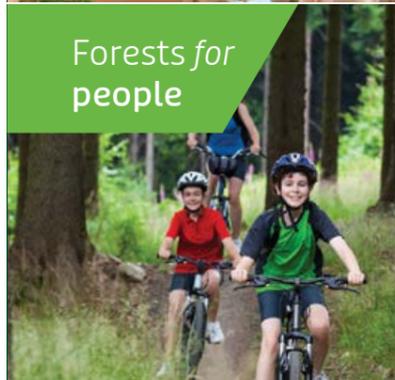
The introduction of products with a wide variety of innovative features such as moisture resistance, flame retardancy, machinability, durability and strength has enabled MEDITE SMARTPLY products to have many diverse uses and become trusted alternatives to more traditional materials.





Roadside timber stack, Co. Wicklow

Coillte's strategic vision identifies 11 ambitions to sustainably balance and deliver the multiple benefits from its forests across four strategic pillars climate, nature, wood and people. The 11 ambitions are to:

|  |    |  |
|--|----|--|
|  <p><b>Forests for climate</b></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 CO2 by 2050 |
|  | 2  | Manage the existing Forest Estate to increase its carbon store by 10m tonnes of CO2 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><b>Forests for nature</b></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><b>Forests for wood</b></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><b>Forests for people</b></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  |

### Strategic Vision

In 2022, Coillte announced its strategic vision for the future of its forest estate. This strategic vision aims to balance and deliver the multiple benefits from Coillte's forests for society, bringing more focus to climate action, biodiversity and recreation while continuing to deliver for the forest and wood products industry.

Coillte's ambition is to enable the creation of new forests, manage its existing forests for greater carbon capture and provide more habitats to enhance biodiversity. Coillte will continue to deliver sustainable Irish wood products to support the creation of new homes, enable the delivery of renewable energy on the estate as well as creating more forest recreation spaces for everyone to enjoy.

The strategic vision is underpinned by four strategic pillars – forests for climate, nature, wood and people and aligns with the United Nations Sustainable Development Goals.




**Forests for climate**

This relates to the role the forest estate plays in the capture and storage of carbon, and its capacity to produce wood products to substitute for carbon-intensive materials. It also includes building the resilience of the Coillte estate to adapt to future climate scenarios and enabling renewable energy projects on the estate to help Ireland transition to a low carbon economy.



**Forests for nature**

This relates to the biodiversity within the forest estate and seeks to increase the area managed for nature and to protect, enhance and restore the biodiversity value of these areas.



**Forests for wood**

This delivers on the need to provide sustainably grown Irish wood products to build homes and support jobs in rural communities nationwide.



**Forests for people**

This focuses on enhancing the recreational, social, and wellbeing benefits of Coillte's forest estate for communities throughout Ireland.

# Chair's Statement



I am pleased to present Coillte's Annual Report and Accounts for 2023. It has been a year marked by significant progress and achievement across all areas of the organisation.

The role of Coillte and its forest estate has never been more relevant in the context of the climate emergency and the urgent need for Ireland to meet ambitious climate action targets. In that context, I am delighted that in December 2023 Coillte launched its Forest Estate Strategic Land Use Plan (FESLUP) 2023-2050, following an extensive public consultation process.

This plan underpins the vision for Coillte's forest estate to create a sustainable future for all by delivering the multiple benefits of forests to society. It sets out a series of ambitions and a framework for the achievement of these ambitions to 2050. These ambitions include enabling the creation of new forests and effectively managing our existing forests for greater carbon capture, supporting the construction of new low carbon homes by continuing to deliver sustainable Irish wood and wood products, and delivering renewable energy on the estate. We will enhance and restore biodiversity and we aim to increase the number of beautiful forest recreation spaces for everyone to enjoy.

Financially, Coillte delivered a solid performance in 2023 despite volatile market conditions which had an adverse impact on demand levels across the construction sector and consequently saw price reductions for sawnwood, OSB and MDF products. Coillte achieved EBITDA of €106 million and generated €43 million of Operating Cash during the year while an interim dividend of €10 million in respect of 2023 was paid to our Shareholder.

In September, we welcomed the announcement by Minister McConalogue of the launch of the new €1.3 billion Forestry Programme 2023-2027, which is focused on supporting the delivery of Ireland's afforestation goals. The national long-term target to have 18% forest cover is ambitious, especially in the context of land availability and land use challenges in Ireland. Delivering this ambition will, we believe, require landowners and all stakeholders in the forestry sector to play a role in afforestation. One of Coillte's strategic ambitions is to enable the creation of 100,000 hectares of new forests by 2050, half of which will be native woodland, to support the delivery of the national afforestation target and we continue to focus on progressing this ambition.

Key highlights in 2023 include the official opening of the newly refurbished Avondale House in June by An Tánaiste Micheál Martin. The house now offers guided tours for visitors which take them on an historic journey through the home of Samuel Hayes, its first owner, the Parnell family who inhabited the house in the 1800s, and the forestry school which was set up in the house after it was acquired by the State in 1904. Avondale House has a deep political and historical heritage as the home of one of Ireland's greatest statesmen, Charles Stewart Parnell and, in September, it was an honour to welcome the members of Government to the refurbished Avondale House for the first Cabinet Meeting of its new term.

We also made significant progress on the enhancement of our recreation trails with planning permission received for three new mountain bike trail head buildings which are due for development from 2024 onwards. The buildings will be constructed sustainably using Irish wood and will greatly enhance facilities for visitors at each of the centres. As forest recreation becomes increasingly popular, we are delighted to continue to welcome an estimated 18 million visits to the Coillte estate annually.

Other highlights in the year included progress on the proposed replacement of the existing thermal energy systems at the MEDITE plant with two new biomass-fired energy plants, one for each production line. The new energy system will see the installation of a new modern combustion, air filtration, and treatment system in line with European emissions performance standards using the best available technology. The planning application for the project was lodged with An Bord Pleanála in early 2024.

From a sustainability perspective, Coillte was proud to be awarded the Business Working Responsibly Mark by Business in the Community Ireland in July. This recognises Coillte is operating to best-in-class sustainable and responsible business practices and is an organisation that fosters a culture of continuous improvement and ongoing accountability in all aspects of its business.

From a Board perspective, I would like to thank Frank Hayes for his valuable contribution to Coillte during his tenure. Frank joined the Board in January 2022 and stepped down for personal reasons in September 2023.

Indeed, this will be my final Statement following completion of my five-year term as Chair on 12th March 2024. It has been a privilege to lead the Board for the last five years during which we navigated many challenges including Brexit, Covid, and the forestry licensing crisis. The adoption of our new forestry strategic vision was one of our most significant achievements during the period. I believe we have laid the foundations for continued success for Coillte in the years to come, and I would like to thank the Board, our CEO Imelda Hurley, the management team and all the employees in Coillte for their continued hard work and dedication over that period.

I would also like to thank our customers, contractors and suppliers for their continued support and engagement. On behalf of the Board, we extend our thanks to 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.

Finally, I wish the Coillte Chair Designate, Vivienne Jupp, the Board and the wider Coillte organisation the very best for continued success into the future.

**Bernie Gray**  
Chair

## Chief Executive's Review



### Purpose and Vision

With increasing recognition of the benefits that trees, and well-managed forests can deliver, we are deeply aware of Coillte's potential to support the achievement of Ireland's climate action targets. Our purpose is to manage the state forests on behalf of the people of Ireland and we are proud to have been recognised in 2023 as one of the top ten most purposeful organisations\* in Ireland. Our vision is to create a sustainable future for all and we will do this by balancing and delivering the multiple benefits of forests across four strategic pillars – forests for climate, nature, wood and people. Delivering on this vision will result in us leaving an enriched Coillte estate and resource for the next generation.

In 2023, we made good progress with our strategic vision for our future forest estate. This is a long-term vision to 2050, that will see us enable the creation of new forests, manage existing forests for greater carbon capture, enable renewable energy projects on the estate, ensure the supply of sustainable wood and wood products to build low carbon homes, enhance biodiversity, and create more incredible recreational spaces for the enjoyment of Ireland's citizens and tourists.

Following public consultation and a Strategic Environmental Assessment (SEA), we were proud to publish our Forest Estate Strategic Land Use Plan 2023-2050 (FESLUP) in

December 2023. This Plan underpins the vision for Coillte's forest estate and sets out a framework for the delivery of our ambitions to the year 2050. It is firmly grounded in scientific principles and aims to sustainably balance and deliver the multiple benefits of Ireland's state forests, bring more focus to climate action, biodiversity, and recreation, while continuing to deliver for the forest and wood products industry.

Against the backdrop of the FESLUP 2023-2050, we have made positive progress across each of our four strategic pillars, including the following highlights:

**Forests for Climate:** In September, we welcomed the announcement of the €1.3 billion Forestry Programme 2023-2027 by the Department of Agriculture, Food and the Marine. The Government's national afforestation target is to increase forest cover in Ireland from 11.6% to 18%. Supporting this national target, Coillte is targeting to enable the creation of 100,000 hectares of new forests. This is a long-term target to 2050 and it will require many different initiatives to deliver on it. We continue to focus on three key initiatives in this regard which 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. Land availability for forestry and limitations on land deemed suitable for forestry are ongoing challenges to the delivery of Ireland's afforestation targets and we continue to engage with our key stakeholders in this regard.

Coillte is scientifically modelling the impact of climate change on the estate to enable the development of the best possible resilience, adaptation, and sustainability strategy. A planning application was submitted to Galway County Council in 2023 which is targeting for Coillte to restore and rehabilitate approximately 560 hectares of Atlantic blanket bog and wet heath (The Wild Western Peatlands project).

Additionally, 2023 was an important milestone for FuturEnergy Ireland (our joint venture with ESB) with the first windfarm, Lenalea\*\* in Co. Donegal successfully exporting power to the national grid. Also, during 2023, FuturEnergy Ireland announced a long-term strategic framework agreement with Greencoat Renewables PLC, subject to relevant Shareholder consents.

**Forest for Nature:** Significant progress has been made on our BioForest project that will see the area of the estate that is managed primarily for nature and biodiversity increase from 20% to 30% by 2025. Biodiversity management actions were successfully implemented in 48 biodiversity areas across the estate in 2023. In Coillte Nature, work has commenced on the EU LIFE Insular project in partnership with the National Parks and Wildlife Service (NPWS) to restore biodiversity at the Raven Nature Reserve, Curraclloe, Co. Wexford by restoring sand dune habitats and improving the long-term natural conservation values of the reserve.

**Forests for Wood:** In October, we were proud to host our second Build with Wood Conference at which the Minister of State at the Department of Agriculture, Food and the Marine, Pippa Hackett announced the appointment of Professor J. Owen Lewis as Chair of the Interdepartmental and Industry Steering Group on Timber in Construction.

In 2023, we made good progress with our strategic vision to 2050 that will see us enable the creation of new forests, manage existing forests for greater carbon capture, enable renewable energy projects on the estate, ensure the supply of sustainable wood and wood products to build low carbon homes, enhance biodiversity, and create more incredible recreational spaces for the enjoyment of Ireland's citizens and tourists.

The Group will examine ways to increase the use of wood in construction and maximise the use of Irish home-grown wood including by addressing regulatory and standardisation challenges.

In 2023, we contributed to the construction of low carbon homes by producing over 2.6 million m<sup>3</sup> of sustainably grown, certified Irish roundwood while MEDITE SMARTPLY produced circa 700,000 m<sup>3</sup> of panel products. In the same period, we replanted 18 million trees to renew and restart the forest cycle.

**Forests for People:** In June, we were delighted to welcome An Tánaiste Micheál Martin as guest of honour at the official opening of Coillte's newly refurbished Avondale House. Following on from the hugely popular launch in 2022 of 'Beyond the Trees Avondale,' the house now offers guided tours to enhance the overall visitor experience. The refurbishment is part of our strategy to create more world class visitor destinations and increase recreation spaces nationally and will encourage international and domestic visitors to stay longer and spend more in Wicklow and the wider Ireland's Ancient East region, driving economic and employment opportunities for local communities. Given the deep political links of Avondale House as the home of one of Ireland's greatest statesmen, Charles Stewart Parnell, we were delighted in September, to welcome the members of Government to the refurbished Avondale House for the first Cabinet Meeting of its new term.



Coillte Chair Bernie Gray, An Tánaiste Micheál Martin and Coillte CEO Imelda Hurley pictured at the official opening of the newly refurbished Avondale House.

Building on our achievements at Avondale, we are working in partnership with Fáilte Ireland on plans to develop further outstanding visitor destinations in locations such as Lough Key in Co. Roscommon and Portumna in Co. Galway. Early-stage public consultation has commenced on these projects, with further public consultation expected in 2024.

In June, Coillte's Knockranny Wood in Co. Mayo was voted winner of the 2023 national RDS Forest

In June, we were delighted to welcome An Tánaiste Micheál Martin as guest of honour at the official opening of Coillte's newly refurbished Avondale House.



Cabinet members pictured with Coillte's Chair, CEO and members of the Operating Executive at Avondale House in September 2023.

and Woodland Awards in the Community Forest category. Knockranny Wood has been developed as a recreational and biodiversity woodland by Coillte, in partnership with the local community and the Knockranny Residents' Association.

## Financial Performance

Against the backdrop of volatile market conditions, high inflationary pressures, rising interest rates, lower end-market demand in our core markets and lower prices, Coillte delivered a solid financial performance with EBITDA of €106m and Operating Cash of €43m. While this financial outturn represented a decline on the highs of recent years, the business delivered the fourth highest financial performance in its thirty-five year history.

With sawlog and OSB/MDF products being globally traded commodities which are closely linked to the construction sector, Irish pricing for these products reflects the impact of global demand and supply dynamics. The reduction in global demand for sawnwood and OSB/MDF products caused by a challenging market environment resulted in a continuation of the price reductions experienced during 2022, across all our core end-markets including Ireland, UK and EU. Inflationary cost pressures continue to place a strain on the organisation, particularly for those input costs that are closely correlated to movements in gas and oil prices. We continue to carefully manage all our input costs, including by deploying hedging strategies to manage price risks.

## Sustainability

In 2023, we made significant progress on our sustainability journey, and were proud to have been awarded the Business Working Responsibly Mark by Business in the Community Ireland following verification by the National Standards Authority of Ireland. The Mark fosters excellence in maintaining best-in-class sustainable and responsible business practices. We were recognised for presenting a comprehensive strategy to support the Government's 2050 climate related targets, solid evidence of life cycle management, including carbon capture and sustainable use of wood as a durable building product, a strong dedication to stakeholder engagement and a commitment to workplace inclusivity. During the year, we also completed our baseline carbon assessment for Scopes 1 and 2 and set a target to reduce Scope 1 and 2 emissions by 51% by 2030. During 2024, we are planning to submit carbon reduction targets for verification through the Science Based Targets initiative (SBTi).

## Our People

Sustainable employment continues to be a key focus at Coillte. We made significant progress with our Diversity, Equity and Inclusion (DEI) strategy in 2023. We are focused on building an inclusive culture and undertaking a series of actions to ensure we deliver on this ambition. Against this backdrop, we continue to focus on ability and ran a further Ability Campaign during 2023 which included training on disability awareness and hidden disabilities. During the campaign, a number of staff shared personal stories on ability and how Coillte and colleagues throughout our organisation have supported them including through reasonable accommodations.

We also published our 2023 Gender Pay Gap Report, expanded our graduate programme to include a focus on increasing gender diversity and we developed Coillte's first Forestry Scholarship Programme. The forestry sector is expected to double in size in the next ten years but is currently experiencing severe labour shortages. Together with the industry, Coillte

in 2023 commenced a Strategic Workforce Capacity review to share a cross industry perspective on the critical labour capacity and skills shortages and the mitigation measures needed to deliver on the significant growth potential of our sector as envisaged in the national Forest Strategy.

## Thank you

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 wish to recognise and thank our customers for their support in 2023 as together we continue to highlight the importance of the forestry sector and the significant solutions sustainable wood and wood products can deliver to support Ireland's climate challenges. My thanks also to our contractors, suppliers, other key partners and stakeholders for their continued support in 2023. I would like to recognise 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 and their officials and advisors, including NewERA, for their positive engagement and support – thank you.

To Team Coillte and our Board, thank you for your continued hard work and positive engagement. I'm immensely proud to lead Team Coillte, a team of hard-working and dedicated employees who manage the state forests on behalf of the people of Ireland.

Finally, on behalf of the entire team at Coillte I express a special and heartfelt thanks to Bernie Gray, for her immense contribution to Coillte and for the legacy she leaves at the conclusion of her five-year term as Coillte Chair. During all this time, Bernie's clear thinking, determined approach and wise counsel have been ever evident.

At this juncture, I welcome the announcement of Chair Designate, Vivienne Jupp, and look forward to her appointment being finalised and to formally welcoming her to Coillte.

Coillte's relevance to society is ever increasing and with significant progress made in 2023, we are committed to continuing to implement our forestry strategic vision, and in doing so, optimising Coillte's contribution to Ireland's climate challenges and delivering a sustainable future for all.

**Imelda Hurley**  
CEO, Coillte



Acorn collection at Coillte's Devil's Glen Forest, Co. Wicklow.

In 2023, we made significant progress on our sustainability journey, and we were proud to have been awarded the Business Working Responsibly Mark by Business in the Community Ireland.

\* Coillte was recognised in the top ten most purposeful companies in Ireland in The Reputations Agency RepTrak® 2023 annual survey.

\*\* Lenalea is a 50:50 joint venture between FuturEnergy Ireland and SSE Renewables.



Donadea Forest Park, Co. Kildare

# Financial Highlights

# Financial Review

**During 2023, Coillte delivered a solid financial performance with EBITDA of €106 million (reconciliation of Operating Profit to EBITDA is included on page 31) and Operating Cash of €43 million (i.e. cash generated from recurring activities). While this financial outturn represented a decline on the highs of recent years, the business delivered the fourth best financial performance in its history against the backdrop of a challenging market environment. High inflationary pressures coupled with rising interest rates resulted in weaker demand in core end-markets. This weaker demand ultimately impacted pricing and resulted in Group revenues falling by circa 14% year on year. Despite these challenges, the Group maintained strong production and market shares, with volumes remaining broadly in line with the prior year.**

During 2023, €17.7 million was paid in cumulative dividends to our Shareholder, comprising of €7.7 million of a final dividend in respect of 2022 along with an interim dividend of €10 million in respect of 2023.

In 2023, Coillte also refinanced its existing debt facilities resulting in the availability of €150 million in revolving debt facilities, in addition to net cash of €65 million, placing the business on a strong financial footing entering 2024. This strong position will enable Coillte to continue its ongoing capital reinvestment programme while also making meaningful progress on achieving the ambitions identified under its forestry strategic vision thereby ensuring the delivery of the multiple benefits of its forests to society.

2023 sawlog volume sales were 1.5 million m<sup>3</sup>, in line with 2022 levels, while sales volumes of MDF and OSB products were circa 700,000 m<sup>3</sup>, also consistent with the previous year.

With sawlog and OSB/MDF products being globally traded commodities, closely linked to the construction sector, Irish pricing reflects the impact of global demand and supply dynamics. The reduction in global demand for

sawnwood, OSB and MDF products caused by the challenging market environment resulted in further price reductions across all core markets including Ireland, the UK and the EU.

Inflationary cost pressures continue to challenge the business, particularly for those input costs that are closely correlated to movements in gas and oil prices, including resins, energy and fuel costs. While some respite has been evident of late, these costs remain elevated when compared with historic levels. Careful management of the impact of these increased input costs continues, including applying hedging strategies where these facilitate the management of underlying risks.

In 2023, Coillte reforested almost 8,000 hectares of lands with 18 million plants, while the organisation continued to be the leading provider of outdoor recreational spaces in Ireland. The MEDITE SMARTPLY panel board operations were focused on optimising production levels following recent capital investments, protecting the business's cost base to ensure it remains competitive for its customers.

Coillte continued to make progress on realising a key ambition to develop 1GW of renewable energy by 2030 by advancing €18 million of shareholder loans to its joint venture FuturEnergy Ireland, for the ongoing development of its wind-energy portfolio. The joint venture achieved a major milestone during the year with its first developed project (Lenalea, a joint venture with SSE Renewables) exporting renewable energy to the grid.

## Outlook

Market indicators align with Coillte's view that long-term end-market demand is expected to grow for wood-based products as consumers increasingly look to substitute fossil-based products with wood-based materials. In the near-term, notwithstanding some macroeconomic and geopolitical uncertainties, Coillte expects to see demand across its core end-markets stabilise, underpinned by an improved macro-economic outlook coupled with a rebalancing of relevant demand and supply dynamics. Increasing end-market demand is expected to emanate from lower inflationary pressures, coupled with the strong likelihood of recent interest rate increases beginning to unwind, which when taken together are expected to result in a positive impact on consumer confidence.

As always, the focus in 2024 will continue to be on what Coillte has greatest control over, including on optimising its production volumes while carefully managing its cost base. In addition, 2024 will also see the business advance investment plans in its MEDITE SMARTPLY operations and in its renewable energy joint venture, FuturEnergy Ireland as well as in nature restoration projects of scale.



# Financial Performance



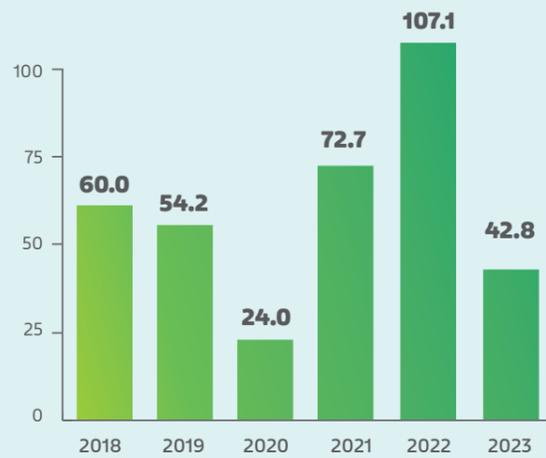
Mixed forest in Co. Wicklow

## EBITDA Reconciliation

|                                     | 2023<br>€'000  | 2022<br>€'000  |
|-------------------------------------|----------------|----------------|
| Operating Profit                    | 61,029         | 118,710        |
| Adjustments:                        |                |                |
| Depreciation                        | 25,905         | 19,830         |
| Depletion                           | 15,488         | 15,405         |
| Amortisation of intangible assets   | 2,605          | 2,017          |
| Gain on investment properties       | (1,788)        | -              |
| Cash distributions from JV entities | 3,750          | 3,375          |
| Exceptional items                   | (1,245)        | (1,928)        |
| <b>EBITDA</b>                       | <b>105,744</b> | <b>157,409</b> |

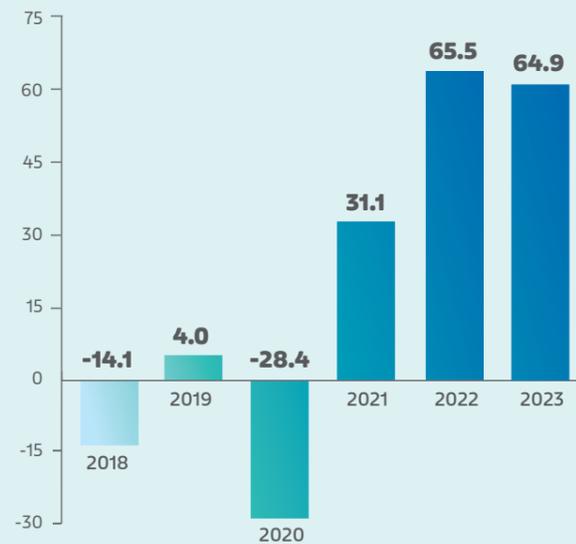
## Operating Cash 2018-2023

€'MILLION



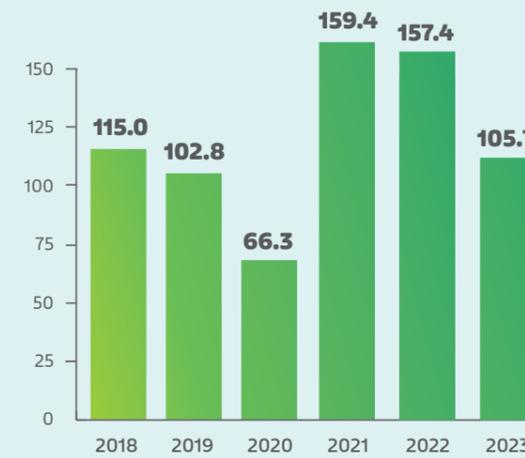
## Cash/Net Debt 2018-2023

€'MILLION



## EBITDA 2018-2023

€'MILLION



## Turnover 2018-2023

€'MILLION





**Strategy in  
Action**

# Strategy in Action

## Coillte's Forest Estate Strategic Land Use Plan

In December 2023, following public consultation and a Strategic Environmental Assessment (SEA), Coillte published its Forest Estate Strategic Land Use Plan (FESLUP) 2023-2050 to underpin its strategic vision and set out a range of objectives which will help the organisation to deliver on its ambitions. The FESLUP forms part of Coillte's new strategic planning framework for the forest estate and its objectives are aligned with the steps that need to be taken to achieve Coillte's strategic vision.

