



An Roinn Talmhaíochta,
Bia agus Mara
Department of Agriculture,
Food and the Marine

Briefing Note for Secretary General
Meeting with Coillte Chair Vivienne Jupp and CEO Imelda
Hurley
12th June 2024 at 4.30p.m. in Agriculture House

List of Topics:

General Information about Coillte

- 1) Corporate Governance & Strategic Planning**
- 2) Shareholder Letter of Expectation (SLOE)**
- 3) Finance & Related issues**
- 4) HR**
- 5) Update from State Body**
- 6) Sustainability**

General Information about Coillte

Coillte CGA (Cuideachta Ghníomhnaíochta Ainmnithe) was established as a commercial state company with private limited status under the Forestry Act 1988 to become custodian and manager of the national forest estate. Coillte is currently managing 440,000ha of land (7% of the total area of the Republic of Ireland).

Coillte is Ireland's largest landowner and its activities are carried out across three operating Divisions:

- Coillte Forest (CF) – which manages the Group's forestry business
- MEDITE SMARTPLY (MSP) – which manages the Group's panel products companies (namely Smartply outside Waterford city and Medite in Clonmel)
- Coillte Land Solutions (CLS) – which manages a portfolio of assets including land assets and renewable energy projects (now includes Coillte Nature)

Coillte licensing

Afforestation:

Coillte submitted 4 afforestation licence applications for an area of 31ha in 2023. Approval was issued for 62ha of afforestation to Coillte in 2023.

Felling:

Coillte supply approximately 75% of the sawlogs that are processed in Irish sawmills. During 2023 a total of 1,414 felling licences were issued to Coillte, amounting to over 4million cubic metres of timber. **94% of Coillte's 2024 harvesting programme and 90% of the 2025 requirement has been licenced to date and a total of 813 felling licence applications have been received for 2026.** Processing of these applications is already underway. This progress allows Coillte to plan with confidence for the future and the Department will continue to work closely with them to continue this efficient delivery of licences during 2024.

Coillte concerns about conditionality of felling licences

DAFM have just concluded a consultation process with the FII in relation to standard conditions for felling licences. While DAFM were able to address some of the issues raised, others are still with DAFM for further consideration. Once this process is completed DAFM intend to undertake by the end of the year a full stakeholder consultation on these standard conditions.

Outstanding issues are as follows;

Setbacks from water bodies reducing the productive forest area

Depending on the number of water bodies within a project area, the amount of productive area can be reduced significantly as a result of water setbacks. Setback distances currently being included in licences can range from 10m to 25m on either side of the water body depending on slope and soil type. These setbacks are based on the findings from the HydroFOR project (2016). A review of setbacks for felling is currently underway and is due to conclude shortly.

Conditions linked to protecting the badger habitat

Where an active badger set is located within a project area, licences include the following conditions;

- A 50m exclusion zone must be established around the sett where trees can only be felled manually.
- All works must be confined to daylight hours and no artificial lighting is to be used on site.

Coillte maintain that felling trees manually is not a realistic option as chainsaw operators are not readily available; the health and safety aspects of using chainsaws when harvesters are available as a safer option is also raised. To leave the trees behind will only lead to windblow, which will damage badger setts.

The second of these conditions in relation to restricting artificial light is also contested by Coillte. Operators need to work at night, machines need to use orange lights and beacons for health and safety purposes. DAFM are using the badger conditions used by the National Roads Authority.

A DAFM ecologist is currently reviewing alternative options in relation to both these conditions.

Hen Harrier

DAFM are currently implementing the hen harrier protocol set out in the 'Hen Harrier Conservation and the Forestry Sector in Ireland' document as agreed with the NPWS. This involves the use of 'Red Areas' to delineate 'High Likelihood of Nesting Areas'. Project areas falling within these zones are subject to a timing restriction where harvesting operations cannot take place between the 1st March and the 15th August. DAFM do not support giving these data to forestry companies/forest owners as the data is highly sensitive and access needs to be restricted to protect the hen harrier. Coillte feel that the current DAFM approach is too broad and should be limited to actual areas where breeding pairs have been sighted. DAFM disagree. Coillte want to establish a 'Forest Birds Working Group' to develop improvements to the current procedures for hen harrier and merlin. DAFM support the establishment of a 'Felling Technical Working Group' which will have a wider remit but which can include these issues.

Setbacks when using pesticides

Felling licences currently include a condition whereby manual top up applications of pesticide for the control of weevil cannot be done within 50m of an aquatic zone. Coillte contend that this setback was more appropriate to cypermethrin, however cypermethrin is no longer being used in Ireland and has been replaced with acetamiprid. DAFM are currently reviewing these conditions.

Roads:

In 2023, Coillte submitted licence applications for 423 (156km) forest roads. 218 roads for a combined length of 79km were approved during the year.

The table below shows a breakdown of forest road applications.

<i>Year</i>	<i>No. of applications to be approved</i>	<i>Total Number of Applications received</i>	<i>% Approved</i>
2023	4	200	98
2024	30	228	86
2025	146	271	54

Based on current rates of processing, we expect to have all but the most difficult cases completed by December 2024. There remains 1 application from 2022 also.