The next step will see the preparation of Coillte's Forest Estate Strategic Implementation

Plan which will drive the delivery of the FESLUP over the shorter term (2026-2035). The Strategic Implementation Plan will take the FESLUP strategic objectives and translate them into a range of implementable and measurable actions. It is intended that the Implementation Plan will be updated every ten years.

While much of the focus of 2023 was in relation to the FESLUP consultation and finalisation, with forestry being long-term in nature, progress must be made with each passing season. As a result, significant progress was made across each of the strategic pillars during 2023. Among the highlights were:



## Forests for climate

To support the delivery of the national afforestation target of 18% forest cover, Coillte is targeting to enable the creation of 100,000 hectares of new forests by 2050, half of which will be native woodlands. Despite land availability and land use challenges, Coillte made progress in 2023 on its current three afforestation initiatives as follows:

- 1. The use of public lands for afforestation:** Coillte is working with Bord na Móna to enable the creation of new woodland on circa 200 hectares of cutaway bog and subject to the project being successful, to extend to circa 1,500 hectares. Additionally, Coillte is working with Local Authorities across the country to identify public land that is suitable for afforestation
- 2. The creation of new native woodlands:** This will be realised by the Nature Trust, which works with organisations that want to deliver social good by providing funding for new native woodlands. To date, the Nature Trust has raised funds that when deployed will be capable of creating 650 hectares of new native woodlands.
- 3. The creation of mixed woodlands:** This will be realised by the Irish Strategic Forestry Fund which is actively sourcing land for afforestation. These forests will be a mixture of productive conifers and native broadleaves which is fully in line with the ambition to deliver the multiple benefits of forestry.



Productive forest in Gougane Barra Co. Cork

Coillte is aiming to manage the existing forest estate in such a way that will increase the carbon store by 10 million tonnes by 2050. Coillte continues to manage the age profile of the estate and is also developing a strategy for resilience and adaptation of its forest estate to climate change. Work was undertaken in 2023 with partners including Forestry Environmental Research and Services (FERS) to scientifically model and predict Ireland's future climate, and its associated impacts on Coillte's forests. Identifying risks and testing various scenarios will enable Coillte to develop the best resilience and sustainability strategy for its forest estate. As part of its involvement in the **2050 Accelerator**, Coillte commenced a pilot project with startup CarbonStack in 2023 to model how forests on the estate will grow under different climate scenarios. This has the potential to become a key tool for understanding the impact of climate change on Irish forests and how we can plan the forests of the future.

Coillte's Wild Western Peatlands project will contribute to Coillte's ambition to redesign 30,000 hectares of peatland forests for climate and ecological benefits by 2050. This project will see Coillte Nature restore and rehabilitate approximately 2,100 hectares of Atlantic blanket bog that was drained and planted with conifer trees in the 1950s and 1960s to create rural employment. In 2023, an Environmental Impact Assessment Report and planning application was submitted to Galway County Council for a 560-hectare site at Derryclare in the heart of Connemara, targeting to restore and rehabilitate these lands. Extensive site surveys and other preparatory work has been undertaken on a further 1,200 hectares across three sites in counties Galway and Mayo. Separately, in November, the Nature Trust announced that Amazon donated €2.5 million in funding for the restoration of 500 hectares of degraded blanket bog in the west of Ireland. The aim of the restoration work is to restore a functioning peatland habitat by creating the conditions for bog-forming mosses to grow.



Coillte is continuing to drive the development of wind energy on its estate, including through its joint venture, FuturEnergy Ireland, which has an ambition to generate 1GW of renewable wind energy to power 500,000 homes by 2030. During 2023, 36 wind turbines were developed across four sites on the estate, generating 160MW of energy – enough to power 80,000 homes. Coillte has had a role in enabling over 50% of Ireland's wind energy generation to date.



## Forests for nature

Coillte aims to enhance and restore biodiversity by increasing the area of the estate managed primarily for nature from 20% to 30% by 2025. In 2023, approximately 10,000 hectares of additional potential biodiversity areas on the Coillte estate were assessed by ecologists and circa 7,000 hectares were confirmed to have ecological value and will be included as new biodiversity areas. Biodiversity management actions were successfully implemented in 48 biodiversity areas across the estate in 2023 including:

- **Invasive species control** was conducted in 24 biodiversity areas, mostly forests but also some ecologically important peatland habitats (e.g. controlling rhododendron and cherry laurel).
- **Restoration measures** were implemented in five raised and blanket bogs. This involved controlling conifer regeneration along with additional drain blocking and bunding.
- **Continuous Cover Forestry (CCF) thinning interventions** were implemented in 19 biodiversity areas with a view to converting even-aged forest to more diverse multi-aged forests.

Coillte Nature, in partnership with the National Parks and Wildlife Service (NPWS) and local communities, commenced works in 2023 to restore sand dune habitats and improve the long-term natural conservation values of the Raven Nature reserve in Co. Wexford. These works are part of an EU-Funded LIFE Insular project.



In addition, habitat restoration works continued during 2023 in Coillte's Devil's Glen Forest in Co. Wicklow. Part of the Devil's Glen Forest is characterised as native woodland and includes important habitats of old Sessile Oak woods with tree species such as oak, birch and holly. A total of 135 hectares at the Devil's Glen have been identified as a priority area for works involving managing invasive species such as cherry laurel, rhododendron and Himalayan honeysuckle, and reducing the impact of deer grazing. The works will help improve the overall conditions of the native woodland, including by extending its cover and increasing the proportion of native species.

It's important to note that in the **long-term, Coillte is targeting to transform areas of the forests so that 50% of the estate is managed primarily for nature.**



## Forests for wood



Coillte's target is to produce 25 million m<sup>3</sup> of certified Irish timber, to support the construction of 300,000 new homes in Ireland by 2030. In 2023, Coillte produced over 2.6 million m<sup>3</sup> of sustainably grown certified Irish roundwood. In the same period, Coillte replanted 18 million trees to renew and restart the forest cycle. 2023 saw MEDITE SMARTPLY produce circa 700,000 m<sup>3</sup> of panel products.



Coillte has an ambition to promote the use and benefits of wood products to increase the proportion of timber frame homes constructed in Ireland from 20% to 80% by 2050. Coillte continued to promote Irish wood and wood products as a sustainable building material and hosted its second national Build with Wood conference in October 2023. Coillte is also participating in the new Interdepartmental and Industry Steering Group on Timber in Construction which aims to identify opportunities to increase the amount of Irish wood used in construction. In 2023, Coillte developed a memorandum of understanding with South Dublin County Council for a project to develop low carbon timber frame social housing with the project expected to be delivered in the near-term. In 2023, MEDITE SMARTPLY added new products to its existing MEDITE MDF range including MEDITE OPTIMA, a higher density moisture resistant MDF panel and MR PLUS, a premium white primed moisture resistant MDF panel.



## Forests for people

**Coillte has an ambition to enable the investment of €100 million by 2030 to create world class visitor destinations to support growth in tourism and recreation.** In June 2023, Coillte welcomed An Tánaiste Micheál Martin to officially open the newly refurbished Avondale House. Avondale House is an added attraction for visitors to Avondale Forest Park, who can now experience the house tour alongside the magnificent Beyond the Trees Avondale Treetop Walk and Viewing Tower. Since opening in July 2022, more than 630,000 people have visited Avondale Forest Park. Beyond the Trees Avondale is a partnership between Coillte, Fáilte Ireland and EAK Ireland.

In 2023, Coillte progressed plans to develop further 'outstanding visitor destinations' including at Lough Key Forest Park in Co. Roscommon and Portumna Forest Park in Co. Galway. Feedback from early-stage public consultation will inform the development of masterplans with further public consultation expected to continue in 2024.



**Coillte also aims to double the number of Recreation Areas to 500 to benefit local communities and people's wellbeing.** Planning permission was obtained in 2023 for three new mountain bike trail head centres in Counties Offaly/Laois, Limerick and Sligo. A further two trail head centres are expected to receive planning permission in 2024. Work will commence from 2024 onwards. These new trail head centres will be built using certified and sustainably produced Irish wood products and lead to potential employment opportunities locally. Coillte continues to engage with Local Authorities to scope potential recreation opportunities.

In conclusion, Coillte's approach aims to balance and deliver the objectives of climate, nature, wood and people, whilst ensuring the organisation remains financially sustainable so that it can continue to reinvest in providing a broad range of services to society. Given the nature of forestry, Coillte's plans will need to continually evolve to account for new research and analysis, as well as to avail of emerging opportunities and address challenges into the future.

# Sustainability

Bluebells at Coillte's Killinthomas Wood, Co. Kildare.

# Introduction

Coillte's Sustainability Governance Structure ensures that the organisation's financial, ethical, social, and environmental governance is in line with best practice and fully aligns with its overarching corporate governance.

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 new sustainability and climate-related governance process in 2021. By early 2023, the Group Sustainability Governance Structure was fully established with the Group Sustainability Committee being the key link between divisional Green Teams, senior management and the Board. Coillte's Sustainability Governance Structure ensures that the organisation's financial, ethical, social, and environmental governance is in line with best practice and fully aligns with its overarching corporate governance.

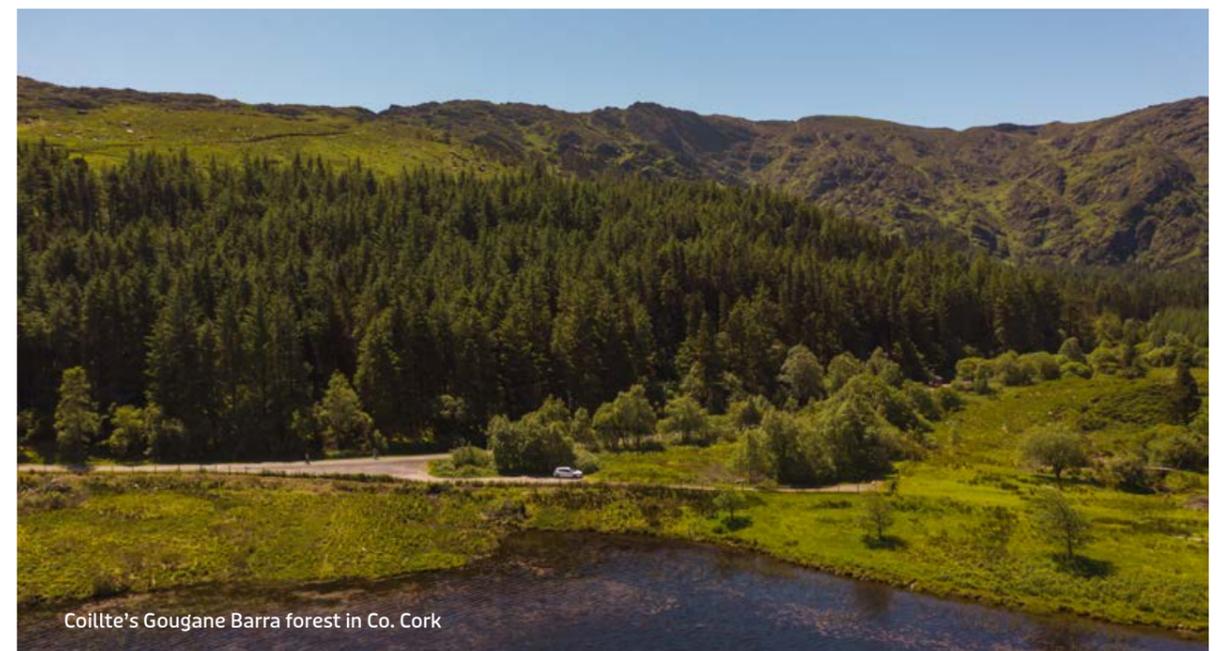
A baseline assessment of Coillte's greenhouse gas (GHG) emissions across the Scope 1 and 2 categories was completed in 2022 and an assessment of Scope 3 commenced in 2023. Key carbon reduction pathways were identified and targets for Scope 1 and Scope 2 emissions were also agreed. In 2023, Coillte continued to engage 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 of the final version. In 2024, Coillte is planning to submit its carbon reduction targets for verification through the Science Based Targets initiative (SBTI).

Coillte's forestry strategic vision aims to sustainably balance and deliver multiple benefits from its forests across four strategic pillars: climate, nature, wood, and people. The associated FESLUP 2023-2050 and SEA demonstrate Coillte's ongoing commitment to strong climate-related governance and carrying out all business practices in line with sustainability principles.

Finally, in 2023 Coillte was awarded the Business Working Responsibly Mark (BWRM) certification by Business in the Community Ireland (BICTI) for the first time. Further details are outlined below.

New native woodland established at Killinthomas Co. Kildare

**At Coillte, it is recognised that integrating sustainability into all business practices is essential. By managing resources responsibly, reducing waste, and mitigating environmental risks, Coillte can continue to operate efficiently and effectively while contributing positively to a more sustainable future for society and the planet. Sustainability underpins everything the organisation does – including strategic planning, decision making and operations. The economic, social, and environmental sustainability of Coillte is also a key priority for Coillte's shareholders and stakeholders. To ensure Coillte'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.**



Coillte's Gougane Barra forest in Co. Cork

# Governance

## Sustainability Team

Coillte's Group Sustainability Team was established in September 2021. A Group Chief Sustainability Officer was appointed who reports directly to the Chief Executive. The team was strengthened with the appointment of a Group Sustainability Manager with a background in forestry and ecology who has responsibility to oversee the development of the organisation's Sustainability Framework. The main objective of the new team is to provide leadership in implementation and delivery of the sustainability strategy and climate-related governance processes. The Group Sustainability Team has expanded over the last two years, and in 2023 comprised individuals with a range of experience and expertise including sustainability accounting and reporting, data analytics, strategy development, social appraisal and transport management.

There were other sustainability appointments across the organisation to ensure that each Coillte division is building sustainability objectives into all aspects of operations. These appointments included:

- A Sustainability Director and Sustainability Manager for MEDITE SMARTPLY with responsibility for leading the development and delivery of the division's sustainability strategy across all ESG pillars.
- A 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. The team led by the ESG Director comprises ESG experts in environmental management, ecology, biodiversity, compliance and certification, recreation, and energy management.

Key sustainability stakeholders in each of Coillte's divisions form divisional Green Teams responsible for capturing sustainability opportunities and driving initiatives at divisional level. Green Teams report to the Group Sustainability Committee which is a key governing body for all sustainability initiatives, and a link between the Green Teams and the Coillte Operating Executive and Board.

The Board, senior managers and all key sustainability stakeholders involved in the sustainability decision-making process and strategy implementation regularly attend workshops and training sessions. In Q3 2023, over 90 key sustainability stakeholders attended a one-day workshop with Change by Degrees dedicated to the climate crisis, sustainability leadership and effective sustainability communications.

Sustainability is not restricted to certain people or teams. All Coillte employees create a self-supporting network, collaborating and leveraging diverse skill sets in order to influence positive solutions across a wide range of ESG related topics. The collaboration between teams and experts is driven by a common purpose and vision, and a strong collective belief in the role of Irish forests in creating a more sustainable future for all.

## 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 the following sustainability and climate-related governance process in 2021:





Snow in Coillte's Dublin Mountains forests.

### Board Oversight of Sustainability

The Coillte Board provides the governance and strategic oversight of Coillte's sustainability framework. The Board receives quarterly updates on the organisation's sustainability 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 2023, the Board's key sustainability focus areas included:

- 2023 ESG trends.
- Review of the 2023 Climate Action Plan.
- GHG emissions and CO<sub>2</sub> reduction pathways.
- Approval of Group carbon reduction targets.
- Review and approval of key CO<sub>2</sub> reduction projects.

- Progress against Climate Action Framework for Commercial Semi-States.
- Progress against Task Force on Climate-Related Financial Disclosures.
- Review of the Forest Estate Strategic Land-Use Plan (FESLUP).
- Implementation of the Diversity, Equity and Inclusion Strategy.

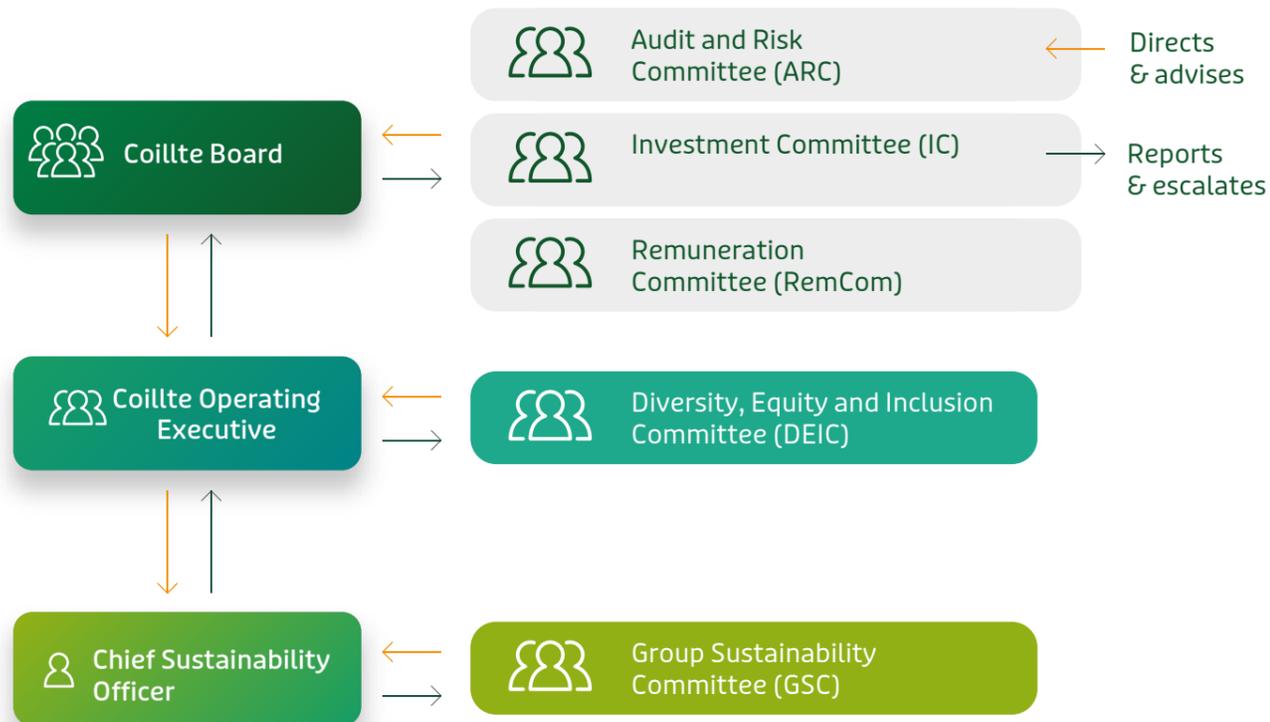
The Board is committed to continuous development of its climate and sustainability-related awareness. The Board receives regular updates on new developments in the regulatory environment, ESG reporting, and sustainable finance. In 2023, the Board participated in a sustainability workshop delivered by Change by Degrees.

### Other 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 organisation's sustainability ambition. Their main responsibilities are outlined below:

|   |   |
|---|---|
| <p><b>Audit and Risk Committee (ARC)</b></p> <ul style="list-style-type: none"> <li>• The ARC is a 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.</li> <li>• 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.</li> <li>• Other risks that are actively assessed include health and safety, financial, environmental and reputational risks.</li> </ul>                                  | <p><b>Diversity, Equity and Inclusion Committee (DEIC)</b></p> <ul style="list-style-type: none"> <li>• The DEIC reports to Operating Executive and is responsible for overseeing delivery of objectives and actions from Coillte's DEI Strategy</li> <li>• It promotes a diverse, welcoming, inclusive and supportive working environment through various initiatives and projects.</li> <li>• The DEIC connects DEI activities to Coillte's broader business-driven, results-oriented strategy</li> <li>• It relates diversity and inclusion to the company's mission, values and objectives</li> <li>• It is also responsible for delivering commitments associated with the 'Elevate Pledge', signed with Business in the Community Ireland in 2021.</li> </ul> |
| <p><b>Investment Committee (IC)</b></p> <ul style="list-style-type: none"> <li>• The IC is a sub-committee of the Coillte Board which advises the Board and makes recommendations on key strategic projects and large capital investments.</li> <li>• The IC evaluates and assesses the performance of these investments on both financial and non-financial basis, including their contribution to the Group's environmental, social and good corporate governance objectives.</li> <li>• 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.</li> </ul> | <p><b>Remuneration Committee (RemCom)</b></p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• By reviewing the Succession Planning of senior executives, it supports the long term sustainability of leadership across the business.</li> </ul>                              |

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



### Compliance, Accreditations and Awards

Coillte is committed to operating in full compliance with all applicable laws and industry standards accredited in both FSC® and PEFC forest management certifications. It regularly reports its energy usage to the Sustainable Energy Authority of Ireland (SEAI) and works closely with SEAI to drive the organisation's energy efficiency and carbon emission reductions. Coillte is ISO 50001 certified. Coillte Forest also has ISO 45001 Occupational Health & Safety Management System (OHSMS) certification. MEDITE SMARTPLY has been certified through an Integrated Management System for ISO 50001, ISO 9001, ISO 45001 and ISO 14001 since 2022.

The Coillte Board has adopted the Climate Action Framework for the Commercial Semi State Sector. The Framework consists of five commitments and Coillte is well advanced in progressing with these requirements. Coillte provides reports to NewERA (advisor to Coillte's Shareholder Departments) on its progress twice yearly.

Coillte is also committed to submitting carbon reduction targets for SBTi verification in Q2 2024.

In addition, Coillte's commitment to ethics, governance and sustainable business was recognised through four awards in 2023:

- Award for best non-IFRS Annual Report (Published Accounts Awards 2023 in association with Chartered Accountants Ireland).
- Leinster Property Law Team of the Year (Irish Law Awards 2023).
- Community Woodland Award for the Colonel's Woods recreation site at Knockranny Wood, Co. Mayo (RDS Spring Awards).
- Beyond The Trees Avondale named as winner for both Universal Design and Cultural and Public Buildings awards in The Royal Institute of The Architects of Ireland 2023 Awards.

### Business Working Responsibly Mark

In July 2023, Coillte was awarded the Business Working Responsibly Mark by Business in the Community Ireland. The Mark is a leading standard for sustainability and responsible business in Ireland and is verified following an independent audit by the National Standards Authority of Ireland. It assesses the company's full management system across the four pillars of economic, social, environmental, and governance.

Coillte received the Mark for presenting, among other achievements, a comprehensive set of strategies to support the Government's 2050 targets on climate action, a strong dedication to stakeholder engagement, commitment to workplace inclusivity, and solid evidence of life cycle management including carbon capture and sustainable use of timber as a durable building product.

The achievement of the Mark recognises that Coillte operates in line with best-in-class sustainable and responsible business practices and is an organisation that fosters a culture of continuous improvement, ongoing accountability, and leadership throughout its business. The certification is awarded for three years.

### Sustainable Procurement

Coillte recognises the importance of sustainable procurement practices as a crucial foundation for an organisation to operate responsibly in a rapidly changing world. By considering environmental, social, and economic factors in Coillte's procurement decisions, the business can create value not only for the organisation but also for wider society.

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 ensure that procurement processes have a positive environmental, social and economic impact over the lifecycle of purchases and contracts.

The following principles have been adopted in the policy:

#### Environmental:

- Reduce greenhouse gas emissions and achieve 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.
- 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 Organisation principles in respect of human rights and conditions of employment.
- Coillte to provide a safe, secure, and inclusive working environment for employees and contractors.
- Coillte operations to minimise the use of hazardous materials 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 lifecycle cost of products and services.
- Ensure the business pays suppliers on time and in accordance with contractual terms.

In 2023, Coillte developed divisional Procurement Strategies which set out the process for adopting these principles in the procurement process. This will ensure that both Coillte and its suppliers can work together to enhance the physical and social environment.

# Partnerships



Paulina Pawlukojc, Group Sustainability Manager, Coillte, Imelda Hurley, CEO, Coillte and Tomás Sercovich, CEO, Business in the Community Ireland

Collaboration and partnership play a critical role in advancing sustainability in Coillte, within the forest industry and across other sectors. Coillte recognises that by creating strategic alliances and working together, barriers can be overcome, and a greater collective impact achieved in addressing Ireland's and the world's most pressing environmental, social, and economic challenges. Engaging in partnerships allows Coillte to leverage diverse expertise, learn best practices from the experiences of others, scale up sustainability initiatives, and drive the Irish economy and business community towards more sustainable solutions.

Coillte has a wide range of strategic partnerships that support the delivery of its strategic vision including, FuturEnergy Ireland, The Nature Trust and with Fáilte Ireland. Coillte also partners with a wide variety of organisations, including through sponsorships and collaboration to share learnings or raise awareness of key initiatives. An overview of some of Coillte's key partnerships is outlined below:

## FuturEnergy Ireland (FEI)

FuturEnergy Ireland (FEI) is a joint venture between Coillte and the ESB which was established in 2021 to help Ireland's transition to a low carbon economy by developing 1GW of renewable energy on the Coillte estate.

## The Nature Trust

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

## Fáilte Ireland

Through a strategic partnership, Coillte works with Fáilte Ireland to support outdoor recreational activities that will generate tourism opportunities and local benefits throughout Ireland. Upcoming projects include the development of a new vision for Lough Key and Portumna Forest Park.

## Department of Rural and Community Development

The Department of Rural and Community Development (DRCD) provides funding to Coillte through a strategic partnership running from 2022-2026. DRCD provides €3 million each year to Coillte to enhance recreational facilities on Coillte land and to support increased tourism and economic activity in rural areas.

## Dublin Mountains Partnership

Coillte is one of the founding partners of the Dublin Mountains Partnership (DMP). Launched in 2008, its ultimate objective is to improve the recreational experience for users of the Dublin Mountains.

## Lough Key Forest and Activity Park

Moylurg Rockingham DAC is a joint venture between Roscommon County Council and Coillte, known as Lough Key Forest and Activity Park. The Park is one of Coillte's flagship visitor destinations for family friendly activities and unique attractions.

## Business in the Community Ireland

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 'Elevate' pledge with BITCI. In July 2023, Coillte was awarded the Business Working Responsibly Mark by BITCI.

## Climate Finance Week

In November 2023, Coillte teamed up with the International Sustainable Finance Centre of Excellence for the third time as a knowledge partner and a sponsor of Climate Finance Week. Coillte's CEO and members of the Coillte Forest and Coillte Nature teams addressed the conference on Coillte's 'Greener Future for All' strategic vision and its crucial role in protecting

and enhancing Ireland's biodiversity and natural capital. Financing nature-based solutions in Ireland was also discussed, with the Nature Trust being a practical example of how those solutions can be developed in this country.

## 2050 Accelerator

In 2023, Coillte joined DogPatch Lab's new national sustainability start-up programme aimed at accelerating progress to net-zero emissions by 2050 and making Ireland a world-leader in low carbon innovation by partnering corporates with start-ups. The programme aims to match the resources of established corporates with start-ups to develop new sustainable business solutions. Coillte, Kerry Group, ESB, and Grantham Foundation were selected as the first four corporate partners for the programme. The programme is supported by the Department of the Environment, Climate and Communications and the Department of Agriculture, Food and the Marine. Coillte is currently working with two of the start-ups to pilot their technology.

## Change by Degrees

In 2023, Coillte also partnered with Change by Degrees which hosted a series of workshops for Coillte staff and management on climate change and sustainability.

Engaging in partnerships allows Coillte to leverage diverse expertise, learn best practices from the experiences of others, scale up sustainability initiatives, and drive the Irish economy and business community towards more sustainable solutions.

# 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 2022. This process involved several stages which included:

- Stakeholder mapping.
- Research into sectoral best practice.
- Alignment with relevant Irish and EU Policy such as the Climate Action Plan and the EU Forestry Strategy.
- Alignment with the United Nations Sustainable Development Goals (SDGs), the Global Reporting Initiative (GRI) 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.

- Capture of all identified material issues in the Coillte Risk Register.
- Public Consultation and Public Attitudes Survey on the final list of most material issues.

A detailed materiality methodology can be found in the 2021 Annual Report. The results of public consultations and the public attitudes survey are also available on [www.coillte.ie](http://www.coillte.ie).

Coillte’s materiality assessment considered two aspects of sustainability:

- How material sustainability 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).



Acorn gathering to collect native seed

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 business. They have the potential to negatively impact Coillte’s forestry strategic vision and are regarded as principal risks which are tracked in the Risk Management Disclosures (see Statement on Internal Control and Risk Management on page 85).

**Outward Impact on the Environment and Society**

|  |  |
|--|--|
| <p>Growing Demand for Wood and Low-carbon Construction Materials</p> | <p>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 panel board producer in the country, Coillte will have an important role to play in supplying these products.</p>  |
| <p>Access to Outdoor Recreation</p>                                  | <p>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.</p>  |
| <p>Climate Change Impact on Forest Asset</p>                         | <p>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.</p> |
| <p>Greenhouse Gases Emissions</p>                                    | <p>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.</p>  |
| <p>Renewable Energy</p>  | <p>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.</p>  |
| <p>Biodiversity Enhancement</p>                                      | <p>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.</p>  |
| <p>Social impact and Relationship with Local Communities</p>         | <p>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.</p>   |

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 Coillte’s strategic vision and objectives – forests for climate, nature, wood and people. Coillte can potentially have either a net positive or a negative impact across all of the identified areas and all need to be monitored closely.

In 2024, Coillte is planning to refresh and reshape its materiality assessment to align it with the requirements of Corporate Sustainability Reporting Directive (CSRD).



Coillte’s Farran Forest Park in Co. Cork

# 2023 Key Sustainability Achievements

Considerable progress was made across all sustainability dimensions during 2023.

## Environmental

### Group Carbon Emissions

- Emissions in Scope 1 increased by 9% on 2022 and decreased by 10% on 2018 baseline figures.
- Emissions in Scope 2 decreased by 1% on 2022 and decreased by 20% on 2018 baseline figures.
- Reduction targets of 51% set for Scope 1 and 2.

### Sustainable Transport & Mobility

- Sustainable Transport Programme in place.
- HVO trial completed in selected commercial vehicles, harvesting machines and mobile equipment.
- HVO position paper published.
- Group Sustainable Transport Strategy to 2030 published.

### Climate-related disclosures

- Climate Scenario Analysis conducted.
- Quality of 2022 TCFD disclosure improved vs. 2021.
- Ongoing work on EU Taxonomy.

### Forestry Strategic Vision:

- Forest Estate Strategic Land-Use Plan (FESLUP) and the Strategic Environmental Assessment published.
- Multiple objectives relating to climate, nature, wood, and people integrated into strategic planning systems.
- Circa 7,000 hectares confirmed to have ecological value and will be included as new biodiversity areas.
- Completion of GHG Protocol Land Use Change pilot project.

## Social

### Working with Local Communities

- National Tree Week 2023.
- Annual Green Ribbon 'Talk and Walk' Campaign.
- Community walks, charity events including the "Walk with Charlie" event in aid of the Samaritans and park runs in Coillte forests.
- Coillte become one of the official partners of Rowing Ireland, supporting athletes training and competing in river, coastal, offshore and indoor rowing.

### Educational Programmes

- The World of Work Programme extended to three secondary schools.
- An Choill Bheag (Little Woodland) programme delivered with An Taisce to ten schools, including four new schools, across the country.
- MEDITE SMARTPLY partnered with several local schools to highlight the business and guide students towards apprenticeships.
- In conjunction with University College Dublin (UCD) and South-East Technological University (SETU), in 2023 Coillte developed a scholarship programme to encourage students to study forestry at third level, with the programme launching for the 2024 academic year.
- Transition Year programmes run in both Coillte and MEDITE SMARTPLY.

## DEI

- 2023 Gender Pay Gap disclosed.
- 'Elevate Pledge' commitments met.
- Ability Campaign and survey rolled out resulting in 3.91% of Coillte employees declaring a disability. This compares favourably to our current statutory requirement to have 3% or more colleagues declaring a disability.
- First diversity self-identification survey issued in Coillte.
- Wellbeing campaign delivered for all staff.

## Governance

### Governance Structure

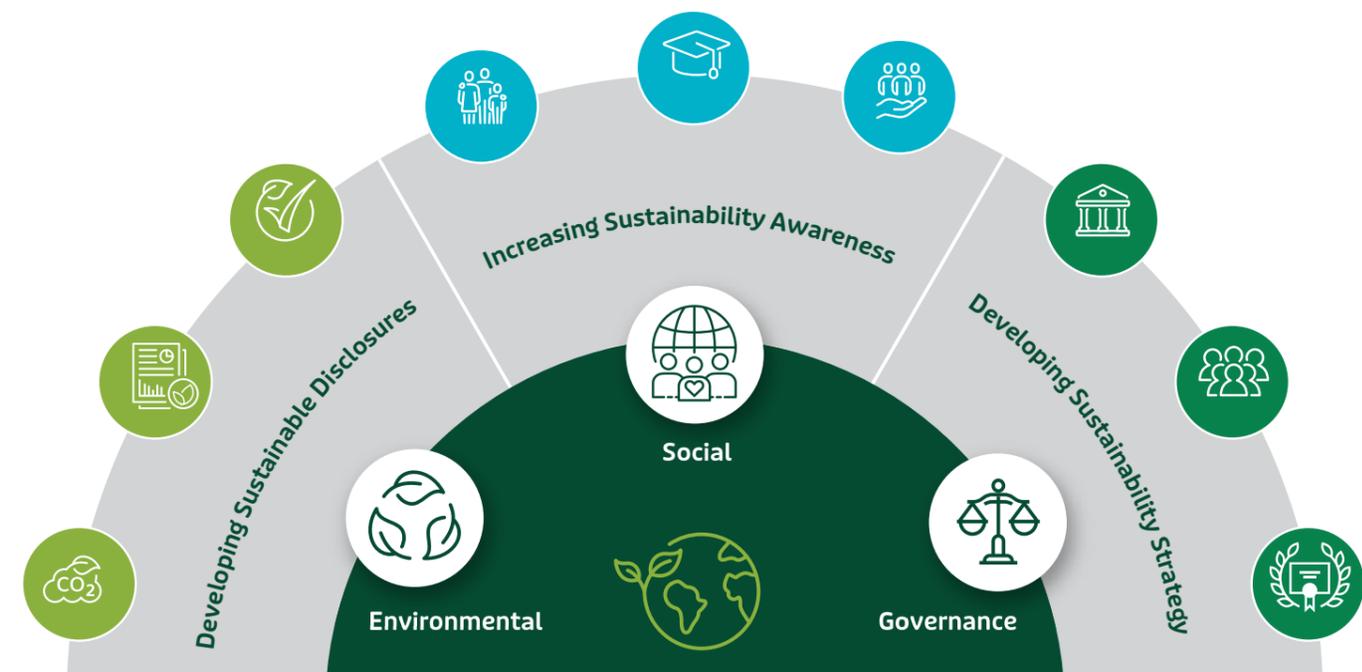
- Sustainability governance established across all Coillte divisions, including Green Teams and a Group Sustainability Committee.
- In addition, a Group Sustainability Team and Divisional Sustainability Teams in place.
- Sustainability Awareness Workshops delivered for Green Teams, key sustainability stakeholders and the Board.

## Compliance & Policy

- Integrated Management System in MEDITE SMARTPLY.
- Coillte Group certified to International Standards Organisation (ISO) ISO 50001 and ISO 45001.
- Good progress on Climate Action Framework's commitments.
- Divisional Sustainable Procurement Strategies in place.

## Awards

- Business Working Responsibly Mark achieved for the first time.
- Award for best non-IFRS Annual Report (Published Accounts Awards 2023).
- Leinster Property Law Team of the Year (Irish Law Awards 2023).
- Community Woodland Award for Colonel's Woods recreation site at Knockranny Wood, Co. Mayo (RDS Spring Awards).
- Beyond the Trees Avondale named as winner for both Universal Design and Cultural and Public Buildings awards in The Royal Institute of The Architects of Ireland 2023 Awards.



# Sustainability Strategy

## Strategy Development

Coillte's forestry strategic vision aims to sustainably balance and deliver multiple benefits from its forests across four strategic pillars: climate, nature, wood, and people. In December 2023, following public consultation and a Strategic Environmental Assessment, Coillte's Forest Estate Strategic Land-Use Plan (FESLUP) was published.

Having determined the most material sustainability issues and finalised the Greenhouse Gas (GHG) profile of Coillte's existing managed forest estate, and Coillte's business emissions, Coillte is in the process of developing a set of near-term sustainability metrics and KPI's which will measure the organisation's progress against key sustainability objectives. This work is expected to be completed in 2024.

## Contribution to Sustainable Development

Coillte uses the United Nations Sustainable Development Goals as a foundation for its sustainability framework. The 17 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 member states to enable peace, equality and prosperity for people and the planet now and into the future.

The materiality assessment process identified that the forestry sector, including Coillte, supports ten out of the 17 UN SDGs. The organisation 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 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 nature, forests for wood and forests for people.

### Forestry supports 10 of the UN SDGs

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

### UN Sustainable Development Goals



# Climate

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

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 the responsibility to decarbonise its own operations, influence positive climate solutions across the forest industry and Coillte's supply chain, and to support Ireland's transition to a low carbon economy.

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) in 2021.

Coillte's alignment with the TCFD framework supports the organisation in gaining a better understanding of its climate-related financial risks and opportunities. Trees grow on average between 40 to 100 years, and as such Coillte is committed to ensuring that careful consideration is given to the possible future climate change scenarios. Therefore, a long-term strategy, strong governance, proactive risk management and measurement of Coillte's progress are crucial for the sustainability of the organisation.

Over the last three years, Coillte has made significant progress across all TCFD disclosures. In 2023 Coillte's Scope 1 and Scope 2 emissions were published, and an evaluation of its Scope 3 emissions profile commenced. In December, the Coillte Board approved emission reduction targets for Scope 1 and Scope 2 which are published for the first time in this report. In 2023, a climate scenario analysis was also finalised with various possibilities tested against Coillte's strategy resilience.

Through the disclosures in this Annual Report, all TCFD recommendations have been addressed. However, Coillte recognises there are still opportunities across each of the four TCFD pillars to improve and provide more detail directly aligned to the disclosure requirements, e.g. calculating and disclosing Scope 3 emissions. Coillte is committed to continuous improvement across all 11 TCFD recommendations, and to achieving full compliance with the framework by the end of 2024.

The TCFD's coverage is outlined on page 170.

## 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.

Since the adoption of the framework by the Coillte Board in Q4 of 2022, Coillte has made significant progress against most of its commitments:

### • Governance

The Group Sustainability Governance Structure is fully established with the Group Sustainability Committee being the key link between divisional Green Teams, senior management and the Board.

## Coillte's alignment with the TCFD framework supports the organisation in gaining a better understanding of its climate-related financial risks and opportunities.

### • Circular Economy

A policy and strategy is being developed and will be finalised in 2024. The key principles are outlined on page 66.

### • Investment Appraisal

In 2023, Coillte completed greenhouse gas (GHG) investment appraisal training organised by SEAI and plans to include carbon appraisals in all future investments.

### • GHG Emissions

A baseline assessment of Coillte's GHG emissions across Scope 1 and Scope 2 was completed in 2023. Key carbon reduction pathways were identified, and targets were approved by the Coillte Board in December 2023. Coillte is currently finalising Scope 3 assessment.

### • Climate Scenario Analysis (SCA)

In line with TCFD requirements, a CSA project was conducted in 2023. As part of the CSA Coillte considered climate related physical risks and transitional risks as well as opportunities.

Coillte provides reports to NewERA on its progress against Climate Action Framework recommendations twice yearly using the online Framework Reporting Template.

### Climate Scenario Analysis

As part of its continued commitment to understanding climate-related risks and opportunities, Coillte has conducted a comprehensive climate scenario analysis assessment. This analysis aims to deepen insights into potential climate impacts on Coillte's business and operations and assesses the Group's strategy resilience under various climate risks and opportunities, aligning with TCFD disclosures.

The climate scenario analysis involved forecasting financial impacts by utilising specific climate scenario variables. While models assume no proactive measures to minimise impacts, supply chain information and biological assets across the country have been used. The identified hazards included flooding, changing temperatures and wind.

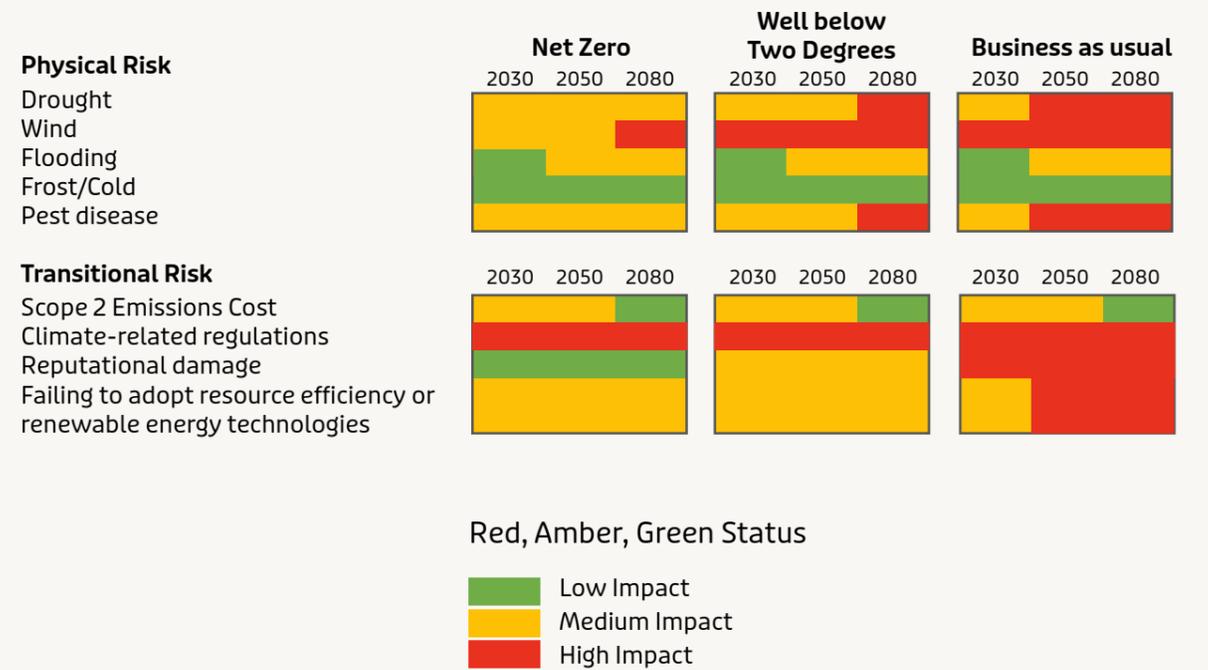
For the 2023 analysis, collaboration across the organisation was key, utilising the wealth of knowledge and experience within the Group. Physical risks, transition risks, and transition opportunities resulting from climate change were considered. The scenario selection adhered to the TCFD recommendations, industry best practices, and the Intergovernmental Panel on Climate Change (IPCC) climate scenarios.

The selected IPCC Representative Concentration Pathways (RCPs) used were:

- RCP2.6 (~1.5°C) - Net Zero
- RCP4.5 (~2.0°C) - Well below Two Degrees
- RCP8.5 (~3.5-4.5°C) - Business as usual

These pathways represent varying greenhouse gas emissions and global warming levels until 2100, as outlined in the IPCC Assessment Reports (AR5 and AR6).

### Climate scenarios



### Risk Assessment Process

Data collection involved leveraging Coillte's existing risk framework, past annual reports, and relevant documents along with a peer and sector review. Every risk and opportunity identified was evaluated, with discussions and assessments involving management from across the business. The financial impact of selected risks and opportunities was assessed across short, medium, and long-term horizons and the IPCC scenarios.

### Physical Risks

| Risk                                       | TCFD Category | TCFD Rating | Risk Description  |
|--|---------------|-------------|---|
| Increase in frequency/severity of drought  | Chronic       | Mitigate    | Increased average temperatures can cause additional stress on Coillte forests which may result in asset damage, crop failure, increase the risk of forest fires and disease/pest outbreak. Additionally, the financial impact of drought is significant considering the cost of mitigation and potential loss of revenue. |
| Increase in frequency/severity of wind     | Acute         | Mitigate    | A significant wind event could result 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 and supply in managing the clean-up and removal of damaged trees.    |
| Increase in frequency/severity of flooding | Acute         | Mitigate    | An increase in flood occurrences can lead to substantial disruption of the timber industry supply chain from harvesting and hauling timber, the efficient operation of our customers' and suppliers' facilities.  |

**Physical Risks (continued)**

| Risk   | TCFD Category | TCFD Rating | Risk Description   |
|--|---------------|-------------|--|
| Increase in frequency/severity of extreme weather events | Acute         | Control     | Increased severity and frequency of frost, snow, and cold spells can disrupt nursery operations' growing cycles, resulting in asset and inventory damage and potentially delaying Coillte's planting schedule.   |
| Increase in frequency/severity of pest and disease       | Chronic       | Mitigate    | An increase in average temperatures means increased risk of pest/disease outbreak which would devastate forest ecosystems, causing tree mortality, disrupting natural regeneration and compromising biodiversity. Additionally, this could impair timber production, reduce carbon sequestration capacity and threaten ecosystem services. |

**Transitional Risks**

| Risk  | TCFD Category  | TCFD Rating | Risk Description  |
|---|----------------|-------------|---|
| Increase in Scope 2 Emissions costs                                   | Market         | Mitigate    | The escalating costs of fossil fuels, particularly in electricity and supply chain operations, driven by carbon pricing measures, pose financial challenges for the Group. Adapting to these cost increases is crucial for maintaining operational efficiency and financial viability within the evolving energy landscape. |
| Climate-related regulations   | Policy & Legal | Mitigate    | The implementation of climate-related regulations, could place significant costs on the business as well as upstream supply costs.  |
| Reputational damage   | Reputation     | Mitigate    | Coillte faces reputational risk stemming from its environmental performance, particularly concerning biodiversity impact, which can influence stakeholder perception.   |
| Failing to adopt resource efficiency or renewable energy technologies | Technology     | Mitigate    | Failure to embrace new resource efficiency measures and renewable energy technologies at Coillte may heighten dependency on fossil fuels, amplifying vulnerability to price volatility and regulatory restrictions.   |

The scenario assessment identified significant climate-related opportunities across the Group. These include access to lower interest rates from ESG and Green funding, increased demand for afforestation, climate projects such as peatland redesign, demand for renewable energy, and growing demand for low carbon wood products,

particularly in the housing and construction sectors.

Simultaneously, Coillte recognises the opportunity to enhance biodiversity, adopt new technologies to lower our carbon footprint and enhance our reputation.

**Energy Management**

Coillte successfully completed its ISO 50001 Energy Management System surveillance audit in November 2023. There were no adverse audit findings and one opportunity for improvement.

Coillte uses a specialist software package to track and graphically present monthly energy bills by cost, kWh and carbon emissions for offices, nurseries and the company car and van fleet. This system also facilitates the compilation of monthly energy performance indicator reports. The company car and van fleet fuel efficiency are analysed per vehicle.

Realtime energy consumption is being tracked for a broad range of equipment in Ballintemple Nursery as well as Coillte's Head Office in Newtownmountkennedy Co. Wicklow. Sub-metering is also being installed in Beyond the Trees Avondale, at Avondale Forest Park, Co. Wicklow. The energy consumption data for these three sites is presented on a cloud-based portal site.

MEDITE SMARTPLY has an overarching annual energy management plan that is structured by ISO 50001 and targets energy efficiency and energy reduction projects across its processes.

In 2023, the first full year of monitoring of SMARTPLY's drying, energy and screening investment was completed and has led to notable enhancements in energy efficiency such as heat recovery, thermal efficiency, and electrical usage. One of the key criteria of the vendor selection process was to minimise energy, resulting in the procurement of optimal technologies and plant configurations. An additional objective of the project was to move from diesel to biomass as a fuel source. As a result, Scope 1 stationary CO<sub>2</sub> emissions have been reduced.

**Carbon Emissions**

Coillte remains focused on its commitment to measuring and mitigating carbon emissions associated with its business and operations. In 2023, Coillte concentrated on Scope 1 and Scope 2 emissions, using 2018 as the baseline year for calculations. Coillte adheres to the Greenhouse Gas Protocol (GHG Protocol) guidance, ensuring a standardised and credible approach to emissions measurement. The baseline emissions were established in 2018, and this methodology has been consistently applied to the years 2019 to 2023.