1) Corporate Governance & Strategic Planning

Code of Practice – Coillte confirmed compliance with the Code for 2023

In the annual letter from the Chair to the Minister dated 28th March 2024 from Patrick Eamonn King, Chair elect for the March Coillte Board meeting, Coillte confirmed the Board has adopted and implemented the principles outlined in the 2016 Code of Practice in respect of the financial year ending 31 December 2023.

Anti-Fraud Policy

Coillte confirm to the Line division each quarter if there are any suspected instances of fraud, none have been reported to date. They also confirm that they have an Anti-Fraud Policy Statement, a Group Code of Business Conduct (with a section on fraud) and a Protected Disclosures Policy, which combined act as their counter fraud arrangements.

Strategic Implementation Plan for Forest Estate Strategic Land Use Plan

In December 2023, Coillte launched its Forest Estate Strategic Land Use Plan (FESLUP) 2023-2050, based on their Strategic Vision which was launched during 2022, following an extensive public consultation process. This Strategic Vision for Coillte’s forest estate aims at delivering the multiple benefits of Ireland’s state forests across four strategic pillars: Climate, Nature, Wood and People. These four strategic pillars are fully aligned with DAFM’s Forest Strategy for Ireland.

Coillte ambitions:

For Climate	<ol style="list-style-type: none"> 1. 100,000ha of new forests by 2050 2. 10m tonnes CO2 store increase by 2050 3. 30,000ha peatland redesigned by 2050 4. 1 Gigawatt renewable energy by 2030
For Nature	<ol style="list-style-type: none"> 5. 30% Primarily for Nature by 2025 6. 50% Primarily for Nature in Long term
For Wood	<ol style="list-style-type: none"> 7. 25 Million m3 timber by 2030 8. 80% timber frame homes by 2030
For People	<ol style="list-style-type: none"> 9. €100m in Visitor destinations by 2030 10. Doubling recreation areas to 500 11. 1,200 new jobs in rural communities

The delivery of the FESLUP will be set out in Coillte's planned Forest Estate Strategic Implementation Plan for the period 2026-2035. This Plan will translate the objectives listed in the FESLUP into implementable and measurable actions. Coillte intend to update this plan every 10 years and it will be subject to a SEA and AA process and the company hope to publish the results in early 2025.

The main objectives set out in Coillte's strategy include the establishment of afforestation of 100,000 hectares by 2050, to produce 25 million m3 of certified Irish timber, to increase the area of its forest estate being managed primarily for nature from 20% to 50% in the long term (half of which will be native woodlands), and to double the number of recreation areas nationally to 500.

Under the new European State Aid rules which provide the legal basis for the new Forestry Programme 2023-2027, Coillte is now eligible to avail of both grants and premiums under the Afforestation Scheme 2023-2027.

Afforestation

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 has 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 Mona to enable the creation of new woodland on circa 300 ha of cutaway bog and subject to the project being successful to extend to circa 1,500ha. This is the **Midlands Native Woodlands** project, which is being paid for under the new Forestry Programme (Item 5 below Update from State Body refers). They are also working with local authorities to identify public land that is available for afforestation.
- 2) The creation of new native woodlands: These will be realised by the **Nature Trust**
[REDACTED]
- 3) The creation of mixed woodlands:
[REDACTED]

In the current SLOE we state that Coillte should in line with government policy should develop initiatives to support and realise the planting of forests to a meaningful scale in the years ahead, whether as part of their core business or as participants in subsidiary or partnership enterprise. The situation has now changed, given that Coillte are now eligible for both grants and premiums under the current Forestry Programme. The expectation would be that they carry out planting themselves and not rely solely on partnerships.

2) Shareholder Letter of Expectation (SLOE)

New SLOE for 2024

An updated Shareholder Letter of Expectation issued to Coillte in June 2022 which outlines the Shareholders' requirements from Coillte in relation to a range of policy objectives, including commitments to embark on an ambitious programme of afforestation on state-owned lands.

[REDACTED]

We would welcome Coillte's views on any issues/constraints within the 2022 letter and also their views on funding and delivering on their targets set out in their strategic vision.

It is envisaged that a new Shareholder Letter will be issued to Coillte during 2024.

Dividend Policy

Under the current dividend policy it is open to Coillte to apply between 20% to 30% dividend payout ratio on their normalised profits.

Total Dividend payments made by Coillte:

Year: 20	08-13 incl	14	15	16	17	18	19	20	21	22	23	Total
Dividend [€m]	14.6	6	4	6.2	8.0	15.0	13.0	2.3	25	27.7	10*	131.80

* Interim Dividend paid in respect of 2023 (this represents 23% of normalised profits, a total dividend of c.€13 million would equal 30% of normalised profits).