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

|   | Unit                               | 2018          | 2019          | 2020          | 2021          | 2022          | 2023          |
|---|------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Greenhouse Gas Emissions</b>                 |                                    |               |               |               |               |               |               |
| <b>Group Scope 1 emissions</b>                  | <b>Metric Tons CO<sub>2</sub>e</b> | <b>27,268</b> | <b>26,906</b> | <b>23,615</b> | <b>25,299</b> | <b>22,473</b> | <b>24,416</b> |
| Group Scope 1 emissions (mobile combustion)     | Metric Tons CO <sub>2</sub> e      | 15,016        | 15,773        | 13,313        | 13,358        | 12,239        | 14,487        |
| Group Scope 1 emissions (stationary combustion) | Metric Tons CO <sub>2</sub> e      | 12,251        | 11,133        | 10,302        | 11,941        | 10,234        | 9,929         |
| <b>Group Scope 2 emissions (location-based)</b> | <b>Metric Tons CO<sub>2</sub>e</b> | <b>57,847</b> | <b>46,879</b> | <b>42,338</b> | <b>51,782</b> | <b>46,592</b> | <b>46,309</b> |
| <b>Group Total emissions (location-based)*</b>  | <b>Metric Tons CO<sub>2</sub>e</b> | <b>85,114</b> | <b>73,785</b> | <b>65,953</b> | <b>77,081</b> | <b>69,065</b> | <b>70,725</b> |

*Notes:*

- 2023 SEAI location-based emission factor for electricity not available until June 2024 therefore, the 2022 emission factor was used for the 2023 Scope 2 calculations.
- Following recommendations from SEAI, Coillte revised Scope 2 emissions from 2018 to 2022.
- 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 17% lower in 2023 than in 2018. This change was driven mostly by the following three factors:

1. Fluctuations in Scope 2 location-based emission factors influenced by the percentage of renewable energy available from the Irish electrical grid.
2. Lower 2023 production volume vs. 2018.
3. The implementation of energy efficiency initiatives, with the most significant impact being the construction of a new world-class drying, energy and screening system in SMARTPLY in late 2022 of which the full emission reduction benefit was observed in 2023.

In 2023, Coillte continued to engage 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 version.

In 2024, Coillte is planning to continue evaluating its Scope 3 emissions profile. Preliminary analysis using the GHG Protocol indicates that Scope 3 emissions may represent 75-80% of business overall emissions. Coillte is actively working towards a full quantification of Scope 3 emissions as part of its commitment to the Science Based Targets initiative.

### Carbon Reduction Targets

In December 2023, the Coillte Board approved the Group's near-term carbon reduction targets. Coillte is committed to reducing its Scope 1 and Scope 2 emissions by 51% by 2030. The following key potential areas of focus were identified in order for Coillte to reduce its carbon emissions:

- Corporate Purchase Power Agreement to assist in the decarbonisation of electricity (Scope 2).
- Sustainable Transport and Mobility Strategy to address diesel related activities in Scope 1 and Scope 3.

- Close co-operation with Coillte's supply chain, to understand related climate commitments.
- Continuous optimisation of Coillte operations and increased energy efficiency.
- Green procurement as the main vehicle to decarbonise supply chain emissions.

While Coillte is still in the process of assessing its carbon footprint, steps have already been taken to address the main emissions sources. The organisation is continuously working on various energy improvement initiatives and is fully certified to ISO 50001 standard. In 2023, the Sustainability Team expanded with the appointment of a Sustainability Data Analyst, who will assist in the creation of a robust data management strategy to complement compliance and governance requirements. The Group is also carrying out research projects which will help to increase the circularity of processes and reduce carbon emissions associated with its supply chain.

### Sustainable Transport

Coillte's Sustainable Transport & Mobility Programme was initiated in 2023. The Coillte business greenhouse gas emissions assessment found that over one quarter of all Coillte's business emissions are associated with mobile combustion and fuel related activities. Therefore, decarbonisation of Coillte's forest operations, haulage, distribution and mobile equipment, has become a key objective for making the business more sustainable.

The Sustainable Transport & Mobility Programme aligns with the Irish Climate Action Plan, the Climate Action Framework for commercial semi-state companies, and the Department of Transport's Road Haulage Strategy 2022-2031, emphasising an Avoid-Shift-Improve approach to transport decarbonisation.

Coillte's ambition is to achieve decarbonisation in Scope 1 (mobile combustion) and Scope 3 (fuel-related activities, upstream and downstream distribution) by trialing and

incorporating various technologies, and through green procurement and sustainable supply chain transformation. This involves creating a Sustainable Logistics Roadmap in 2024 which will support the pathway to achieving carbon reduction targets by 2030.

The key enabler for the delivery of Coillte's ambition and carbon reduction targets will be the Sustainable Transport and Mobility Strategy with specific actions identified to 2030. This strategy identifies four key pillars:

#### ► Green Public Procurement

Incorporating green criteria into public procurement provides an opportunity to convert environmental policy objectives on carbon reduction, air and water quality, and waste reduction into delivered actions.

#### ► Data Management Systems

Coillte intends to leverage advanced data analytics to provide an understanding of the sustainability challenges that need the most urgent attention to underpin decisions on how to address specific issues.

#### ► Pilot-Learn-Deliver approach

Sustainable supply chain transformation can be achieved through systemic thinking and a whole team effort to embrace complex challenges and acquire the knowledge to procure and implement sensible solutions. Therefore, it is important to carry out feasibility studies and develop the business case that identifies the viability of sustainability solutions. In 2023, we commenced this process with the Hydrogenated Vegetable Oil (HVO) Trial.

#### ► Stakeholder Collaboration & Engagement

Effective collaboration that facilitates the exchange of unique perspectives and ideas can potentially result in more innovative solutions to the sustainability challenge.

These strategic pillars provide a foundation for objectives and actions which will help to create a detailed Sustainable Logistics Roadmap for Coillte to 2030.



# Bio and Circular Economy

The bioeconomy refers to economic activity derived from the use of biological resources such as wood to produce products, 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 among the primary examples of functioning bio and circular economic activities. 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 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 all over again once the trees are harvested.

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

Coillte's aim is to use wood in a sustainable manner under the cascading principle of biological resource use, where the waste from 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 streams 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 bio-refined to make high end products such as, fuel and chemicals.
- After use and re-use of these valuable natural resources, their potential end of life use will be to create heat or power.

This 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 including other Irish and EU companies, research institutes and academia to develop sustainable, circular and innovative wood products and to explore innovative technologies and solutions to develop lean processes for the future. These include:

- Timber building systems - working with partners to explore how more Irish timber can be used in timber frame construction in general as well as 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, and
- Bio-chemicals - the development of bio-chemicals and products to allow wood products to be more circular and to be re-used at their end of life.

Coillte's forests and lands 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

Members of the Coillte team on a productive forest site in Durrow, Co. Laois.

### Health and Safety

At Coillte, the health and safety (H&S) of employees and contractors is an absolute priority and an area of continued focus. Occupational H&S management systems in both Coillte and MEDITE SMARTPLY were audited in 2023 and continue to be fully accredited and certified to ISO 45001. The H&S management system in Coillte CGA was also audited for and continues to achieve compliance with the FSC® and PEFC standards.

In 2023 the number of workplace and contractor incidents reduced when compared with 2022. The focus in 2024 will be on implementing training supports to further enhance H&S for both staff and contractors.

A number of initiatives to promote health and safety and staff wellness were carried out in 2023 and were well received. These included the promotion of the Employee Assistance Programme (EAP), the offer of free occupational health assessments and flu vaccinations.

### Gender Pay Gap

Coillte CGA published its second Gender Pay Gap Report in December 2023. A gender pay gap is the difference in the average hourly pay and bonuses of all men compared to the average hourly pay and bonuses of all women employees across an organisation. Coillte's mean gender pay gap increased from -9.70% in 2022 to -14.34% in 2023 in favour of women.

This increase was driven by three key factors: 1) the number of retirements in 2023 increased



Coillte employs over **800 people.**



**Gender ratio at Coillte**  
27% female 73% male



68% of employees are between the ages of **41-65**



**41% of employees** have more than **15 years' service.**



**38%** of the workforce with Coillte for less than **three years**



**8 people** per year approx. have been hired through the graduate programme over the last five years.

threefold versus the number of retirements in 2022, all of which were male. At Coillte, retirees can opt for one-year post-retirement contracts, with reduced hours, therefore this reduced the average male pay; 2) there was an increase in the number of women in higher paid job grades in 2023 and 3) most new joiners in the period, who start at the lower end of the relevant pay scale, were male, reducing the average male pay.

Coillte's ambition is to narrow the gender pay gap over time by increasing awareness of the organisation as an employer of choice and attracting a broader pool of applicants to the business and to the forestry industry more broadly as well as supporting the career development and advancement of employees as opportunities arise.

## Sustainable Employment

A number of initiatives were put in place in 2023 to ensure sustainability of employment for the current and future workforce. These initiatives included:

### • Workforce Capacity Project

It is projected that an additional 1,770 new forestry and processing jobs will be created (subject to workforce availability) over the next ten years. In order to address this, in 2023 Coillte commenced a Strategic Workforce Capacity review for the Irish Forestry sector (2024-2030). Working together with key stakeholders in the forestry industry, Coillte has identified four key challenges in relation to recruitment and skills:

- labour market shortages
- innovation, mechanisation and technology
- national awareness and education and
- training provision and digital learning.

A key recommendation of this review is the establishment of a national Forestry Centre of Excellence to co-ordinate an industry response to address the expected labour shortages as well as longer-term training, education and research challenges.

### • Promoting Gender Diversity

Coillte is focused on diversifying its workforce to achieve greater gender balance by increasing the representation of women working in the organisation and by increasing the number of women both studying and working in forestry more broadly. Significant efforts have resulted in a 75% increase in the number of women recruited by Coillte in 2023 (35) in comparison to 2022 (20).

In 2023, Coillte expanded its Graduate Programme to include finance, ecology, and engineering streams with a direct focus on increasing gender diversity and on highlighting the wide variety of roles available in the organisation. This has created a more diverse pool of highly

talented individuals forging careers across different sections of the organisation.

### • Employer Brand

In 2023, steps were taken to promote Coillte and the forestry industry more broadly to a wider pool of applicants including:

**It is projected that an additional 1,770 new forestry and processing jobs will be created over the next ten years**

- o Leveraging existing strong relationships with local schools and colleges resulted in apprenticeship programmes in MEDITE and SMARTPLY attracting a more diverse pool of local school students into traineeships.
- o Coillte proactively profiled employees and roles in forestry in media.
- o Coillte continues to have a presence at recruitment fairs and Higher Options exhibitions.

### • Coillte Forestry Scholarship Programme

The first Coillte Forestry Scholarship Programme was established in 2023 to give two students the opportunity to pursue a full-time, third level programme within the area of forestry at either University College Dublin (UCD) or South-East Technological University (SETU). The Scholarships, worth up to €20,000 for the duration of the degree programme (€5,000 per year) to assist with fees and living expenses, will be awarded to two students in the 2024 academic year and each year thereafter.

## DEI and Inclusive Leadership

Coillte has a DEI Committee made up of a voluntary group of circa 25 people who meet quarterly to review DEI policies and practices, plan DEI-focused initiatives and review impact on company culture. The Committee works closely with Human Resources and reports twice-yearly to the Operating Executive and once a year to the Remuneration Committee. In 2023, following a governance review, a DEI Advisory Panel of senior managers/directors was appointed to provide further support. The DEI sponsor is a member of the Operating Executive.

In 2023, the DEI Committee ran a series of initiatives across five workstreams (gender, ability, well-being, LGBTQ+ and refugees). Activities for staff in 2023 included inspirational sessions with Ursula Jacob on her camogie career, and with mental health advocate Trisha Lewis on mind and body wellbeing, supporting PRIDE month and partnering with the Refugee Council of Ireland, Open Doors and other supportive groups. In 2023, Coillte also rolled out a self-identification DEI survey for staff, which provided insights on the diversity of employees.

Coillte continued its Ability Campaign in 2023 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. The campaign included training on disability awareness and hidden disabilities as well as partnerships with the Trinity Centre for People with Intellectual Disabilities and Open Doors. During the campaign, staff shared personal stories of their lives or the lives of close family members who had varying levels of ability.

As part of its partnership with the Trinity Centre for People with Intellectual Disabilities (TCPID) in 2023, Coillte welcomed a graduate from the programme joined Coillte on an internship. The student interviewed members of staff for an internal newsletter shared with employees, helping to raise awareness of ability-related matters.

Coillte conducts an annual survey to measure the proportion of employees who define themselves as having a disability. In 2021, 1.9% of staff classified themselves as having a disability. This increased to 3.36% in 2022, and to 3.91% in 2023 and compares favourably to Coillte's current statutory requirement to have 3% or more colleagues declaring a disability. In a separate 2023 employee survey, the percentage of employees that answered "Coillte welcomes people of different abilities" increased from 53% in 2022 to 60% in 2023.

In addition, Coillte is a signatory of the Business in the Community inclusive workplace Elevate Pledge.



# Community Engagement

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

Below is an overview of the key local community initiatives supported by Coillte in 2023:

## 2023 Green Ribbon Walk and Talk Campaign

Coillte partnered with the Irish Farmers' Association, See Change and Mental Health Ireland for the 2023 Green Ribbon programme of walks. Eleven walks took place in Coillte forests during September as part of the annual Walk and Talk initiative. The campaign aims to spread awareness about all mental health difficulties to help end stigma and discrimination. The walks provide an opportunity for friends, families, and communities to connect, while socialising with others outdoors.



Minister of State at the Department of Health with special responsibility for Mental Health and Older People, Mary Butler, Coillte CEO Imelda Hurley and CEO of See Change Barbara Brennan, pictured at the launch of the See Change Green Ribbon Campaign.



Eanna Ní Lamhna of the Tree Council, Minister of State at the Department of Agriculture, Food and the Marine, Pippa Hackett and Coillte CEO Imelda Hurley pictured at the launch of National Tree Week 2023.

## National Tree Week 2023

Celebrated annually, National Tree Week is Ireland's largest event to recognise the importance of trees. Coillte is delighted to partner with The Tree Council of Ireland to run National Tree Week for over 35 years. The 2023 theme was 'Biodiversity Begins with Trees,' designed to inspire people to plant and care for trees and to highlight the many benefits they provide to the environment and local communities. The week-long celebration saw events taking place nationwide, including eco art workshops and biodiversity talks, group forest walks and tree-planting. Coillte donated 150,000 native tree saplings which were distributed for planting by local community groups nationwide.



Joggers participating in Run with Ray at Avondale Forest Park.

## Avondale welcomes "Run With Ray"

Avondale Forest Park in Rathdrum, Co. Wicklow was one of the locations for RTE radio presenter Ray D'Arcy's 'Run with Ray' initiative in June 2023 when local runners, joggers and walkers joined him for a 5km run. Run with Ray is designed to get people out and about, moving and interacting with each other. Coillte was delighted to facilitate the event which was attended by people of all ages.

## Older People's Council Visit Avondale

In September, members of Co. Wicklow's Older People's Council (OPC) took part in a guided tour of Avondale House to assess the accessibility of the venue and the experience for older people.

The OPC is a representative group of older people, established by Wicklow County Council as part of the national Age Friendly Programme. Its key purpose is to provide the authentic voice of older people in the county, representing the diversity that exists among our ageing population. The visit included a walkability audit of Avondale House and its accessibility for wheelchair users. Two wheelchairs are available for visitors to borrow, on request, for the guided tour of Avondale House. Overall feedback on the venue and the experience for older people was very positive and detailed comments will be sent to Coillte's operations team.

In 2022, Beyond the Trees Avondale was certified as the first Age Friendly tourist destination in Ireland by Age Friendly Ireland and it was shortlisted for the National Age Friendly Recognition and Achievement Awards 2023 under the Business Innovation Category.



Treetop Night Lights event at Beyond the Trees Avondale Co. Wicklow.



Pictured centre left Rowing Ireland CEO Michelle Carpenter and centre right Coillte CEO Imelda Hurley with Rowing Ireland athletes at the launch of a new partnership in Farran Forest Park.

## Rowing Ireland

Coillte announced a partnership with Rowing Ireland in 2023. The partnership sees Coillte become one of the official partners of Rowing Ireland, supporting athletes to train and compete in river, coastal, offshore and indoor rowing. Rowing Ireland's state-of-the-art training centre, located in Farran Forest Park, Co. Cork, one of Coillte's 12 forest parks, has been a central hub for nurturing Ireland's growing elite rowing talent and preparing athletes for national and international competitions since 2007.

## New Benches on The Seamus Heaney Trail in Devil's Glen Forest

In June, eight new Douglas fir benches were placed in situ as part of an ongoing restoration project in partnership with Rotary Ireland and students from Technical University (TU) Dublin's School of Architecture, Building & Environment. The benches, which are inscribed with lines of poetry selected by Seamus Heaney from his own collections and other poets, was the first public project in which students in the timber technology programmes in TU Dublin's School of Architecture, Building and Environment were involved. The wood used for the benches was grown and processed locally in County Wicklow and the benches were installed in the forest by Coillte.



Recreation trail at Coillte's Devil's Glen forest, Co. Wicklow



## Trees for Bees

Coillte partnered with the Irish Beekeepers Association in support of the #TreesforBees campaign which helped budding beekeepers plant 80 pollinator friendly native Irish trees. Coillte donated native Irish saplings to affiliated beekeeping associations and interested groups across the country.

## Charlie Bird's Hand of Friendship Walks

In April, Coillte forests in counties Wicklow, Cork, Galway and Roscommon hosted the Hand of Friendship Walks in aid of the Samaritans which were led by the Late broadcaster Charlie Bird. The walks were open to everyone, with trails accessible for wheelchairs and buggies. The aim of this synchronised nationwide walk was to increase awareness of the Samaritans who offer always-on support to anyone who is in distress, lonely, struggling to cope or feeling suicidal.



The Late Charlie Bird is pictured planting a tree at Coillte's Avondale Forest Park Co. Wicklow at the Hand of Friendship Walk in aid of the Samaritans in April 2023.

## Pieta Wren Run in Woodford, Co Galway

Coillte was again the main sponsor of the annual Pieta Wren Run event in Woodford, Co. Galway on St Stephen's day. The event brings communities together for a woodland walk to address rural isolation during the festive season. Walking in forests and nature is known to have a positive effect on mood and wellbeing and this popular event was well attended once again in 2023.

# Educational Programmes

## An Choill Bheag

Partnering with An Taisce's LEAF Unit (Learning About Forests) in 2023, Coillte continued to support the An Choill Bheag programme (Little Woodland) to create small, native woodland outdoor classrooms as an education and recreational resource for schools to learn all about the many benefits of trees and forests. Four new forest classrooms were planted in 2023 in counties Carlow, Kerry, Wicklow and Donegal and repeat visits were made to six schools from the 2022 programme.

## The World of Work Programme

Coillte continued to participate in the Business Action on Education initiative coordinated by Business in the Community Ireland (BITCI). Along with existing partner schools Duske College in Graiguenamanagh, Co. Kilkenny and Mercy College in Woodford, Co. Galway, Coillte also began work with St Tiernan's College in Crossmolina, Co. Mayo. To date over 120 students have participated in the programme, all of them benefitting from an introduction to the work of Coillte and the roles and opportunities forestry offers. The programme includes a field trip, a soft skills workshop and a sustainability workshop, introducing sustainability as a topic of conversation, focusing on the positive outcomes of sustainably managed initiatives, projects and programmes in Ireland and worldwide.



Tree planting at Scoil Chonghlais, Baltinglass, Co. Wicklow

## MEDITE SMARTPLY spreads the word about apprentice opportunities

South East Technological University (SETU) Waterford hosted a Women in Technology day attracting 1,500 second level and third level female students from across the Munster region. Staff from Coillte and MEDITE SMARTPLY attended the exhibition promoting apprentice career opportunities in the business and in the wider forestry industry. The Coillte team also attended an Apprenticeship Fair in Comeragh College, Carrick on Suir, Co. Tipperary giving 5th and 6th year students an insight into the apprenticeship programme on offer at MEDITE SMARTPLY.

## TU Dublin Design + Construct Centre

In March, MEDITE SMARTPLY announced a donation of €250,000 to TU Dublin to support the development of Design + Construct, a centre for collaborative, multidisciplinary education that will drive performance in the architecture, engineering and construction (AEC) sector. The Design + Construct facility will include a SMARTPLY Hub where sustainable design and production processes will be promoted to support the reduction of embodied carbon in the built environment.

## Exploring Forestry during Transition Year

Coillte rolled out a new Transition Year student programme during 2023. The programme ran over a week and included ten transition year students from a number of different secondary schools. The aim was to provide the students with information about Coillte and the various roles associated with forestry and included site visits and employee shadowing, allowing students to observe operations firsthand and spend time with Coillte staff. The students also learned about sustainable forest management practices, and the role sustainability has in the organisation.

# Board of Directors

Oak tree at Coillte's Avondale Forest Park, Co. Wicklow.



### Deirdre-Ann Barr

Deirdre-Ann joined the Board in November 2022 and is a member of the Investment Committee and the Remuneration Committee. She holds 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 is a chartered director and has completed the Institute of Directors Leading Sustainability programme. She is also a member of Chapter Zero Ireland, a community of non-executive directors that lead Irish boardroom discussions on the impacts of climate change.



### 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, he is a Fellow of the Chartered Institute of Management Accountants and a Fellow of the Chartered Institute of Management.



### 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 publicly listed, state owned, private equity and venture capital backed businesses. She has built that experience in multiple geographies including Ireland, the 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 served as a non-executive director of Total Produce plc, Valeo Foods and Ervia.

Imelda is currently a non-executive director at the world's leading fresh produce provider, Dole plc, and a non-executive director and past president of Ibec, Ireland's largest business representative group. 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 alumnus 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.



### 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. Prior to 2012 he held the post 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.



### 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 Coillte. 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 a number of 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.



### 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). She is an Engineering graduate of the University of Galway. In addition, she has post graduate qualifications in Systems Analysis from the University of Galway, Cybersecurity from UCD and Corporate Governance from the Institute of Directors Ireland. She is also a member of Chapter Zero Ireland.

**Coillte Cuideachta  
Ghníomhaíochta Ainmnithe**

**Statutory Financial Statements  
For the financial year ended  
31 December 2023**

## 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 2023.

### 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, NDP Delivery 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 panel manufacturing, 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 Statement 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 current challenging economic environment, with end market pricing reducing in 2023 for sawnwood and timber related products

as a result of the impact of global demand and supply dynamics. High inflationary pressures continue to keep costs at an elevated level with movements in our key input costs closely correlated to movements in gas and oil prices, although some reductions from 2022 costs were achieved through careful management of our cost base during 2023.

Group turnover at €413.9m in 2023, is a c.14% reduction on 2022 driven by decreased end market pricing. Operating costs decreased by €3.6m (-1%) year on year. Other operating gains reflecting the contribution from other asset sales of €4.6m (2022: €2.2m) were recorded during the year. Operating profit (before exceptional items and revaluation gains) decreased from €116.8m in 2022 to €58.0m in 2023. The results for 2023 include a net exceptional gain of €1.2m (2022: €1.9m).

A final dividend of €0.0122 per share totalling €7.7m was paid in May 2023, relating to 2022's financial performance bringing total dividends in respect of 2022 to €27.7m. The Board paid an interim dividend of €0.0158 per share totalling €10m in December 2023, relating to 2023's financial performance.

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 2023:

**Bernie Gray (Chair)**      **Imelda Hurley**

**Patrick Eamon King**      **Gerry Gray**

**Gerard Murphy**      **Eleanor O'Neill**

**Frank Hayes**      **Kevin McCarthy**

**Deirdre-Ann Barr**

**Mr. Frank Hayes** resigned from the Board on 21 September 2023.

**Ms. Bernie Gray** completed her five-year term of office on 12 March 2024.

**Ms. Vivienne Jupp** was announced as Chair Designate to the Board on 14 March 2024.

The Directors and Secretary as at 31 December 2023 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 101 to 106 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.

## Directors' Compliance Statement

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, NDP Delivery 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, six 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 nine occasions in 2023. 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 2023.

### 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 €524,000 in 2023 (2022: €562,000).

### 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 2023 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

**Patrick Eamon King**      **Gerry Gray**  
Director                              Director

Date: 28 March 2024

## 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 2023 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, one of whom is 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.

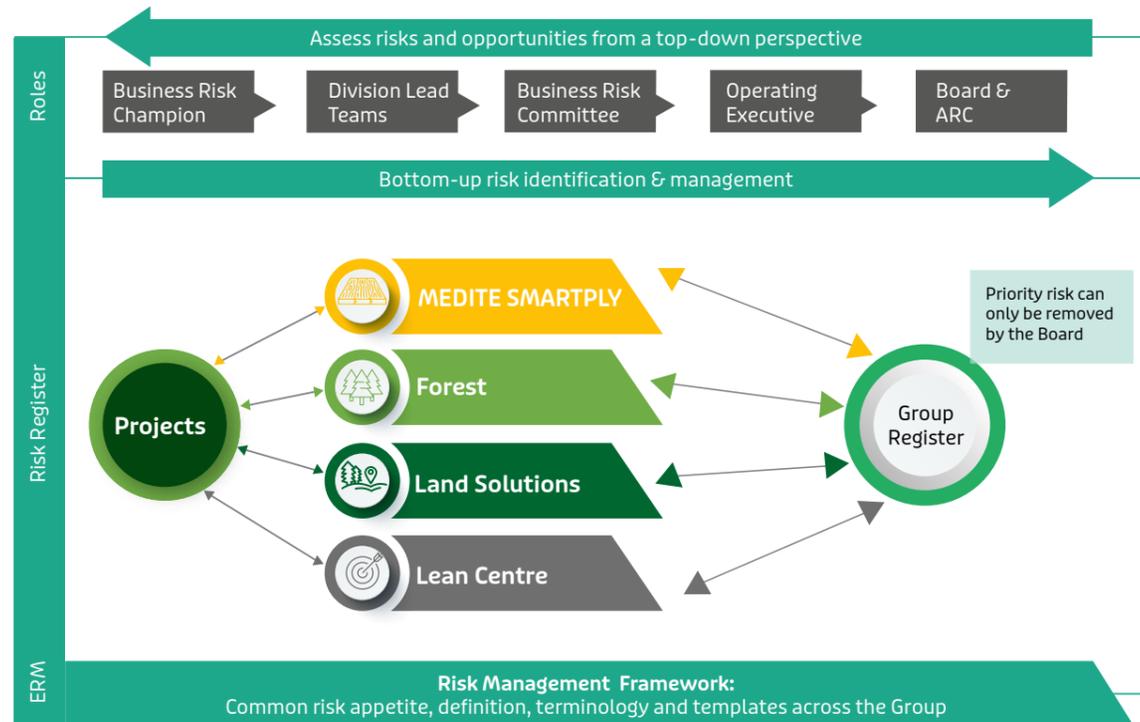
### Approach to Risk Management

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

|                                   |  |
|-----------------------------------|--|
| <b>Board</b>                      | 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. |
| <b>Audit &amp; Risk Committee</b> | 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

|                                    |  |
|------------------------------------|--|
| <b>CEO and Operating Executive</b> | Management is responsible for the identification and evaluation of significant risks together with the implementation of suitable internal controls. |
| <b>Management Risk Committee</b>   | Committee responsible for setting risk strategy and ensuring risks and opportunities are consistently managed across the Group.                      |

## Second Line of Defence

|                                |  |
|--------------------------------|--|
| <b>Division Lead Team</b>      | Responsible for identifying and managing divisional risks, ensuring risk management frameworks are operating effectively and capturing upside of risk, where possible. |
| <b>Business Risk Champions</b> | Leads Risk management within the division. Responsible for regular reporting of risks.   |

## Third Line of Defence

|                                 |  |
|---------------------------------|--|
| <b>Assurance and Compliance</b> | Assurance and Compliance provide independent assurance over the control environment. |
|---------------------------------|--|

## Roles and Responsibilities within the Risk Management Framework

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

## 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 assess 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 2023. The establishment of a clearly articulated risk appetite clarifies the level of risk Coillte is willing to accept, which also ensures that management and the Board align their views on risk and that investments and expenditures are considered in light of that appetite.

# 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.

### Divisional Risk Register

Each division maintains its own risk register and is updated as part of the monthly division meetings. Any material developments and emerging risks are escalated to the Group register.

### Group Risk Register

The Group register is a consolidation of the divisional risks and priority risks are reviewed with the Board and the ARC on a quarterly basis. Priority risks can only be removed from the Group register 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 this process 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. Once a risk has been identified and assessed, taking into consideration existing controls, the Risk Owner should consider whether the risk is within the Risk Tolerance. The relativity of the risk scoring to the risk tolerance, can support management 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 Forest Estate Strategic Land Use Plan, which is a response to the climate and biodiversity 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. Our forestry strategic vision has identified a range of climate-smart mitigation measures that can be applied across the forest estate to increase removals of CO<sub>2</sub> 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. Further analysis of the climate risk is disclosed in the sustainability section of the Annual Report pages 59 to 65.

## Emerging Risks

The risk management framework enables the Group to identify, analyse and manage emerging risks to help ascertain exposures as soon as possible. The process for identifying emerging risks 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 ultimately resulting in the disruption of supply to customers, and bare land access, which could impact the Group's ability to deliver afforestation targets.

## Principal Risks

The principal risks 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, the developments in relation to the risk during 2023 and areas of focus for 2024.

# Statement on Internal Control and Risk Management

## Regulatory

### Forestry Regulation

|                                |  |
|--------------------------------|--|
| <b>Risk Description</b>        | Our main forestry activities (afforestation, harvesting & roading) are subject to licence under the 2014 Forestry Act and new rules and regulations can be developed.  |
| <b>Impact</b>                  | Regulatory impacts on the flow of Felling Licences and Road Permits. Any disruption in the licensing process can disrupt timber supply and our ambition to increase afforestation.   |
| <b>How we manage the risk?</b> | The Group has put a three year rolling plan in place to manage the licensing process. Coillte has also developed a regulatory strategy ensure we directly engage on key Irish and EU regulations and policies. The Group consistently tracks policy changes and monitors adherence to processes within operations and engages regularly with DAFM and EUSTAFOR on national and EU policy developments. |
| <b>2023 Developments</b>       | The Government approved the new forestry programme 2023-2027 and the Forest Strategy to 2030. The impact of these announcements will continue to be monitored through 2024.  |



### Renewable Energy Market and Regulation

|                                |  |
|--------------------------------|--|
| <b>Risk Description</b>        | 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.   |
| <b>Impact</b>                  | 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.  |
| <b>How we manage the risk?</b> | The Group through its joint venture, FuturEnergy Ireland (FEI) has dedicated resources which focus on understanding regulatory changes in this sector and ensuring our projects take accounts of these changes.  |
| <b>2023 Developments</b>       | The planning environment continues to be challenging for onshore wind farms. Over a 12-month period in 2022 to 2023, no planning decision was made for any onshore project in Ireland. A new planning bill is currently being considered by the Oireachtas, which bill is expected to streamline the planning environment. |



# Statement on Internal Control and Risk Management

## Strategic

### Stakeholder Management

|                                |   |
|--------------------------------|---|
| <b>Risk Description</b>        | The view of the stakeholder is a key success factor in delivering our strategy.   |
| <b>Impact</b>                  | 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.   |
| <b>How we manage the risk?</b> | 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 strategic pillars, forests for climate, forests for nature, forests for wood and forests for people. |
| <b>2023 Developments</b>       | During 2023, the Group completed the Strategic Environmental Assessment on our Forest Estate Strategic Land Use Plan. This enabled stakeholders to provide feedback on the future plans for the estate.   |



### Capital Investment

|                                |   |
|--------------------------------|---|
| <b>Risk Description</b>        | The Group's strategy is reliant on the delivery of a number of significant capital projects.  |
| <b>Impact</b>                  | Large scale capital projects have a significant cost and any delays in the delivery of the project can result in increased costs, reduced financial return and reduced confidence from our shareholders.  |
| <b>How we manage the risk?</b> | Regular meetings of the Board Investment Committee are held in line with their Terms of Reference. Additionally, monthly meetings of the Strategic Investment Governance Group take place. There is monthly reporting on Strategic Investments to the Board and all key large scale projects have dedicated resources in place. |
| <b>2023 Developments</b>       | Construction of the first windfarm in FuturEnergy Ireland was completed (Lenalea) during 2023 and it began exporting energy in Q4.  |



# Statement on Internal Control and Risk Management

## Financial

### Market Volatility and Economic Downturn

|                                |  |
|--------------------------------|--|
| <b>Risk Description</b>        | The Coillte Group is highly dependent on commodity products in the construction sector which are highly cyclical and influenced by global and national markets.  |
| <b>Impact</b>                  | Depending on the severity of the cycle, it can lead to a mild or severe reduction in revenues.   |
| <b>How we manage the risk?</b> | The Group has a Treasury Committee in place to manage exposures to foreign exchange interest rates and to monitor its energy costs. Given the size of the Group's operations, the cost of hedging exposure to commodity product price risk exceeds any potential benefits. The Directors will revisit the appropriateness of this hedging policy should the Group's operations change in size or nature. |
| <b>2023 Developments</b>       | The Group continued to focus on increasing the use of timber used in construction with a second Build with Wood conference having taken place in Avondale during Q4. There is ongoing focus on developing higher value products which are less exposed to cyclical commodity markets.  |



### Legal Cases

|                                |  |
|--------------------------------|--|
| <b>Risk Description</b>        | The Group has a number of ongoing legal disputes.  |
| <b>Impact</b>                  | An unfavourable outcome of these disputes could cause financial loss to the Group and reputational damage. |
| <b>How we manage the risk?</b> | The Group has adequate provisions in place and an active engagement process.                               |
| <b>2023 Developments</b>       | The Group is continuing to engage and will seek to resolve any disputes.                                   |



### Inflation

|                                |   |
|--------------------------------|---|
| <b>Risk Description</b>        | Erosion of margin and profit due to significant cost increases.   |
| <b>Impact</b>                  | 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.   |
| <b>How we manage the risk?</b> | A Cost Task Force has been established to monitor cost increases and develop mitigations in response to same. Quarterly forecasting is undertaken to measure the impact of cost increases on profit margins and profits. Where possible, flexible cost base enablers are developed to assist in cost management. Long term contracts are put in place to ensure an element of protection and certainty in relation to resin and energy costs. |
| <b>2023 Developments</b>       | The Group entered longer term contracts in respect of resin, energy and forestry contractors to facilitate cost certainty. Additionally, a range of cost containment measures were implemented, where possible.   |



# Statement on Internal Control and Risk Management

## Operational

### Climate Change Impact on the Forest Asset

|                                |   |
|--------------------------------|---|
| <b>Risk Description</b>        | Climate change can have a direct impact on Coillte’s forests through risks such as from pest, disease, fire, drought and storms.  |
| <b>Impact</b>                  | 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. A significant event in this area would also put a strain on the organisation.   |
| <b>How we manage the risk?</b> | 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. |
| <b>2023 Developments</b>       | During 2023, Bark Beetle was identified in Scotland which may impact on pest free areas in Scotland and increase the likelihood of it emerging in Ireland.  |



### Attracting Labour to the Industry

|                                |  |
|--------------------------------|--|
| <b>Risk Description</b>        | Inability to attract people to work in the industry and the business.  |
| <b>Impact</b>                  | Risk to successful execution of the Group Strategy and the long-term growth of the industry. It could lead to upward pressure on costs.  |
| <b>How we manage the risk?</b> | 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 to attract high quality forestry and business graduates. Employee engagement and wellbeing strategies deployed to retain staff.  |
| <b>2023 Developments</b>       | During 2023, Coillte refreshed its Workforce Model to include updates to financial modelling, talent & succession plans, a delivery approach for flexible resourcing solutions and embedded the new ways of working model. Forestry was also added onto the critical skills list, which gives Coillte the ability to hire foresters outside EEA. Scholarship programme has been approved and will be shared with universities in 2024. |



# Statement on Internal Control and Risk Management

## Operational

### Health and Safety

|                                |  |
|--------------------------------|--|
| <b>Risk Description</b>        | The forest and panel board sector and the construction of wind farms are industries and activities where health and safety risks are inherently prominent.   |
| <b>Impact</b>                  | 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.  |
| <b>How we manage the risk?</b> | Health and safety committees are in place in each part of the Group which are responsible for:- 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 Safety Forum which meets twice a year with one Board director normally in attendance and with focus on shared learnings and input from external experts on specific topics. |
| <b>2023 Developments</b>       | The Group committed significant resources to driving health & safety training to ensure employees can complete their work safely.  |



### Talent Management and Succession Planning

|                                |  |
|--------------------------------|--|
| <b>Risk Description</b>        | The ability to retain and develop talent is key to the success of the Group.   |
| <b>Impact</b>                  | A poor talent management and succession planning process will limit our ability to execute the strategy.   |
| <b>How we manage the risk?</b> | The Group has a number of actions in place ranging from succession planning to the development of internal talent as part of a performance management process and employee engagement and wellbeing strategies to retain and develop our people. |
| <b>2023 Developments</b>       | During 2023, the Employee Engagement and Wellness Programme was implemented. Focused work was undertaken in relation to succession planning with further work to be undertaken in 2024.  |



# Statement on Internal Control and Risk Management

## Operational

### Key Equipment Failure

|                                |   |
|--------------------------------|---|
| <b>Risk Description</b>        | Failure of key equipment.   |
| <b>Impact</b>                  | Failure of key equipment could result in significant capacity constraints and or extended plant stoppages.  |
| <b>How we manage the risk?</b> | Condition of ageing equipment is monitored through a structured and centralised Maintenance Management System. Capital expenditure plans are reviewed and implemented annually. Prioritisation and execution of critical projects across all economic cycles. |
| <b>2023 Developments</b>       | We finalised the design for the new boiler replacement in MEDITE with a planning application ready for early 2024.  |



### Climate Change Transition

|                                |  |
|--------------------------------|--|
| <b>Risk Description</b>        | EU and national climate targets will require a change to the business model.   |
| <b>Impact</b>                  | The transition to a zero carbon and bio-diversity focused economy could lead to new regulation, carbon taxes and deployment of new technology.   |
| <b>How we manage the risk?</b> | Sustainability governance fully developed, integrated and reported. NewERA Climate Action Framework adapted, and progress reported. Carbon data management and assurance process in place. |
| <b>2023 Development</b>        | During 2023, Coillte developed carbon reduction targets which were approved by the Board.  |



### Cyber Security

|                                |   |
|--------------------------------|---|
| <b>Risk Description</b>        | Cyber Security Infiltration and Data Leakage.   |
| <b>Impact</b>                  | Potential extended outage of critical technology and systems from cyber-attacks or financial loss as a result of a successful phishing exercise.                    |
| <b>How we manage the risk?</b> | The Group continues to improve and invest in information security processes and services which further increase our protection against IT system infiltration.      |
| <b>2023 Developments</b>       | In 2023, there was increased awareness and training of staff and ensuring robust hardware and software support to employees. Cyber security services were embedded. |



# 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.

During 2023, the recommendations on risk appetite, emerging risks and insurability were implemented. The assurance in control effectiveness reviews will be completed in 2024.

## Board and ARC Risk Focus

The key activities undertaken by the Board and the Audit and Risk Committee during 2023 in respect of risk were:

- Review of the Annual Group Risk Plan
- Deep dives on all key risks
- Quarterly risk reports including emerging risks
- External assessment of the Assurance and Compliance function processes
- Review and approval of a new risk appetite and tolerance for the Group
- Annual Risk Workshop

# Statement on Internal Control and Risk Management

## Procurement

The Board confirms that Coillte CGA has procedures in place to facilitate compliance with current procurement rules and guidelines.

## 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 oversee its 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 2023 that require disclosure in the financial statements.

**Patrick Eamon King**      **Gerry Gray**  
Director                      Director

Date: 28 March 2024

# 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 and above;
- Investments, shareholder loans 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 current expenditure (including Forest Operational CAPEX) exceeding €10,000,000;
- Approval of expenditure outside of the ordi-

nary 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 including use of 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 2023 annual plan and budget was carried out in January 2024.

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 2023 and of its financial position at that date.

## Board Structure

The Board consists of six 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  |
|---------------------|--------------------------------|---|
| Deirdre-Ann Barr    | Ordinary Member                | 7 November 2022   |
| Gerry Gray          | Ordinary Member                | 26 February 2023<br><small>(reappointed for 4 and half years)</small> |
| Imelda Hurley (CEO) | Ordinary Member                | 24 January 2022   |
| Patrick Eamon King  | Ordinary Member                | 26 February 2023<br><small>(reappointed for 4 years)</small>          |
| Kevin McCarthy      | Worker Representative Director | 19 May 2020   |
| Gerard Murphy       | Ordinary Member                | 13 December 2019  |
| Eleanor O'Neill     | Ordinary Member                | 24 July 2019  |

Ms. Vivienne Jupp was announced as Chair Designate to the Board on 14 March 2024.

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 in place for each meeting. 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.

# Governance Statement and Board Members' Report

Three committees of the Board were in existence during 2023, as follows:

## Audit and Risk Committee

Members during 2023: Gerry Gray (Chair), Eleanor O'Neill, Gerard Murphy, Kevin McCarthy, Frank Hayes (resigned 21 September 2023) and Tommy Doherty (external member).

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 four occasions in 2023. 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 on an annual basis.

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 2023 were Eleanor O'Neill (Chair), Bernie Gray (resigned 12 March 2024), Patrick Eamon King and Deirdre-Ann Barr (appointed 16 November 2023). It met on six occasions in 2023.

## 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 2023 were Patrick Eamon King (Chair), Gerry Gray, Gerard Murphy and Deirdre-Ann Barr (appointed 26 January 2023). It met on five occasions in 2023.

## Governance Statement and Board Members' Report

### Schedule of Attendance and Fees

A schedule of attendance at the Board meetings for 2023 is set out below, together with the fees received by each member:

|                          | Board Meetings attended<br>(9 held) | Fees<br>€'000 | Salary<br>€'000 | Pension Contribution<br>€'000 | Taxable Benefits<br>€'000 | 2023 Total<br>€'000 | 2022 Total<br>€'000 |
|--------------------------|-------------------------------------|---------------|-----------------|-------------------------------|---------------------------|---------------------|---------------------|
| <b>Directors</b>         |                                     |               |                 |                               |                           |                     |                     |
| Bernie Gray <sup>1</sup> | 9/9                                 | 22            | -               | -                             | -                         | 22                  | 22                  |
| Gerry Gray               | 8/9                                 | 13            | -               | -                             | -                         | 13                  | 13                  |
| Patrick Eamon King       | 8/9                                 | 13            | -               | -                             | -                         | 13                  | 13                  |
| Eleanor O'Neill          | 9/9                                 | 13            | -               | -                             | -                         | 13                  | 13                  |
| Gerard Murphy            | 9/9                                 | 13            | -               | -                             | -                         | 13                  | 13                  |
| Kevin McCarthy           | 9/9                                 | 13            | 61              | 5                             | -                         | 79                  | 91                  |
| Frank Hayes <sup>2</sup> | 5/6                                 | 9             | -               | -                             | -                         | 9                   | 13                  |
| Deirdre-Ann Barr         | 9/9                                 | 13            | -               | -                             | -                         | 13                  | 2                   |
|                          |                                     | <b>109</b>    | <b>61</b>       | <b>5</b>                      | <b>-</b>                  | <b>175</b>          | <b>180</b>          |
| <b>Chief Executive</b>   |                                     |               |                 |                               |                           |                     |                     |
| Imelda Hurley            | 9/9                                 | -             | 224             | 56                            | 21                        | 301                 | 303                 |
|                          |                                     | <b>109</b>    | <b>285</b>      | <b>61</b>                     | <b>21</b>                 | <b>476</b>          | <b>483</b>          |

<sup>1</sup> Ms. Gray's five year term ended on 12 March 2024.

<sup>2</sup> Mr. Hayes resigned from the Board on 21 September 2023.

## 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, NDP Delivery 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       | 2023                | 2022 |
| €50,000   | €74,999  | 274                 | 279  |
| €75,000   | €99,999  | 183                 | 169  |
| €100,000  | €124,999 | 70                  | 55   |
| €125,000  | €149,999 | 13                  | 7    |
| >€150,000 |          | 9                   | 8    |

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.

|  | 2023<br>€'000 | 2022<br>€'000 |
|--|---------------|---------------|
| Legal advice   | 569           | 577           |
| Financial/actuarial advice                               | 323           | 89            |
| Marketing  | 542           | 1,058         |
| Human Resources  | -             | 17            |
| Business Improvement                                     | 1,091         | 1,406         |
| Other  | 177           | 120           |
| <b>Total Consultancy</b>                                 | <b>2,702</b>  | <b>3,267</b>  |
|  | <b>2023</b>   | <b>2022</b>   |
|  | <b>€'000</b>  | <b>€'000</b>  |
| Consultancy costs capitalised                            | 309           | 623           |
| Consultancy costs charged to the profit and loss account | 2,393         | 2,644         |
|  | <b>2,702</b>  | <b>3,267</b>  |

# 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.

|                                       | 2023       | 2022       |
|---------------------------------------|------------|------------|
|                                       | €'000      | €'000      |
| Legal proceedings                     | 335        | 128        |
| Conciliation and arbitration payments | -          | -          |
| Settlements                           | 371        | 66         |
|                                       | <b>706</b> | <b>194</b> |

### Travel and Subsistence Expenditure

Travel and subsistence expenditure incurred during the reporting period was:

|                      | 2023         | 2022         |
|----------------------|--------------|--------------|
|                      | €'000        | €'000        |
| <b>Domestic</b>      |              |              |
| - Board*             | 11           | 9            |
| - Employees          | 1,407        | 1,540        |
| <b>International</b> |              |              |
| - Board*             | 2            | 1            |
| - Employees          | 468          | 316          |
|                      | <b>1,888</b> | <b>1,866</b> |

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

### Hospitality Expenditure

Hospitality expenditure incurred during the reporting period was as follows:

|                    | 2023       | 2022       |
|--------------------|------------|------------|
|                    | €'000      | €'000      |
| Staff hospitality  | 90         | 111        |
| Client hospitality | 200        | 278        |
|                    | <b>290</b> | <b>389</b> |

### Official Languages Act

Coillte is committed to meeting all its obligations under the Official Language Acts (2003 & 2021). The Company Secretary has been appointed to oversee performance and report on Coillte's obligations under the Official Languages Acts (2003 & 2021).

During 2023, the new obligations under section 10A (Advertising by Public Bodies) requiring a minimum of 20% (10A. (1)(b)) of all advertising undertaken to be in the Irish language was met. Coillte also met the obligation of 5% of annual advertising spend on Irish language media as prescribed under section 10A (1)(b).