[REDACTED]

[REDACTED]

[REDACTED]

Coillte advise in their letter to the Minister of 28th March that they will continue to engage with the Shareholder departments and NewERA on the Board's review of the dividend policy. They are considering what the most appropriate policy is against the current operating backdrop and the expectations to deliver across a range of commercial and societal expectations.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

3) Finance & Related issues

Financial performance year to date 2024 and outlook to 2027

In accordance with paragraph 1.16 of the Code and as part of its business planning process, Coillte has prepared its five-year business and financial plan for the financial years FY 23-FY 27. [REDACTED]

[REDACTED]

[REDACTED]

Special Dividend

[REDACTED]

5) Update from State Body

In the Agenda we have asked Coillte for an update on the following – below are some background notes:

Coillte Nature Projects

Coillte Nature, the not-for-profit branch of Coillte, is dedicated to the restoration, regeneration and rehabilitation of nature across Ireland through projects of scale.

For example:

- 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, Curracloe, Co. Wexford by restoring sand dune habitats and improving the long-term natural conservation values of the reserve.
- The **Wild Western Peatlands** project aims at contributing to Coillte’s ambition to redesign 30,000 hectares of peatland forests for climate and ecological benefits by 2050. This project’s objective is to restore and rehabilitate approximately 2,100 hectares of Atlantic blanket bog that was drained and planted with conifer trees in the 1950s and 1960s. In 2023, an Environmental Impact Assessment Report and planning application was submitted to Galway County Council, for a 560-hectare site at Derryclare in Co. Galway, targeting to restore and rehabilitate these lands. In a recent decision, Galway Co. Co. refused planning permission for this application. Coillte have decided not to appeal to ABP, [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
- The **Dublin Mountains Makeover project** is planning to transform 900 hectares of commercial plantations for people and nature. Coillte owns half of the forests in the Dublin Mountains, with the other half owned privately. Work continues on the Dublin Mountains Makeover with a mix of Continuous Cover Forestry (CCF) thinning and ‘Remove and Replant’ (R&R) operations taking place through 2022. To date 38ha (approx. 92,000 trees) of new native woodland has replaced conifer forests in the Dublin Mountains. About 40ha of spruce and pine forests were thinned according to CCF principles. The Climate Resilient Reforestation scheme which is due

to launch shortly will not be open to public lands. The Neighbourwood scheme which is expected to launch in Q3 or Q4 of this year may be suitable to this project.

- The **Midlands Native Woodlands** project is a collaboration with Bord na Mona to establish native woodland cover on cutaway bogs which are not possible to re-wet. Trials on 120 plots over two years have been carried out. In September 2023, Coillte submitted an Environmental Impact Assessment Report (EIAR) and afforestation consent application to DAFM. The total potential area that can be covered by the project extends to 1,500ha. The EIA covered an initial area of 338ha of cutaway peatlands in the Littleton Bog complex, Co. Kilkenny. The DAFM EIAR Review Team are currently finalising the redacted documents for upload to the Forestry Licencing Viewer for the 2nd period of Public Consultation and consultation with the Consultation Bodies and other experts, as well as the associated Notification Letters.
- Habitat restoration works continued during 2023 in Coillte's Devil Glen Forest in Co. Wicklow.



FuturEnergy Ireland (FEI)

- In 2021, Coillte established a joint venture with the ESB, “FuturEnergy Ireland” which aims to develop 1GW (gigawatt) of renewable energy by 2030, mainly through wind farms on Coillte sites. This makes Coillte a key player in Ireland’s transition to a more sustainable future in electricity generation, a central component of the 2020 Programme for Government, Ireland’s Climate Action Plan and the National Development Plan (2021-30).

Ministerial consent was granted to Coillte in 2021 in respect of their investment in
FEI.

[Redacted]

[Redacted]

[Redacted]

[Redacted]

6) Sustainability

Progress with implementation of Climate Action Framework (Action 55 Framework)

NewERA has an action under the Climate Action Plan (CAP) 2021 to report to the Department of the Environment, Climate and Communications (DECC) on the implementation of the Climate Action Framework for the Commercial Semi State sector (the Framework), in Q1 and Q3 each year. This action has been carried forward and included in the CAP 2023.

The Framework was developed in consultation with CSBs and incorporates approaches to various aspects of corporate climate action objectives. The Framework reflects the exemplar role CSBs are expected to play in decarbonisation, while also recognising their separate nature and commercial mandate in their respective operating environments. The Framework was approved by Government in July 2022.

The Framework sets out five commitments in relation to Climate Action objectives:

1. Governance of climate action objectives
2. Emissions measurement & reduction target
3. Emissions valuation in investment appraisal
4. Circular Economy and green procurement
5. Climate related disclosures

NewERA submitted a Q3 2023 Implementation update in January 2024 which notes the following:

- The level of adoption of each of the elements of Commitment 1 and 2 has increased
- Commitment 3 remains a challenge for the majority of CSBs
- The level of progress on commitment 4 has increased
- In relation to commitment 5 eight CSBs are already reporting under existing climate related disclosure frameworks and thirteen CSBs have either completed or started to prepare for a double materiality (or similar) assessment.