### 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.

**Patrick Eamon King**      **Gerry Gray**  
Director                      Director

Date: 28 March 2024

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

## Report on the audit of the financial statements

### Opinion

We have audited the financial statements of Coillte Cuideachta Gníomhaíochta Ainmnithe ('the Company') and its consolidated undertakings ('the Group') for the year ended December 31, 2023 set out on pages 109 to 169, 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 cash flow statements, 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, 2023 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, 2023 Highlights section, the Chair's Statement, the CEO Statement, 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 85 to 100 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 82, 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: 28 March 2024

## Group Profit and Loss Account

### Financial year ended 31 December 2023

|  | Notes | 2023<br>€'000    | 2022<br>€'000 |
|--|-------|------------------|---------------|
| Turnover   | 5     | <b>413,899</b>   | 478,772       |
| Cost of sales  |       | <b>(267,179)</b> | (271,036)     |
| <b>Gross profit</b>  |       | <b>146,720</b>   | 207,736       |
| Distribution costs   |       | <b>(35,065)</b>  | (34,459)      |
| Administrative expenses  |       | <b>(58,276)</b>  | (58,673)      |
| Other operating gains  | 10    | <b>4,617</b>     | 2,178         |
| <b>Operating Profit before exceptional items and revaluation gains</b> |       | <b>57,996</b>    | 116,782       |
| Gain on revaluation of investment properties                           | 16    | <b>1,788</b>     | -             |
| Exceptional items  | 9     | <b>1,245</b>     | 1,928         |
| <b>Operating profit</b>  | 6     | <b>61,029</b>    | 118,710       |
| Share of joint venture losses  | 18    | <b>(1,851)</b>   | (3,813)       |
| Share of associate profits   | 18    | <b>2,414</b>     | 7,458         |
| <b>Profit before interest and taxation</b>                             |       | <b>61,592</b>    | 122,355       |
| Interest receivable and similar income                                 | 11    | <b>4,308</b>     | 334           |
| Interest payable and similar charges                                   | 11    | <b>(1,015)</b>   | (1,774)       |
| <b>Profit on ordinary activities before taxation</b>                   |       | <b>64,885</b>    | 120,915       |
| Tax on profit on ordinary activities                                   | 13    | <b>(11,399)</b>  | (11,496)      |
| <b>Profit for the financial year</b>                                   |       | <b>53,486</b>    | 109,419       |

## Group Statement of Other Comprehensive Income

| Financial year ended 31 December 2023   |       | 2023           | 2022    |
|---|-------|----------------|---------|
|   | Notes | €'000          | €'000   |
| <b>Profit for the financial year</b>  |       | <b>53,486</b>  | 109,419 |
| <b>Other comprehensive (expense)/ income:</b>                                   |       |                |         |
| Re-measurement net defined benefit pension (expense)/gain                       | 14    | <b>(3,068)</b> | 39,061  |
| Movement on deferred tax relating to defined benefit pension liability          | 13    | <b>120</b>     | (1,645) |
| Effective portion of changes in fair value of cash flow hedges                  |       |                |         |
| Fair value movement on cash flow hedges   | 24    | <b>(1,817)</b> | 2,647   |
| Cash flow hedges – reclassification to profit and loss account                  | 24    | <b>153</b>     | 525     |
| Deferred tax effect of fair value movement on cash flow hedges                  | 13    | <b>133</b>     | 132     |
| Share of other comprehensive income of associates                               | 18    | <b>1,967</b>   | 765     |
| <b>Other comprehensive (expense)/ income for the financial year, net of tax</b> |       | <b>(2,512)</b> | 41,485  |
| <b>Total comprehensive income for the financial year</b>                        |       | <b>50,974</b>  | 150,904 |

## Group Balance Sheet

| At 31 December 2023  |       | 2023             | 2022      |
|--|-------|------------------|-----------|
|  | Notes | €'000            | €'000     |
| <b>Fixed assets</b>  |       |                  |           |
| Intangible assets  | 15    | <b>8,456</b>     | 9,674     |
| Tangible assets  | 16    | <b>677,318</b>   | 676,712   |
| Biological assets  | 17    | <b>927,798</b>   | 908,225   |
| Investments  | 18    | <b>13,865</b>    | 19,845    |
|  |       | <b>1,627,437</b> | 1,614,456 |
| <b>Current assets</b>  |       |                  |           |
| Stocks   | 19    | <b>42,162</b>    | 35,000    |
| Debtors  | 20    | <b>106,321</b>   | 97,541    |
| Assets held for resale   | 21    | <b>-</b>         | 1,928     |
| Cash at bank and in hand   |       | <b>64,926</b>    | 155,471   |
|  |       | <b>213,409</b>   | 289,940   |
| <b>Creditors - amounts falling due within one financial year</b>   | 22    | <b>(72,439)</b>  | (73,196)  |
| <b>Net current assets</b>  |       | <b>140,970</b>   | 216,744   |
| <b>Total assets less current liabilities</b>                       |       | <b>1,768,407</b> | 1,831,200 |
| Creditors - amounts falling due after more than one financial year | 23    | <b>-</b>         | (90,000)  |
| Provisions for liabilities   | 25    | <b>(32,882)</b>  | (37,702)  |
| Deferred government grants   | 26    | <b>(117,764)</b> | (119,496) |
| <b>Net assets before pension asset</b>                             |       | <b>1,617,761</b> | 1,584,002 |
| Defined benefit pension asset                                      | 14    | <b>27,035</b>    | 27,520    |
| <b>Net assets</b>  |       | <b>1,644,796</b> | 1,611,522 |
| <b>Capital and reserves</b>  |       |                  |           |
| Called-up share capital presented as equity                        | 27    | <b>795,060</b>   | 795,060   |
| Undenominated capital  | 28    | <b>6,145</b>     | 6,145     |
| Cash-flow hedge reserve  | 28    | <b>405</b>       | 1,936     |
| Retained earnings  | 28    | <b>843,186</b>   | 808,381   |
| <b>Shareholders' funds</b>   |       | <b>1,644,796</b> | 1,611,522 |

The notes on pages 117 to 169 are an integral part of these financial statements. The financial statements on pages 109 to 169 were authorised for issue by the Board of Directors on 28 March 2024 and were signed on its behalf by:

**Patrick Eamon King**  
Director

**Gerry Gray**  
Director

## Company Balance Sheet

| <b>At 31 December 2023</b>   |       | <b>2023</b>      | <b>2022</b>      |
|--|-------|------------------|------------------|
|  | Notes | €'000            | €'000            |
| <b>Fixed assets</b>  |       |                  |                  |
| Intangible assets  | 15    | 8,120            | 9,663            |
| Tangible assets  | 16    | 546,880          | 543,742          |
| Biological assets  | 17    | 927,798          | 908,225          |
| Investments  | 18    | 96,271           | 96,271           |
|  |       | <b>1,579,069</b> | <b>1,557,901</b> |
| <b>Current assets</b>  |       |                  |                  |
| Stocks   | 19    | 4,228            | 4,237            |
| Debtors  | 20    | 165,125          | 157,111          |
| Cash at bank and in hand   |       | 7,968            | 54,420           |
|  |       | <b>177,321</b>   | <b>215,768</b>   |
| <b>Creditors - amounts falling due within one financial year</b>   | 22    | <b>(46,280)</b>  | <b>(40,383)</b>  |
| <b>Net current assets</b>  |       | <b>131,041</b>   | <b>175,385</b>   |
| <b>Total assets less current liabilities</b>                       |       | <b>1,710,110</b> | <b>1,733,286</b> |
| Creditors - amounts falling due after more than one financial year | 23    | -                | (90,000)         |
| Provisions for liabilities   | 25    | (25,083)         | (30,801)         |
| Deferred government grants   | 26    | (117,764)        | (119,496)        |
| <b>Net assets before pension asset</b>                             |       | <b>1,567,263</b> | <b>1,492,989</b> |
| Defined benefit pension asset                                      | 14    | 16,148           | 18,094           |
| <b>Net assets</b>  |       | <b>1,583,411</b> | <b>1,511,083</b> |
| <b>Capital and reserves</b>  |       |                  |                  |
| Called-up share capital presented as equity                        | 27    | 795,060          | 795,060          |
| Undenominated capital  | 28    | 6,145            | 6,145            |
| Cash-flow hedge reserve  | 28    | (71)             | 216              |
| Retained earnings  | 28    | 782,277          | 709,662          |
| <b>Shareholders' funds</b>   |       | <b>1,583,411</b> | <b>1,511,083</b> |

The notes on pages 117 to 169 are an integral part of these financial statements. The financial statements on pages 109 to 169 were authorised for issue by the Board of Directors on 28 March 2024 and were signed on its behalf by:

**Patrick Eamon King**      **Gerry Gray**  
Director                      Director

## Group Statement of Cash Flows

| <b>Financial year ended 31 December 2023</b>                          |       | <b>2023</b>      | <b>2022</b>     |
|---|-------|------------------|-----------------|
|   | Notes | €'000            | €'000           |
| <b>Net cash inflow from operating activities before taxation paid</b> | 32    | <b>89,957</b>    | 141,276         |
| Taxation paid   |       | <b>(11,043)</b>  | (8,909)         |
| <b>Net cash inflow from operating activities</b>                      |       | <b>78,914</b>    | <b>132,367</b>  |
| <b>Cash flows from investing activities</b>                           |       |                  |                 |
| Additions to intangible assets  | 15    | <b>(1,387)</b>   | (342)           |
| Additions to tangible assets  | 16    | <b>(24,081)</b>  | (29,115)        |
| Additions to biological assets  | 17    | <b>(35,061)</b>  | (35,974)        |
| Distributions from associate undertakings                             |       | <b>3,750</b>     | 3,375           |
| Amounts advanced to joint venture undertakings                        |       | <b>(17,974)</b>  | (12,766)        |
| Proceeds from disposals of tangible and intangible assets             |       | <b>5,694</b>     | 2,103           |
| Proceeds from disposal of financial assets held for sale              |       | <b>3,173</b>     | -               |
| Receipt of government grants  |       | <b>1,187</b>     | 1,003           |
| <b>Net cash outflow from investing activities</b>                     |       | <b>(64,699)</b>  | <b>(71,716)</b> |
| <b>Cash flows from financing activities</b>                           |       |                  |                 |
| Decrease in borrowings  | 32    | <b>(90,000)</b>  | -               |
| Net interest received/(paid)  | 32    | <b>2,940</b>     | (1,251)         |
| Dividends paid  | 12    | <b>(17,700)</b>  | (25,000)        |
| <b>Net cash outflow from financing activities</b>                     |       | <b>(104,760)</b> | <b>(26,251)</b> |
| <b>Net (decrease)/increase in cash and cash equivalents</b>           |       | <b>(90,545)</b>  | 34,400          |
| <b>Cash and cash equivalents at 1 January</b>                         |       | <b>155,471</b>   | 121,071         |
| <b>Cash and cash equivalents at 31 December</b>                       | 32    | <b>64,926</b>    | <b>155,471</b>  |

## Company Statement of Cash Flows

| Financial year ended 31 December 2023                                 |       | 2023             | 2022     |
|---|-------|------------------|----------|
|   | Notes | €'000            | €'000    |
| <b>Net cash inflow from operating activities before taxation paid</b> | 33    | <b>37,438</b>    | 65,557   |
| Taxation paid   |       | <b>(3,173)</b>   | (1,784)  |
| <b>Net cash inflow from operating activities</b>                      |       | <b>34,265</b>    | 63,773   |
| <b>Cash flows from investing activities</b>                           |       |                  |          |
| Additions to intangible assets  | 15    | <b>(1,053)</b>   | (342)    |
| Additions to tangible assets  | 16    | <b>(17,354)</b>  | (26,237) |
| Additions to biological assets  | 17    | <b>(35,061)</b>  | (35,974) |
| Amounts received from subsidiary undertakings                         |       | <b>3,729</b>     | 225      |
| Distributions from associate undertakings                             |       | <b>3,750</b>     | 3,375    |
| Amounts advanced to joint venture undertakings                        |       | <b>(17,974)</b>  | (12,766) |
| Distributions from subsidiaries                                       |       | <b>85,000</b>    | -        |
| Proceeds from disposals of tangible assets                            |       | <b>5,561</b>     | 2,302    |
| Receipt of government grants  |       | <b>1,187</b>     | 1,003    |
| <b>Net cash inflow/(outflow) from investing activities</b>            |       | <b>27,785</b>    | (68,414) |
| <b>Cash flows from financing activities</b>                           |       |                  |          |
| Decrease in borrowings  |       | <b>(90,000)</b>  | -        |
| Net interest paid   |       | <b>(802)</b>     | (1,238)  |
| Dividends paid  | 12    | <b>(17,700)</b>  | (25,000) |
| <b>Net cash outflow from financing activities</b>                     |       | <b>(108,502)</b> | (26,238) |
| <b>Net decrease in cash and cash equivalents</b>                      |       | <b>(46,452)</b>  | (30,879) |
| <b>Cash and cash equivalents at 1 January</b>                         |       | <b>54,420</b>    | 85,299   |
| <b>Cash and cash equivalents at 31 December</b>                       |       | <b>7,968</b>     | 54,420   |

## Group Statement of Changes in Equity

| Financial year ended 31 December 2023                              |       | Called-up share capital presented as equity | Undenominated capital | Cash flow hedge reserve | Retained Earnings | Total            |
|--|-------|---|-----------------------|-------------------------|-------------------|------------------|
|  | Notes | €'000                                       | €'000                 | €'000                   | €'000             | €'000            |
| <b>At 1 January 2023</b>   |       | <b>795,060</b>                              | <b>6,145</b>          | <b>1,936</b>            | <b>808,381</b>    | <b>1,611,522</b> |
| <b>Profit for the financial year</b>                               |       | -   | -                     | -                       | <b>53,486</b>     | <b>53,486</b>    |
| <b>Other comprehensive expense for the financial year</b>          |       | -   | -                     | <b>(1,531)</b>          | <b>(981)</b>      | <b>(2,512)</b>   |
| <b>Total comprehensive (expense)/income for the financial year</b> |       | -   | -                     | <b>(1,531)</b>          | <b>52,505</b>     | <b>50,974</b>    |
| <b>Transactions with shareholders recorded directly in equity:</b> |       |   |                       |                         |                   |                  |
| Dividends paid   | 12    | -   | -                     | -                       | <b>(17,700)</b>   | <b>(17,700)</b>  |
| <b>At 31 December 2023</b>   |       | <b>795,060</b>                              | <b>6,145</b>          | <b>405</b>              | <b>843,186</b>    | <b>1,644,796</b> |
| <b>At 1 January 2022</b>   |       | <b>795,060</b>                              | <b>6,145</b>          | <b>(1,368)</b>          | <b>685,781</b>    | <b>1,485,618</b> |
| <b>Profit for the financial year</b>                               |       | -   | -                     | -                       | <b>109,419</b>    | <b>109,419</b>   |
| <b>Other comprehensive income for the financial year</b>           |       | -   | -                     | <b>3,304</b>            | <b>38,181</b>     | <b>41,485</b>    |
| <b>Total comprehensive income for the financial year</b>           |       | -   | -                     | <b>3,304</b>            | <b>147,600</b>    | <b>150,904</b>   |
| <b>Transactions with shareholders recorded directly in equity:</b> |       |   |                       |                         |                   |                  |
| Dividends paid   | 12    | -   | -                     | -                       | <b>(25,000)</b>   | <b>(25,000)</b>  |
| <b>At 31 December 2022</b>   |       | <b>795,060</b>                              | <b>6,145</b>          | <b>1,936</b>            | <b>808,381</b>    | <b>1,611,522</b> |

## Company Statement of Changes in Equity

| Financial year ended<br>31 December 2023                                   |       | Called-up<br>share capital<br>presented<br>as equity | Undenominated<br>capital | Cash flow<br>hedge<br>reserve | Retained<br>Earnings | Total            |
|--|-------|--|--------------------------|-------------------------------|----------------------|------------------|
|  | Notes | €'000  | €'000                    | €'000                         | €'000                | €'000            |
| <b>At 1 January 2023</b>   |       | <b>795,060</b>                                       | <b>6,145</b>             | <b>216</b>                    | <b>709,662</b>       | <b>1,511,083</b> |
| <b>Profit for the financial year</b>                                       |       | -  | -                        | -                             | <b>93,218</b>        | <b>93,218</b>    |
| <b>Other comprehensive<br/>expense for the<br/>financial year</b>          |       | -  | -                        | <b>(287)</b>                  | <b>(2,903)</b>       | <b>(3,190)</b>   |
| <b>Total comprehensive<br/>(expense)/income for the<br/>financial year</b> |       | -  | -                        | <b>(287)</b>                  | <b>90,315</b>        | <b>90,028</b>    |
| <b>Transactions with<br/>shareholders recorded<br/>directly in equity:</b> |       |  |                          |                               |                      |                  |
| <b>Dividends paid</b>  | 12    | -  | -                        | -                             | <b>(17,700)</b>      | <b>(17,700)</b>  |
| <b>At 31 December 2023</b>   |       | <b>795,060</b>                                       | <b>6,145</b>             | <b>(71)</b>                   | <b>782,277</b>       | <b>1,583,411</b> |
| <b>At 1 January 2022</b>   |       | 795,060  | 6,145                    | (605)                         | 666,143              | 1,466,743        |
| Profit for the financial year  |       | -  | -                        | -                             | 35,718               | 35,718           |
| Other comprehensive income<br>for the financial year                       |       | -  | -                        | 821                           | 32,801               | 33,622           |
| Total comprehensive income<br>for the financial year                       |       | -  | -                        | 821                           | 68,519               | 69,340           |
| Transactions with<br>shareholders recorded<br>directly in equity:          |       |  |                          |                               |                      |                  |
| Dividends paid   | 12    | -  | -                        | -                             | (25,000)             | (25,000)         |
| <b>At 31 December 2022</b>   |       | <b>795,060</b>                                       | <b>6,145</b>             | <b>216</b>                    | <b>709,662</b>       | <b>1,511,083</b> |

## 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

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 €93.2m (2022: €35.7m).

#### (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.

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.

## Notes to the Financial Statements

### *(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*

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 the 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.

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.

### *(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 40 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 2023:

- 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) Changes in estimates

During 2023, the Group reviewed its depreciation policy for forest roads and bridges. As a result of this review, management determined that the useful life for a road base should be reduced from 50 years to 40 years to accurately reflect the economic benefits from these assets. This change in estimate has resulted in an additional charge of €5.1m in the profit and loss account for the period.

### (iii) 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

## Notes to the Financial Statements

the Group and the cost can be measured reliably. Repairs, maintenance and minor inspection costs are expensed as incurred.

### *(iv) 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.

### *(v) 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'.

### *(vi) 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.

## Notes to the Financial Statements

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.

#### *(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.

## Notes to the Financial Statements

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.

### (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 include 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.

## Notes to the Financial Statements

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.

### (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.

# Notes to the Financial Statements

## *(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.

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**

In the application of the Group's and Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities.

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:

### Estimates

#### *(i) Revaluation of investment properties*

The Group carries its investment properties, which predominantly comprise of land rented to wind-farm

# Notes to the Financial Statements

operators under long-term lease agreements, at fair value, with changes in fair value being recognised in the profit and loss account.

The investment properties were independently valued by CBRE as at 31 December 2023 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 significant assumptions made relating to the valuation include:

- Future rental income stream. The rental income is partially contingent on the performance of each of the individual windfarms.
- A yield range of 7% to 10.5% has been applied.

The determined fair value of the investment properties is most sensitive to the estimated yield and estimation uncertainty inherent in determining the expected future rental income stream.

#### *(ii) 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.

## Critical accounting judgements

### *(iii) Impairment of non-financial assets*

The Group's non-financial assets, which are not carried at fair value, were assessed to determine whether there were any indications that the asset (or asset's cash generating unit) may be impaired. Factors considered in carrying out this assessment included the economic performance of assets and key risks (as considered on pages 93 to 98) such as relevant new laws and regulations and risks associated with climate change. These strategic considerations include Coillte's forestry strategic vision which aims to sustainably balance and deliver the multiple benefits from its forests across four strategic pillars: climate, nature, wood and people. The delivery of this vision is dependent on a vibrant and commercially successful Coillte and an ability to attract third party funding.

The assessment also considered a range of economic factors, including observable fluctuations in pricing as well as inflationary pressures impacting key inputs such as fuel, resins, energy, contractor related costs and as well as overheads.

Following the completion of this assessment, it was concluded that there are no indications of impairment at 31 December 2023.

### *(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) Impairment of debtors*

The Group makes an estimate of the recoverable value when assessing impairment of trade and

## Notes to the Financial Statements

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.

### (vi) Provisions for liabilities

The determination of the Group's provisions for liabilities inevitably involves a high degree of judgment. Where provisions are deemed necessary,

estimates are made in relation to the expected future cash outflows arising in connection with provisions made. The main judgmental areas in the Group relate to legal claims and replanting provisions. Management calculates these provisions factoring in the Group's historical experience of similar matters together with other relevant information available and they make estimates based on their judgment.

## 5 Turnover

### Analysis of turnover

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

|                               | Forest         |                | Land Solutions |              | MEDITE SMARTPLY |                | Group          |                |
|-------------------------------|----------------|----------------|----------------|--------------|-----------------|----------------|----------------|----------------|
|                               | 2023           | 2022           | 2023           | 2022         | 2023            | 2022           | 2023           | 2022           |
|                               | €'000          | €'000          | €'000          | €'000        | €'000           | €'000          | €'000          | €'000          |
| <b>Group turnover</b>         |                |                |                |              |                 |                |                |                |
| <b>Continuing operations:</b> |                |                |                |              |                 |                |                |                |
| Republic of Ireland           | 128,818        | 148,370        | 5,286          | 4,940        | 31,387          | 36,411         | 165,491        | 189,721        |
| United Kingdom                | 14,703         | 18,474         | 39             | 39           | 189,777         | 208,655        | 204,519        | 227,168        |
| Rest of the World             | 53             | 16             | -              | -            | 71,944          | 89,026         | 71,997         | 89,042         |
| Inter-segment sales*          | (28,108)       | (27,159)       | -              | -            | -               | -              | (28,108)       | (27,159)       |
| <b>Sales to third parties</b> | <b>115,466</b> | <b>139,701</b> | <b>5,325</b>   | <b>4,979</b> | <b>293,108</b>  | <b>334,092</b> | <b>413,899</b> | <b>478,772</b> |

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

## Notes to the Financial Statements

## 6 Operating profit

|  | 2023    | 2022    |
|--|---------|---------|
|  | €'000   | €'000   |
| Operating profit has been arrived at after charging/(crediting):                 |         |         |
| Depreciation (note 16)   | 25,905  | 19,830  |
| Depletion (note 17)  | 15,488  | 15,405  |
| Amortisation of intangible assets (note 15)                                      | 2,605   | 2,017   |
| Amortisation of grants (note 26)   | (2,913) | (2,267) |
| Operating lease charges  | 1,618   | 1,612   |
| Research and development expenditure   | 524     | 562     |
| Operating lease rental income  | (3,882) | (3,801) |
| (Reversal of Impairment)/Impairment of trade and other receivables               | (680)   | 653     |
| Inventory recognised as an expense   | 241,332 | 246,651 |
| (Reversal of Impairment) / Impairment of inventory (included in 'cost of sales') | (837)   | 1,001   |
| Gain on revaluation of investment property (note 16)                             | (1,788) | -       |
| Exceptional items (note 9)   | (1,245) | (1,928) |

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    |            |
|-----------------------------------|------------|------------|------------|------------|
|                                   | 2023       | 2022       | 2023       | 2022       |
|                                   | €'000      | €'000      | €'000      | €'000      |
| Audit of the financial statements | 253        | 234        | 201        | 204        |
| Other assurance services          | -          | 42         | -          | 24         |
| Tax advisory services             | 187        | 243        | 158        | 208        |
| Other non-audit services          | -          | 37         | -          | 37         |
|                                   | <b>440</b> | <b>556</b> | <b>359</b> | <b>473</b> |

## Notes to the Financial Statements

### 7. Emoluments of Directors

|  | 2023<br>€'000 | 2022<br>€'000 |
|--|---------------|---------------|
| Emoluments                                   | 415           | 417           |
| Contributions to retirement benefits schemes | 61            | 66            |
| <b>Total</b>                                 | <b>476</b>    | <b>483</b>    |

Retirement benefits were accruing for 2023 to one Director (2022: 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 855 (2022: 827).

|   | 2023<br>€'000  | 2022<br>€'000  |
|---|----------------|----------------|
| <b>Staff costs comprise:</b>                        |                |                |
| Wages and salaries                                  | 57,855         | 56,280         |
| Social insurance costs                              | 6,253          | 5,869          |
| Other retirement benefit costs                      | 4,692          | 6,339          |
| Termination payments                                | 285            | 6              |
|   | <b>69,085</b>  | <b>68,494</b>  |
| Less: Own work capitalised                          | <b>(7,809)</b> | <b>(7,689)</b> |
| <b>Charge to profit and loss account</b>            | <b>61,276</b>  | <b>60,805</b>  |
| <b>Other retirement benefit costs comprise:</b>     |                |                |
| Defined contribution scheme pension costs (note 14) | 2,343          | 1,889          |
| Defined benefit scheme pension costs (note 14)      | 2,349          | 4,450          |
|   | <b>4,692</b>   | <b>6,339</b>   |

## Notes to the Financial Statements

### Wages and Salaries

|                              | 2023<br>€'000 | 2022<br>€'000 |
|------------------------------|---------------|---------------|
| Wages and salaries comprise: |               |               |
| Basic pay                    | 48,637        | 46,463        |
| Overtime                     | 5,205         | 5,056         |
| Allowances                   | 4,013         | 4,761         |
|                              | <b>57,855</b> | <b>56,280</b> |

### Key management compensation

|                          | 2023<br>€'000 | 2022<br>€'000 |
|--------------------------|---------------|---------------|
| Short term benefits      | 1,866         | 1,766         |
| Post-employment benefits | 158           | 147           |
|                          | <b>2,024</b>  | <b>1,913</b>  |

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 2023 (2022: 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 (2022: 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

|  | 2023<br>€'000 | 2022<br>€'000 |
|--|---------------|---------------|
| Recognised in arriving at operating profit:            |               |               |
| Gain on disposal of financial assets held for sale (i) | 1,245         | -             |
| Reversal of impairment of associate investments (ii)   | -             | 1,928         |
|  | <b>1,245</b>  | <b>1,928</b>  |

#### (i) Gain on disposal of financial assets held for sale

During 2023, the Company disposed of 3,500,000 shares in Accsys PLC, which had been recognised as an Asset Held for Resale (note 21). The profit relating to this disposal was €1.2m.

#### (ii) Reversal of impairment of associate investments

During 2022, the Group 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 reversed €1.9m of the previous impairment charge to reflect the assets updated net recoverable value.

## 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 €4.6m (2022: €2.2m).

### 11. Interest payable and similar charges

|   | 2023<br>€'000  | 2022<br>€'000 |
|---|----------------|---------------|
| <b>Interest receivable and similar income</b>                       |                |               |
| Interest receivable on bank deposits                                | (3,076)        | (334)         |
| Net interest income on pension surplus (note 14)                    | (1,232)        | -             |
| <b>Total interest receivable</b>                                    | <b>(4,308)</b> | <b>(334)</b>  |
| <b>Interest payable and similar charges</b>                         |                |               |
| Interest on bank overdrafts and loans, and other related bank costs | 994            | 1,619         |
| Net interest expense on pension deficit (note 14)                   | -              | 132           |
| Unwind of discount (note 25)  | 21             | 23            |
| Other finance costs   | 21             | 155           |
| <b>Total interest payable</b>                                       | <b>1,015</b>   | <b>1,774</b>  |
| <b>Net interest (income)/expense</b>                                | <b>(3,293)</b> | <b>1,440</b>  |

### 12. Dividends

#### Equity dividends declared and paid on ordinary shares:

|   | 2023<br>€'000 | 2022<br>€'000 |
|---|---------------|---------------|
| (i) Interim dividend of €0.0158 per share for the financial year ended 31 December 2023   | 10,000        | -             |
| (ii) Final dividend of €0.0122 per share for the financial year ended 31 December 2022    | 7,700         | -             |
| (iii) Interim dividend of €0.0317 per share for the financial year ended 31 December 2022 | -             | 20,000        |
| (iv) Final dividend of €0.0079 per share for the financial year ended 31 December 2021    | -             | 5,000         |
|   | <b>17,700</b> | <b>25,000</b> |

An interim dividend of €0.0158 per share totalling €10.0m was authorised by the Board and paid in December 2023.

A final dividend of €0.0122 per share totalling €7.7m, relating to 2022's financial performance was paid in May 2023. Total dividends paid in the year ended 31 December 2022 amounted to €25.0m.

## Notes to the Financial Statements

### 13. Taxation

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

|  | 2023<br>€'000  | 2022<br>€'000 |
|--|----------------|---------------|
| <b>Current tax:</b>                                    |                |               |
| Corporation tax at 12.5%                               | 8,552          | 13,984        |
| Less: Woodlands relief                                 | <b>(1,362)</b> | (4,832)       |
| Irish corporation tax                                  | 7,190          | 9,152         |
| Foreign tax  | 6              | 110           |
| Adjustment in respect of prior financial years         | 367            | (100)         |
| Taxation on disposal of fixed assets at 33%            | 1,810          | 842           |
| <b>Total current tax</b>                               | <b>9,373</b>   | 10,004        |
| <b>Deferred tax:</b>                                   |                |               |
| Pension timing difference                              | 36             | 40            |
| Trade losses utilised                                  | -              | 642           |
| Revaluation of investment properties                   | 590            | -             |
| Prior year under/(over) provision                      | 290            | (39)          |
| Other timing differences                               | 1,110          | 849           |
| <b>Total deferred tax</b>                              | <b>2,026</b>   | 1,492         |
| <b>Total taxation on profit on ordinary activities</b> | <b>11,399</b>  | 11,496        |

## Notes to the Financial Statements

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

|  | 2023<br>€'000 | 2022<br>€'000 |
|--|---------------|---------------|
| <b>Deferred tax:</b>   |               |               |
| Pension timing difference  | (120)         | 1,645         |
| Other timing differences   | (133)         | (132)         |
| <b>Total tax (credit)/charge included in the statement of other comprehensive income</b> | <b>(253)</b>  | 1,513         |

#### (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:

|  | 2023<br>€'000 | 2022<br>€'000 |
|--|---------------|---------------|
| Profit on ordinary activities before tax   | 64,885        | 120,915       |
| Profit on ordinary activities multiplied by the standard rate of tax in the Republic of Ireland of 12.5% | 8,111         | 15,114        |
| Effects of:  |               |               |
| Woodlands relief   | (1,362)       | (4,832)       |
| Expenses non-deductible for tax purposes   | 1,191         | 796           |
| Differences between capital allowances and depreciation  | -             | 4             |
| Higher rates of tax on certain activities  | 2,510         | 1,121         |
| Deferred tax at higher rate  | 367           | -             |
| Income tax withheld  | 29            | 29            |
| Adjustments in respect of prior financial years  | 657           | (139)         |
| Other  | (104)         | (597)         |
| <b>Total</b>   | <b>11,399</b> | 11,496        |

## 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 €311.2m (Coillte CGA - 31 December 2020) and €43.5m (Medite Europe DAC - 1 January 2021). The excess in the Coillte CGA scheme, inclusive of the Funding Standard Reserve, at 31 December 2020 was €22.9m while there was a €0.7m 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 Finance, 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 Finance on the request of the Minister for Public Expenditure, NDP Delivery and Reform.

## Notes to the Financial Statements

### A. Group

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

|   | 2023<br>€'000 | 2022<br>€'000 |
|---|---------------|---------------|
| Current service cost                        | 2,349         | 4,450         |
| Net interest (income)/expense               | (1,232)       | 132           |
| <b>Total profit and loss account charge</b> | <b>1,117</b>  | <b>4,582</b>  |

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

|   | 2023<br>€'000  | 2022<br>€'000 |
|---|----------------|---------------|
| Return/(loss) on scheme assets excluding interest income  | 14,466         | (77,437)      |
| Actuarial (losses)/gains  | (17,534)       | 116,498       |
| <b>Re-measurement (expense)/gains recognised in the statement of other comprehensive income</b> | <b>(3,068)</b> | <b>39,061</b> |

Expected contributions for the financial year ending 31 December 2024 are €3.7m.

## Notes to the Financial Statements

### Movement in scheme assets and liabilities

|   | Pension assets<br>€'000 | Pension liabilities<br>€'000 | Pension (deficit)/surplus<br>€'000 |
|---|-------------------------|------------------------------|------------------------------------|
| <b>At 1 January 2023</b>                        | <b>307,130</b>          | <b>(279,610)</b>             | <b>27,520</b>                      |
| Benefits paid from plan assets                  | (13,356)                | 13,356                       | -                                  |
| Employer contributions paid                     | 3,700                   | -                            | 3,700                              |
| Contributions by plan participants              | 992                     | (992)                        | -                                  |
| Current service cost                            | -                       | (2,349)                      | (2,349)                            |
| Interest income/(expense)                       | 12,710                  | (11,478)                     | 1,232                              |
| Re-measurement gains/(losses)                   |                         |                              |                                    |
| - Actuarial loss                                | -                       | (17,534)                     | (17,534)                           |
| - Gain on plan assets excluding interest income | 14,466                  | -                            | 14,466                             |
| <b>As at 31 December 2023</b>                   | <b>325,642</b>          | <b>(298,607)</b>             | <b>27,035</b>                      |
| 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)                           |
| <b>As at 31 December 2022</b>                   | <b>307,130</b>          | <b>(279,610)</b>             | <b>27,520</b>                      |

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 2023, the surplus in the Coillte CGA scheme was €16.1m (2022: surplus of €18.1m) and the Medite Europe DAC scheme was in a surplus position of €10.9m (2022: €9.4m).

## Notes to the Financial Statements

### The fair value of the plan assets was:

|                                     | 2023<br>€'000  | 2022<br>€'000  |
|-------------------------------------|----------------|----------------|
| Equities                            | 65,883         | 89,232         |
| Bonds                               | 196,326        | 156,848        |
| Property                            | 40,794         | 42,931         |
| Other                               | 22,639         | 18,119         |
| <b>Total market value of assets</b> | <b>325,642</b> | <b>307,130</b> |

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

|                                       | 2023<br>€'000 | 2022<br>€'000 |
|---------------------------------------|---------------|---------------|
| Actual return / (loss) on plan assets | 27,176        | (72,073)      |

## Notes to the Financial Statements

### Principal actuarial assumptions at the balance sheet date:

|                                      | 2023  | 2022  |
|--------------------------------------|-------|-------|
| Rate of increase in salaries         | 2.80% | 3.00% |
| Rate of increase in pension payments |       |       |
| - Coillte CGA                        | 2.30% | 2.50% |
| - Medite Europe DAC                  | 0.00% | 0.00% |
| Discount rate                        | 3.60% | 4.20% |
| Price inflation                      | 2.30% | 2.50% |
| Post-retirement mortality*           |       |       |
| Current pensioners at 65 - Male      | 22.6  | 22.6  |
| Current pensioners at 65 - Female    | 24.4  | 24.3  |
| Future pensioners at 65 - Male       | 24.4  | 24.3  |
| Future pensioners at 65 - Female     | 26.2  | 26.1  |

\* 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 €2.3m (2022: €1.9m) and contributions of €0.1m (2022: €0.2m) were not transferred to the funds until after the financial year end.

## Notes to the Financial Statements

### 15. Intangible assets

#### A. Group

|                                 |      | Software<br>€'000 |
|---------------------------------|------|-------------------|
| <b>Cost</b>                     |      |                   |
| At 1 January 2023               |      | 20,294            |
| Additions                       | (i)  | 1,387             |
| Disposals - cost                |      | (218)             |
| <b>At 31 December 2023</b>      |      | <b>21,463</b>     |
| <b>Accumulated amortisation</b> |      |                   |
| At 1 January 2023               |      | (10,620)          |
| Amortisation                    |      | (2,605)           |
| Disposals - amortisation        |      | 218               |
| <b>At 31 December 2023</b>      |      | <b>(13,007)</b>   |
| <b>Net book amounts</b>         |      |                   |
| At 31 December 2023             | (ii) | 8,456             |
| At 31 December 2022             |      | 9,674             |
| <b>Cost</b>                     |      |                   |
| At 1 January 2022               |      | 20,969            |
| Additions                       | (i)  | 342               |
| Disposals - cost                |      | (1,017)           |
| <b>At 31 December 2022</b>      |      | <b>20,294</b>     |
| <b>Accumulated amortisation</b> |      |                   |
| At 1 January 2022               |      | (9,584)           |
| Amortisation                    |      | (2,017)           |
| Disposals - amortisation        |      | 981               |
| <b>At 31 December 2022</b>      |      | <b>(10,620)</b>   |
| <b>Net book amounts</b>         |      |                   |
| At 31 December 2022             |      | 9,674             |
| At 31 December 2021             |      | 11,385            |

## Notes to the Financial Statements

### B. Company

|                                 |      | Software<br>€'000 |
|---------------------------------|------|-------------------|
| <b>Cost</b>                     |      |                   |
| At 1 January 2023               |      | 18,813            |
| Additions                       | (i)  | 1,053             |
| Disposals - cost                |      | (218)             |
| <b>At 31 December 2023</b>      |      | <b>19,648</b>     |
| <b>Accumulated amortisation</b> |      |                   |
| At 1 January 2023               |      | (9,150)           |
| Amortisation                    |      | (2,596)           |
| Disposals - amortisation        |      | 218               |
| <b>At 31 December 2023</b>      |      | <b>(11,528)</b>   |
| <b>Net book amounts</b>         |      |                   |
| At 31 December 2023             | (ii) | <b>8,120</b>      |
| At 31 December 2022             |      | <b>9,663</b>      |
| <b>Cost</b>                     |      |                   |
| At 1 January 2022               |      | 19,488            |
| Additions                       | (i)  | 342               |
| Disposals - cost                |      | (1,017)           |
| <b>At 31 December 2022</b>      |      | <b>18,813</b>     |
| <b>Accumulated amortisation</b> |      |                   |
| At 1 January 2022               |      | (8,117)           |
| Amortisation                    |      | (2,014)           |
| Disposals - amortisation        |      | 981               |
| <b>At 31 December 2022</b>      |      | <b>(9,150)</b>    |
| <b>Net book amounts</b>         |      |                   |
| At 31 December 2022             | (ii) | <b>9,663</b>      |
| At 31 December 2021             |      | <b>11,371</b>     |

(i) Software includes €Nil (2022: €0.1m) 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 €5.9m (2022: €6.9m). 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<br>€'000  | Buildings<br>€'000 | Investment<br>Properties<br>€'000 | Forest roads<br>& bridges<br>€'000 | Machinery &<br>equipment<br>€'000 | Total<br>€'000   |
|---------------------------------|-------|----------------|--------------------|-----------------------------------|------------------------------------|-----------------------------------|------------------|
| <b>Cost or valuation</b>        |       |                |                    |                                   |                                    |                                   |                  |
| At 1 January 2023               | (i)   | 367,043        | 45,716             | 29,524                            | 354,194                            | 257,926                           | 1,054,403        |
| Additions                       |       | 2,216          | 1,829              | -                                 | 14,250                             | 7,505                             | 25,800           |
| Transfers to/(from)             |       | -              | 5,584              | -                                 | -                                  | (5,584)                           | -                |
| Gain on revaluation             |       | -              | -                  | 1,788                             | -                                  | -                                 | 1,788            |
| Disposals                       |       | (646)          | (1,226)            | -                                 | -                                  | (1,023)                           | (2,895)          |
| <b>At 31 December 2023</b>      | (ii)  | <b>368,613</b> | <b>51,903</b>      | <b>31,312</b>                     | <b>368,444</b>                     | <b>258,824</b>                    | <b>1,079,096</b> |
| <b>Accumulated depreciation</b> |       |                |                    |                                   |                                    |                                   |                  |
| At 1 January 2023               |       | -              | (32,422)           | -                                 | (212,833)                          | (132,436)                         | (377,691)        |
| Charge for financial year       |       | -              | (2,412)            | -                                 | (13,523)                           | (9,970)                           | (25,905)         |
| Disposals                       |       | -              | 795                | -                                 | -                                  | 1,023                             | 1,818            |
| <b>At 31 December 2023</b>      |       | <b>-</b>       | <b>(34,039)</b>    | <b>-</b>                          | <b>(226,356)</b>                   | <b>(141,383)</b>                  | <b>(401,778)</b> |
| <b>Net book amounts</b>         |       |                |                    |                                   |                                    |                                   |                  |
| At 31 December 2023             |       | <b>368,613</b> | <b>17,864</b>      | <b>31,312</b>                     | <b>142,088</b>                     | <b>117,441</b>                    | <b>677,318</b>   |
| At 31 December 2022             |       | <b>367,043</b> | <b>13,294</b>      | <b>29,524</b>                     | <b>141,361</b>                     | <b>125,490</b>                    | <b>676,712</b>   |

## Notes to the Financial Statements

|                                 | Notes       | Land<br>€'000  | Buildings<br>€'000 | Investment<br>Properties<br>€'000 | Forest roads<br>& bridges<br>€'000 | Machinery &<br>equipment<br>€'000 | Total<br>€'000   |
|---------------------------------|-------------|----------------|--------------------|-----------------------------------|------------------------------------|-----------------------------------|------------------|
| <b>Cost or Valuation</b>        |             |                |                    |                                   |                                    |                                   |                  |
| 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)          |
| <b>At 31 December 2022</b>      | <b>(ii)</b> | <b>367,043</b> | <b>45,716</b>      | <b>29,524</b>                     | <b>354,194</b>                     | <b>257,926</b>                    | <b>1,054,403</b> |
| <b>Accumulated depreciation</b> |             |                |                    |                                   |                                    |                                   |                  |
| 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            |
| <b>At 31 December 2022</b>      |             | <b>-</b>       | <b>(32,422)</b>    | <b>-</b>                          | <b>(212,833)</b>                   | <b>(132,436)</b>                  | <b>(377,691)</b> |
| <b>Net book amounts</b>         |             |                |                    |                                   |                                    |                                   |                  |
| 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

### B. Company

|                                 | Notes       | Land<br>€'000  | Buildings<br>€'000 | Investment<br>Properties<br>€'000 | Forest roads<br>& bridges<br>€'000 | Machinery &<br>equipment<br>€'000 | Total<br>€'000   |
|---------------------------------|-------------|----------------|--------------------|-----------------------------------|------------------------------------|-----------------------------------|------------------|
| <b>Cost or valuation</b>        |             |                |                    |                                   |                                    |                                   |                  |
| At 1 January 2023               | (i)         | 355,261        | 18,704             | 29,524                            | 354,194                            | 11,828                            | 769,511          |
| Additions                       |             | 2,216          | 327                | -                                 | 14,250                             | 706                               | 17,499           |
| Gain on revaluation             |             | -              | -                  | 1,788                             | -                                  | -                                 | 1,788            |
| Disposals                       |             | (646)          | (1,225)            | -                                 | -                                  | (776)                             | (2,647)          |
| <b>At 31 December 2023</b>      | <b>(ii)</b> | <b>356,831</b> | <b>17,806</b>      | <b>31,312</b>                     | <b>368,444</b>                     | <b>11,758</b>                     | <b>786,151</b>   |
| <b>Accumulated depreciation</b> |             |                |                    |                                   |                                    |                                   |                  |
| At 1 January 2023               |             | -              | (5,587)            | -                                 | (212,833)                          | (7,349)                           | (225,769)        |
| Charge for financial year       |             | -              | (425)              | -                                 | (13,523)                           | (1,125)                           | (15,073)         |
| Disposals                       |             | -              | 795                | -                                 | -                                  | 776                               | 1,571            |
| <b>At 31 December 2023</b>      |             | <b>-</b>       | <b>(5,217)</b>     | <b>-</b>                          | <b>(226,356)</b>                   | <b>(7,698)</b>                    | <b>(239,271)</b> |
| <b>Net book amounts</b>         |             |                |                    |                                   |                                    |                                   |                  |
| At 31 December 2023             |             | 356,831        | 12,589             | 31,312                            | 142,088                            | 4,060                             | 546,880          |
| At 31 December 2022             |             | 355,261        | 13,117             | 29,524                            | 141,361                            | 4,479                             | 543,742          |

## Notes to the Financial Statements

|                                 | Notes       | Land<br>€'000  | Buildings<br>€'000 | Investment<br>Properties<br>€'000 | Forest roads<br>& bridges<br>€'000 | Machinery &<br>equipment<br>€'000 | Total<br>€'000   |
|---------------------------------|-------------|----------------|--------------------|-----------------------------------|------------------------------------|-----------------------------------|------------------|
| <b>Cost or valuation</b>        |             |                |                    |                                   |                                    |                                   |                  |
| 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)          |
| <b>At 31 December 2022</b>      | <b>(ii)</b> | <b>355,261</b> | <b>18,704</b>      | <b>29,524</b>                     | <b>354,194</b>                     | <b>11,828</b>                     | <b>769,511</b>   |
| <b>Accumulated depreciation</b> |             |                |                    |                                   |                                    |                                   |                  |
| 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            |
| <b>At 31 December 2022</b>      |             | <b>-</b>       | <b>(5,587)</b>     | <b>-</b>                          | <b>(212,833)</b>                   | <b>(7,349)</b>                    | <b>(225,769)</b> |
| <b>Net book amounts</b>         |             |                |                    |                                   |                                    |                                   |                  |
| <b>At 31 December 2022</b>      |             | <b>355,261</b> | <b>13,117</b>      | <b>29,524</b>                     | <b>141,361</b>                     | <b>4,479</b>                      | <b>543,742</b>   |
| <b>At 31 December 2021</b>      |             | <b>349,071</b> | <b>9,379</b>       | <b>29,524</b>                     | <b>137,670</b>                     | <b>1,728</b>                      | <b>527,372</b>   |

(i) Tangible assets, except for investment properties, 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 €8.9 m (2022: €11.8m) 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 (2022: €0.1m) of assets in the course of construction. In accordance with FRS102, depreciation of these additions has not yet commenced.

(iii) At 31 December 2023, €4.7m (2022: €3.0m) 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        |                |
|-------------------------------------|----------------|----------------|----------------|----------------|
|                                     | 2023<br>€'000  | 2022<br>€'000  | 2023<br>€'000  | 2022<br>€'000  |
| Investment properties at fair value | <b>31,312</b>  | 29,524         | <b>31,312</b>  | 29,524         |
| Other land at cost                  | <b>368,613</b> | 367,043        | <b>356,831</b> | 355,261        |
|                                     | <b>399,925</b> | <b>396,567</b> | <b>388,143</b> | <b>384,785</b> |

Details of the assumptions and judgements applied in the measurement of investment properties are set out in note 4.

### Investment properties: Group and Company:

|                       | 2023<br>€'000 | 2022<br>€'000 |
|-----------------------|---------------|---------------|
| At 1 January          | <b>29,524</b> | 29,524        |
| Gain on revaluation   | <b>1,788</b>  | -             |
| <b>At 31 December</b> | <b>31,312</b> | <b>29,524</b> |

The historic cost of investment properties at 31 December 2023 was €0.5m (2022: €0.5m).

## Notes to the Financial Statements

### 17. Biological assets

#### Group and Company

|                               | Notes    | 2023<br>€'000   | 2022<br>€'000 |
|-------------------------------|----------|-----------------|---------------|
| <b>Cost</b>                   |          |                 |               |
| At 1 January                  | (i)/(ii) | 973,588         | 953,019       |
| Additions                     |          | 35,061          | 35,974        |
| Depletion                     |          | (15,488)        | (15,405)      |
| At 31 December                |          | <b>993,161</b>  | 973,588       |
| <b>Accumulated impairment</b> |          |                 |               |
| At 1 January                  |          | (65,363)        | (65,363)      |
| At 31 December                |          | <b>(65,363)</b> | (65,363)      |
| <b>Net book amounts</b>       |          |                 |               |
| At 31 December                |          | <b>927,798</b>  | 908,225       |

- (i) 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 366,562 hectares of forestland in the Republic of Ireland and approximately 15,088 hectares of standing forest plantations established on leased land.
- (ii) Trustees of the superannuation pension scheme have security over €20m of forestry assets that would be available to the Trustees in certain circumstances.

## Notes to the Financial Statements

### 18. Investments

#### Subsidiary undertakings, joint ventures and associates

##### A. Group

|  | Notes | 2023<br>€'000 | 2022<br>€'000 |
|--|-------|---------------|---------------|
| Joint venture undertakings                                       | (a)   | 10,517        | 12,368        |
| Associate undertakings   | (b)   | 3,348         | 7,477         |
|  |       | <b>13,865</b> | 19,845        |
|  |       | <b>2023</b>   | 2022          |
|  | Notes | €'000         | €'000         |
| <b>(a) Investments in joint ventures</b>                         |       |               |               |
| At 1 January   |       | 12,368        | -             |
| Reclassification of joint venture investment from current assets | (i)   | -             | 16,531        |
| Share in loss of joint venture                                   | (ii)  | (1,851)       | (3,813)       |
| Reclassification of joint venture from provisions (note 25)      |       | -             | (350)         |
| At 31 December   |       | <b>10,517</b> | 12,368        |
|  |       | <b>2023</b>   | 2022          |
|  | Notes | €'000         | €'000         |
| <b>(b) Investments in associates</b>                             |       |               |               |
| At 1 January   |       | 7,477         | -             |
| Reversal of impairment of investment                             | (iii) | -             | 1,928         |
| Disposals of associates  | (iv)  | -             | (1,928)       |
| Share in profit of associates                                    |       | 2,414         | 7,458         |
| Share in other comprehensive income of associates                |       | 1,967         | 765           |
| Distributions from associates undertakings                       | (v)   | (8,510)       | -             |
| Reclassification of associates from provisions (note 25)         |       | -             | (746)         |
| At 31 December   |       | <b>3,348</b>  | 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 €19.5m 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 €16.5m should be reclassified from Debtors to Investments, to more accurately reflect the nature of Coillte's investment in FEI as an equity interest.
- (ii) FEI provides wind farm development consultancy services. As of the reporting date, the joint venture is incurring losses attributable to the significant upfront costs associated with the development of these wind farms. This is standard for projects in the early-stage development phase. The Group's share of its joint venture losses amounted to €1.9m in 2023 (2022: €3.8m).
- (iii) 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 a prior period impairment charge 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. At 31 December 2023 the amount was €Nil (2022: €1.9m).
- (v) The Group received distributions of €3.8m from its associate Sliabh Bawn Wind Holdings DAC in the year which have been offset against the carrying value of the Group's investment. Distributions of €4.8m received in prior years, which were included in creditors previously, have been reclassified in the same manner in the current year.

## Notes to the Financial Statements

### B. Company

|  | Subsidiary<br>undertakings | Joint<br>Ventures | Associate<br>undertakings | Total         |
|--|----------------------------|-------------------|---------------------------|---------------|
|  | €'000                      | €'000             | €'000                     | €'000         |
| <b>Unlisted shares</b>                 |                            |                   |                           |               |
| At 1 January 2023 and 31 December 2023 | <b>78,856</b>              | <b>16,531</b>     | <b>884</b>                | <b>96,271</b> |
| At 1 January 2022 and 31 December 2022 | 78,856                     | 16,531            | 884                       | 96,271        |

## 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, Ireland.              |
| FuturEnergy Ireland Development Holdings DAC | 50     | Wind energy                                 | 27/28 Herbert Place, Dublin 2, Ireland.   |
| Associated Undertakings                      | % Held | Principal Activities                        | Registered Office and Country of Incorporation                                  |
| Sliabh Bawn Wind Holdings DAC                | 37.5   | Wind energy                                 | Dublin Road, Newtownmountkennedy, Co. Wicklow, 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      |              |
|-------------------------------|---------------|---------------|--------------|--------------|
|                               | 2023          | 2022          | 2023         | 2022         |
|                               | €'000         | €'000         | €'000        | €'000        |
| Raw materials and consumables | 9,073         | 6,321         | 1,082        | 675          |
| Spare parts                   | 8,278         | 6,904         | -            | -            |
| Finished goods                | 24,811        | 21,775        | 3,146        | 3,562        |
|                               | <b>42,162</b> | <b>35,000</b> | <b>4,228</b> | <b>4,237</b> |

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        |                |
|---|----------------|---------------|----------------|----------------|
|   | 2023           | 2022          | 2023           | 2022           |
|   | €'000          | €'000         | €'000          | €'000          |
| Trade debtors (i)                               | 43,078         | 47,454        | 22,186         | 22,354         |
| Amounts owed by subsidiary undertakings         | -              | -             | 78,214         | 81,425         |
| Amounts owed by joint venture undertakings (ii) | 33,740         | 15,766        | 33,740         | 15,766         |
| Amounts owed by associate undertakings          | -              | -             | 4,930          | 8,680          |
| Forest plantations to be planted (note 25)      | 13,935         | 20,098        | 13,935         | 20,098         |
| Deferred tax (note 25)                          | 466            | 398           | 461            | 346            |
| Derivative financial instruments (note 24)      | 282            | 2,215         | 76             | 363            |
| Grants receivable                               | 420            | 426           | 420            | 426            |
| Corporation tax                                 | 629            | -             | 13             | 132            |
| Other debtors                                   | 8,647          | 5,924         | 8,598          | 5,896          |
| Prepayments                                     | 5,124          | 5,260         | 2,552          | 1,625          |
|   | <b>106,321</b> | <b>97,541</b> | <b>165,125</b> | <b>157,111</b> |

(i) Trade debtors are stated after provisions for bad debt of €1.3m (2022: €1.9m).

(ii) Loans of €18m were advanced to FEI during the course of 2023 to finance ongoing development expenditure (2022: €12.8m).

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 |       |
|--|-------|-------|---------|-------|
|  | 2023  | 2022  | 2023    | 2022  |
|  | €'000 | €'000 | €'000   | €'000 |
| Financial assets held for resale (note 18) | -     | 1,928 | -       | -     |

During the year, the Group disposed of its 3,500,000 shares in Accsys PLC, held as a financial asset held for resale, for consideration of €3.2m. Profit of €1.2m from this sale was recognised as an exceptional item (note 9) in 2023. At 31 December, assets held for resale at fair value is €Nil (2022: €1.9m). 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 2023, fair value gains/losses of €Nil(2022: €Nil) were recognised in finance income.

## Notes to the Financial Statements

### 22. Creditors: amounts falling due within one financial year

|  | Group         |               | Company       |               |
|--|---------------|---------------|---------------|---------------|
|  | 2023          | 2022          | 2023          | 2022          |
|  | €'000         | €'000         | €'000         | €'000         |
| Trade creditors                            | 20,782        | 11,892        | 9,873         | 6,756         |
| Taxation and social insurance              | 3,995         | 5,380         | 1,546         | 1,511         |
| Accruals                                   | 41,552        | 46,986        | 22,881        | 22,470        |
| Deferred income                            | 5,901         | 4,099         | 5,901         | 4,099         |
| Derivative financial instruments (note 24) | 136           | 6             | 14            | -             |
| Amounts owed to subsidiary undertakings    | -             | -             | 5,992         | 5,474         |
| Amounts owed to joint venture undertakings | 73            | 73            | 73            | 73            |
| Amounts owed to associate undertakings     | -             | 4,760         | -             | -             |
|  | <b>72,439</b> | <b>73,196</b> | <b>46,280</b> | <b>40,383</b> |

|  | Group        |              | Company      |              |
|--|--------------|--------------|--------------|--------------|
|  | 2023         | 2022         | 2023         | 2022         |
|  | €'000        | €'000        | €'000        | €'000        |
| <b>Taxation and social insurance comprise:</b> |              |              |              |              |
| PAYE/PRSI                                      | 2,226        | 2,482        | 940          | 985          |
| VAT  | 1,178        | 977          | 15           | (146)        |
| Corporation and capital gains tax              | -            | 1,187        | -            | -            |
| Other  | 591          | 734          | 591          | 672          |
|  | <b>3,995</b> | <b>5,380</b> | <b>1,546</b> | <b>1,511</b> |

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 €7.1m (2022: €5.6m) 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 |        |
|--|-------|--------|---------|--------|
|  | 2023  | 2022   | 2023    | 2022   |
|  | €'000 | €'000  | €'000   | €'000  |
| Loans, all repayable between 2 and 5 years | -     | 90,000 | -       | 90,000 |

#### Loans and other debt comprise:

|  | Group |       | Company |       |
|--|-------|-------|---------|-------|
|  | 2023  | 2022  | 2023    | 2022  |
|  | €'000 | €'000 | €'000   | €'000 |
|  |       |       |         |       |

#### Details of loans and other debt

|              |   |        |   |        |
|--------------|---|--------|---|--------|
| EIB facility | - | 90,000 | - | 90,000 |
|--------------|---|--------|---|--------|

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. During 2023, the Group repaid in full the €90m European Investment Bank facility.

#### Group Facilities

|  | Available Facility | Drawn Down as at 31 December 2023 |
|--|--------------------|-----------------------------------|
|  | €'m                | €'m                               |
|  |                    |                                   |

The Group has a total of €150m of facilities available to it at year end comprising:

|  |     |   |
|--|-----|---|
| • a syndicated revolving credit facility ('RCF') (i) | 150 | - |
|--|-----|---|

(i) During 2023, the Group executed a new RCF agreement for up to €150m with an initial five-year term to 2028, with the Group having the right to extend this by up to two additional years. Drawings incur interest at a margin of between 0.9% and 2.4%, 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.

The Group had undrawn facilities of €150m (2022: €90m) as at 31 December 2023.

## Notes to the Financial Statements

### 24. Financial instruments

| A. Financial assets and liabilities:                                   | Group      |              | Company   |            |
|--|------------|--------------|-----------|------------|
|  | 2023       | 2022         | 2023      | 2022       |
|  | €'000      | €'000        | €'000     | €'000      |
| <b>Financial assets measured at fair value through profit or loss:</b> |            |              |           |            |
| Shares held for resale (note 21)                                       | -          | 1,928        | -         | -          |
| Forward foreign currency contracts                                     | 282        | 2,215        | 76        | 363        |
|  | <b>282</b> | <b>4,143</b> | <b>76</b> | <b>363</b> |

#### Financial assets that are debt instruments measured at amortised cost:

|  |               |               |                |                |
|--|---------------|---------------|----------------|----------------|
| Trade debtors (note 20)                              | 43,078        | 47,454        | 22,186         | 22,354         |
| Amounts owed by subsidiary undertakings (note 20)    | -             | -             | 78,214         | 81,425         |
| Amounts owed by joint venture undertakings (note 20) | 33,740        | 15,766        | 33,740         | 15,766         |
| Amounts owed by associate undertakings (note 20)     | -             | -             | 4,930          | 8,680          |
| Other debtors (note 20)                              | 8,647         | 5,924         | 8,598          | 5,896          |
| Grants receivable (note 20)                          | 420           | 426           | 420            | 426            |
|  | <b>85,885</b> | <b>69,570</b> | <b>148,088</b> | <b>134,547</b> |

#### Financial liabilities measured at fair value through profit or loss:

|                                    |       |     |      |   |
|------------------------------------|-------|-----|------|---|
| Forward foreign currency contracts | (136) | (6) | (14) | - |
|------------------------------------|-------|-----|------|---|

#### Financial liabilities that are debt instruments measured at amortised cost:

|  |                 |                  |                 |                  |
|--|-----------------|------------------|-----------------|------------------|
| Trade creditors (note 22)                            | (20,782)        | (11,892)         | (9,873)         | (6,756)          |
| Amounts owed to subsidiary undertakings (note 22)    | -               | -                | (5,992)         | (5,474)          |
| Amounts owed to associate undertakings (note 22)     | -               | (4,760)          | -               | -                |
| Amounts owed to joint venture undertakings (note 22) | (73)            | (73)             | (73)            | (73)             |
| Loans (note 23)                                      | -               | (90,000)         | -               | (90,000)         |
|  | <b>(20,855)</b> | <b>(106,725)</b> | <b>(15,938)</b> | <b>(102,303)</b> |

# 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 2023, all of the outstanding vanilla forward contracts will mature within 12 months (2022: 12 months) of the financial year end, with €72.8m to mature in 2023. The Group is contracted to sell Stg £63.5m (2022: Stg £64.3m) and receive a fixed euro amount in return.

At 31 December 2023, the Group had average rate forward contracts outstanding for a notional amount of Stg £17.2m (2022: Stg £17.2m), 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 2023, the forward foreign currency contracts have a positive fair value movement of €0.2m (2022: €3.2m positive fair value movement). During 2023, a hedging loss of €1.8m (2022: €2.6m hedging gain) 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 €0.2m (2022: €0.5m gain) was reclassified from the hedge reserve to the profit and loss account.

### 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 2023, 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 £17.2m (2022: Stg £17.2m), where the Company will pay the difference of the average exchange rate based on known observations and the strike price. At 31 December 2023, the forward foreign currency contracts have a positive fair value movement of €0.1m (2022: €1.4m positive fair value movement).

# Notes to the Financial Statements

## 25. Provisions for liabilities

### A. Group

|                                       | Provision for replanting clear felled forest plantations | Legal and other provisions | Deferred tax  | Total         |
|---------------------------------------|--|----------------------------|---------------|---------------|
|                                       | €'000  | €'000                      | €'000         | €'000         |
| <b>At 1 January 2023</b>              | <b>20,098</b>  | <b>3,760</b>               | <b>13,844</b> | <b>37,702</b> |
| Additions                             | 18,125   | 962                        | 1,842         | 20,929        |
| Amounts charged against the provision | (24,288)   | (928)                      | -             | (25,216)      |
| Unused amounts reversed               | -  | (554)                      | -             | (554)         |
| Unwind of discount                    | -  | 21                         | -             | 21            |
| <b>At 31 December 2023</b>            | <b>13,935</b>  | <b>3,261</b>               | <b>15,686</b> | <b>32,882</b> |

|                                       | 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         |
| <b>At 1 January 2022</b>              | <b>24,394</b>  | <b>350</b>                 | <b>746</b>             | <b>3,384</b>               | <b>11,829</b> | <b>40,703</b> |
| 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            |
| <b>31 December 2022</b>               | <b>20,098</b>  | <b>-</b>                   | <b>-</b>               | <b>3,760</b>               | <b>13,844</b> | <b>37,702</b> |

## 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           |
| <b>At 1 January 2023</b>                     | <b>20,098</b>  | <b>1,094</b>               | <b>9,609</b>  | <b>30,801</b>   |
| <b>Additions</b>                             | <b>18,125</b>  | <b>350</b>                 | <b>590</b>    | <b>19,065</b>   |
| <b>Amounts charged against the provision</b> | <b>(24,288)</b>  | <b>(495)</b>               | <b>-</b>      | <b>(24,783)</b> |
| <b>At 31 December 2023</b>                   | <b>13,935</b>  | <b>949</b>                 | <b>10,199</b> | <b>25,083</b>   |
| 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          |

### 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 which is expected to be completed 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 each 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        |                |
|------------------------------|-----------------|-----------------|----------------|----------------|
|                              | 2023            | 2022            | 2023           | 2022           |
|                              | €'000           | €'000           | €'000          | €'000          |
| Deferred Tax Asset (note 20) | 466             | 398             | 461            | 346            |
| Deferred Tax Liability       | (15,686)        | (13,844)        | (10,199)       | (9,609)        |
|                              | <b>(15,220)</b> | <b>(13,446)</b> | <b>(9,738)</b> | <b>(9,263)</b> |

### The net deferred tax liability comprises:

|                                      | Group           |                 | Company        |                |
|--------------------------------------|-----------------|-----------------|----------------|----------------|
|                                      | 2023            | 2022            | 2023           | 2022           |
|                                      | €'000           | €'000           | €'000          | €'000          |
| Accelerated capital allowances       | (4,036)         | (3,198)         | -              | -              |
| Defined benefit pension              | (1,681)         | (1,645)         | (352)          | (467)          |
| Derivative financial instruments     | (14)            | 190             | -              | -              |
| Revaluation of investment properties | (10,199)        | (9,609)         | (10,199)       | (9,609)        |
| Other timing difference              | 710             | 816             | 813            | 813            |
|                                      | <b>(15,220)</b> | <b>(13,446)</b> | <b>(9,738)</b> | <b>(9,263)</b> |

## Notes to the Financial Statements

### 26. Deferred government grants

#### Group & Company

|                                  | Forestation<br>€'000 | Forest roads<br>€'000 | Other<br>€'000 | Total<br>€'000 |
|----------------------------------|----------------------|-----------------------|----------------|----------------|
| <b>At 1 January 2023</b>         | <b>98,685</b>        | <b>20,702</b>         | <b>109</b>     | <b>119,496</b> |
| <b>Additions</b>                 | -                    | 1,181                 | -              | 1,181          |
|                                  | <b>98,685</b>        | <b>21,883</b>         | <b>109</b>     | <b>120,677</b> |
| <b>Amortised during the year</b> | <b>(1,455)</b>       | <b>(1,349)</b>        | <b>(109)</b>   | <b>(2,913)</b> |
| <b>At 31 December 2023</b>       | <b>97,230</b>        | <b>20,534</b>         | <b>-</b>       | <b>117,764</b> |
| At 1 January 2022                | 99,969               | 20,677                | 114            | 120,760        |
| Additions                        | -                    | 1,003                 | -              | 1,003          |
|                                  | 99,969               | 21,680                | 114            | 121,763        |
| Amortised during the year        | (1,284)              | (978)                 | (5)            | (2,267)        |
| <b>At 31 December 2022</b>       | <b>98,685</b>        | <b>20,702</b>         | <b>109</b>     | <b>119,496</b> |

#### 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

|  | 2023<br>€'000    | 2022<br>€'000 |
|--|------------------|---------------|
| Ordinary shares of €1.26 each<br>Authorised – 1,000,000,000 shares           | <b>1,260,000</b> | 1,260,000     |
| Allocated, issued and fully paid – 631,000,003 shares<br>presented as equity | <b>795,060</b>   | 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 renominialised to €1.26. Consequently, the issued and fully paid share capital was reduced by €6.1m and that amount was transferred to this reserve.

#### Cash-flow hedge reserve

The cash-flow hedge reserve is used to record gains and losses arising from the Group's cash-flow hedging arrangements where hedge accounting has been applied.

#### Retained earnings

Retained earnings of the Group and Company include €20.6m (2022: €19.4m) of unrealised gains representing a gain on the revaluation of investment properties of €30.8m (2022: €29.0m) and a related deferred tax provision of €10.2m (2022: €9.6m). 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

|  | 2023          | 2022          |
|--|---------------|---------------|
|  | €'000         | €'000         |
| Contracted for                                     | 13,090        | 14,323        |
| Authorised by the Directors but not contracted for | 55,720        | 62,086        |
| <b>At 31 December</b>                              | <b>68,810</b> | <b>76,409</b> |
| 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       |               |
|--------------------------------------|---------------|---------------|---------------|---------------|
|                                      | 2023          | 2022          | 2023          | 2022          |
|                                      | €'000         | €'000         | €'000         | €'000         |
| <b>Payments due:</b>                 |               |               |               |               |
| Within one financial year            | 2,446         | 2,376         | 2,351         | 2,194         |
| Between two and five financial years | 7,756         | 6,575         | 7,731         | 6,492         |
| Over five financial years            | 10,902        | 10,423        | 10,902        | 10,423        |
|                                      | <b>21,104</b> | <b>19,374</b> | <b>20,984</b> | <b>19,109</b> |

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 2023, Smartply was committed to making an annual payment of €116,000 (2022: €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 windfarms. 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 |               |
|--------------------------------------|-----------------|---------------|
|                                      | 2023            | 2022          |
|                                      | €'000           | €'000         |
| <b>Receipts due:</b>                 |                 |               |
| Within one financial year            | 3,183           | 2,927         |
| Between two and five financial years | 13,054          | 11,816        |
| Over five financial years            | 49,291          | 43,789        |
|                                      | <b>65,528</b>   | <b>58,532</b> |

### 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 Trust or €4,444,083. The Group's maximum commitment to acquire forest assets reduces as the initial leased assets are clear felled and the underlying lands revert to Coillte. At 31 December 2023, the maximum amount that the Group can be required to purchase is €8,371,301.

#### B. Immature Forest Asset

Trustees of the superannuation pension scheme have security over €20m 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 | 2023<br>€'000 | 2022<br>€'000  |
|---|-------|---------------|----------------|
| Profit for the financial year   |       | 53,486        | 109,419        |
| Adjustments for:  |       |               |                |
| Amortisation of intangible assets                                     | 15    | 2,605         | 2,017          |
| Depreciation of tangible assets                                       | 16    | 25,905        | 19,830         |
| Profit on disposals of tangible assets                                | 10    | (4,617)       | (2,178)        |
| Gain on revaluation of investment properties                          | 16    | (1,788)       | -              |
| Other exceptional items   | 9     | (1,245)       | (1,928)        |
| Depletion of biological assets  | 17    | 15,488        | 15,405         |
| Amortisation of grants  | 26    | (2,913)       | (2,267)        |
| Share of associate (profits)/losses                                   | 18    | (2,414)       | (7,458)        |
| Share of joint venture losses   | 18    | 1,851         | 3,813          |
| Interest payable  | 11    | 994           | 1,619          |
| Interest receivable   | 11    | (4,308)       | (334)          |
| Other finance costs   | 11    | 21            | 155            |
| Taxation  | 13    | 11,399        | 11,496         |
| Movement in provisions for liabilities <sup>1</sup>                   | 25    | (499)         | 376            |
| Difference between pension charge and cash contributions              |       | (2,583)       | (834)          |
| <b>Working capital movements:</b>                                     |       |               |                |
| Increase in stock   |       | (7,162)       | (1,305)        |
| Decrease in debtors <sup>2</sup>                                      |       | 1,789         | 15,538         |
| Increase/(decrease) in creditors <sup>3</sup>                         |       | 3,948         | (22,088)       |
| <b>Net cash inflow from operating activities before taxation paid</b> |       | <b>89,957</b> | <b>141,276</b> |

<sup>1</sup> Excluding provision for replanting clear felled forest plantations, associate undertakings and provision for deferred tax.

<sup>2</sup> Excluding capital grants receivable, corporation tax, amounts owed by joint venture and associate undertakings, forest plantations to be planted, deferred tax asset and the change in fair value of derivative financial instruments (assets) recognised in the statement of other comprehensive income.

<sup>3</sup> 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. Net interest (received)/paid

|                               | 2023<br>€'000  | 2022<br>€'000 |
|-------------------------------|----------------|---------------|
| Interest payable (note 11)    | 994            | 1,619         |
| Interest receivable (note 11) | (4,308)        | (334)         |
| Movement on interest accruals | 374            | (34)          |
|                               | <b>(2,940)</b> | <b>1,251</b>  |

## C. Analysis of movement in net cash

|              | Balance<br>1 Jan<br>€'000 | Cash Flows<br>€'000 | Balance<br>31 Dec<br>€'000 |
|--------------|---------------------------|---------------------|----------------------------|
| Cash at bank | 155,471                   | (90,545)            | 64,926                     |
| Loans        | (90,000)                  | 90,000              | -                          |
|              | <b>65,471</b>             | <b>(545)</b>        | <b>64,926</b>              |

## D. Reconciliation of net cash flow to movement in net debt

|  | 2023<br>€'000 | 2022<br>€'000 |
|--|---------------|---------------|
| (Decrease)/ increase in cash in the financial year | (90,545)      | 34,400        |
| Repayment of bank loans                            | 90,000        | -             |
|  | <b>(545)</b>  | <b>34,400</b> |
| Net cash at the beginning of the financial year    | 65,471        | 31,071        |
| <b>Net cash at the end of the financial year</b>   | <b>64,926</b> | <b>65,471</b> |

# Notes to the Financial Statements

## 33 . Note to Company Statement of Cash Flows

### Reconciliation of profit to net cash inflow from operating activities

|   | Notes | 2023<br>€'000   | 2022<br>€'000 |
|---|-------|-----------------|---------------|
| <b>Profit for the financial year</b>                                  |       | <b>93,218</b>   | 35,718        |
| Adjustments for:  |       |                 |               |
| Amortisation of intangible assets                                     | 15    | <b>2,596</b>    | 2,014         |
| Depreciation of tangible assets                                       | 16    | <b>15,073</b>   | 9,902         |
| Profit on disposals of tangible assets                                |       | <b>(4,486)</b>  | (2,376)       |
| Gain on revaluation of investment properties                          | 16    | <b>(1,788)</b>  | -             |
| Dividends received from subsidiary undertakings                       |       | <b>(85,000)</b> | -             |
| Depletion of biological assets  | 17    | <b>15,488</b>   | 15,405        |
| Amortisation of grants  | 26    | <b>(2,913)</b>  | (2,267)       |
| Interest payable  |       | <b>990</b>      | 1,352         |
| Interest receivable   |       | <b>(562)</b>    | (80)          |
| Other finance costs   |       | -               | 189           |
| Taxation  |       | <b>3,882</b>    | 1,668         |
| Movement in provisions for liabilities <sup>1</sup>                   | 25    | <b>(145)</b>    | 580           |
| Difference between pension charge and cash contributions              |       | <b>(1,070)</b>  | (623)         |
| <b>Working capital movements:</b>                                     |       |                 |               |
| Decrease/(increase) in stock  |       | <b>9</b>        | (308)         |
| (Increase)/decrease in debtors <sup>2</sup>                           |       | <b>(3,461)</b>  | 7,645         |
| Increase/(decrease) in creditors <sup>3</sup>                         |       | <b>5,607</b>    | (3,262)       |
| <b>Net cash inflow from operating activities before taxation paid</b> |       | <b>37,438</b>   | 65,557        |

<sup>1</sup> Excluding provision for replanting clear felled forest plantations, associate undertakings and provision for deferred tax.

<sup>2</sup> 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 2022.

<sup>3</sup> 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, NDP Delivery 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 28 March 2024.

## 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 and Sustainability Report.

| TCFD Elements                | TCFD Recommended Disclosures   | Referenced   |
|------------------------------|--|--|
| <b>Governance</b>            | a. Board oversight   | Page 18-19 (Chair's Statement)<br>Page 44-48 (Sustainability)<br>Page 85-100 (Statement on Internal Control and Risk Management)<br>Page 101-106 (Governance Statement and Board Members' Report)  |
|                              | b. Management's role   | Page 20-24 (Chief Executive Review)<br>Page 44-48 (Sustainability)<br>Page 85-100 (Statement on Internal Control and Risk Management)  |
| <b>Strategy</b>              | a. Climate-related risks and opportunities                                   | Page 18-19 (Chair's Statement)<br>Page 20-24 (Chief Executive Review)<br>Page 28-29 (Financial Review)<br>Page 34-39 (Strategy in Action)<br>Page 50 - 51 (Partnerships)<br>Page 52-55 (Materiality)<br>Page 58 (Sustainability Strategy)<br>Page 60-62 (Climate Scenario Analysis)<br>Page 66 (Bio and Circular Economy)<br>Page 85-100 (Statement on Internal Control and Risk Management) |
|                              | b. Impact on the organisation's businesses, strategy, and financial planning | Page 34-39 (Strategy in Action)<br>Page 60-62 (Climate Scenario Analysis)  |
|                              | c. Resilience of the organisation's strategy                                 | Page 20-24 (Chief Executive Review)<br>Page 34-39 (Strategy in Action)<br>Page 58 (Sustainability Strategy)<br>Page 60-62 (Climate Scenario Analysis)<br>Page 66 (Bio and Circular Economy)  |
|                              |  |  |
| <b>Risk Management</b>       | a. Risk identification & assessment process                                  | Page 52-55 (Materiality)<br>Page 60-62 (Climate Scenario Analysis)<br>Page 85-100 (Statement on Internal Control and Risk Management )   |
|                              | b. Risk management process   | Page 85-100 (Statement on Internal Control and Risk Management)  |
|                              | c. Integration into overall risk management                                  | Page 85-100 (Statement on Internal Control and Risk Management)  |
| <b>Metrics &amp; Targets</b> | a. Climate-related metrics in line with strategy and risk management process | Page 34-39 (Strategy in Action)<br>Page 58 (Sustainability Strategy)<br>Page 60-62 (Climate Scenario Analysis)<br>Page 64 (Carbon Reduction Targets)<br>Page 64-65 (Sustainable Transport)   |
|                              | b. Scope 1, 2, 3 GHG metrics and related risks                               | Page 63-64 (Carbon Disclosure)<br>To be further developed during 2024  |
|                              | c. Climate-related targets and performance against targets                   | Page 64 (Carbon Reduction Targets)<br>To be further developed during 2024  |

# Corporate Information

### Registered Office

Dublin Road,  
Newtownmountkennedy,  
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### Company Secretary

Deirdre Coleman

### Auditors

KPMG  
Chartered Accountants & Registered Auditors

### Bankers

Bank of Ireland  
Allied Irish Banks  
Rabobank Ireland  
Danske Bank

### Insurance Brokers

Marsh Ireland

### Solicitors

Arthur Cox  
Byrne Wallace  
Eversheds Sutherland  
McCann FitzGerald  
Mason Hayes & Curran  
A&L Goodbody  
Holmes O'Malley Sexton  
Philip Lee  
Clyde & Co  
Nathaniel Lacy & Co  
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