



02 June 2022

Ms Bernie Gray
Chairperson
Coillte
Newtownmountkenedy
Co. Wicklow

Strictly Private and Confidential
Updated Letter of Expectation

Dear Ms Bernie Gray,

Further to the Letter of Expectation dated 9 May 2017 (the **"2017 Letter of Expectation"**) and following the publication of the Climate Action Plan 2021 and the 2022 Annual General Meeting, the Minister for Public Expenditure and Reform (**"MPER"**) and I have given further consideration to the Government objectives for Coillte Cuideachta Gníomhaíochta Ainmnithe (**"Coillte"** or the **"Company"** which shall include reference to its subsidiaries) and our respective Departments (the **"Departments"**) have consulted with the New Economy and Recovery Authority (**"NewERA"**) in this regard.

This letter is intended as an update to the 2017 Letter of Expectation, to provide guidance to Coillte and its Board of Directors (the **"Board"**) with respect to Government's current objectives for Coillte and the primary considerations which may be taken account of by both the MPER and me (and other Government Ministers, where relevant) in respect of the matters for which our consent is required, including under the Forestry Acts 1988 to 2014 (the **"Acts"**), the Constitutions of Coillte and its subsidiaries and the Code of Practice for the Governance of State Bodies (the **"Code"**). As with previous letters of this nature², we believe that this letter will be helpful to the Company particularly in its corporate and strategic planning processes. It is intended that this letter will cover the period from the date of this letter to the date of the subsequent Letter of Expectation.

The specific objectives outlined in this letter should be considered in the context of Coillte's vires, Coillte's constitution and the Government's overall policy objectives for Coillte, namely that:

- The Company should be profitable and cash generative, maintaining financial policies and a capital structure taking account of future obligations (including pensions), that facilitate the payment of dividends to its shareholders and maintains a level of headroom to have sufficient liquidity and financial flexibility to protect loan covenant requirements;
- The Company should deliver shareholder returns that exceed its equity cost of capital;
- As set out in the Forestry Act 1988, Coillte's vires has the principal objects of carrying on the business of forestry and related activities on a commercial basis...; establishing and

¹ Reference to "Department" in the singular shall be a reference to the Department of Agriculture, Food and the Marine unless otherwise specified.

² Letters dated 9 July 2014 and 9 May 2017.



carrying on woodland industries; participating with others in forestry and related activities ... designed to enhance the effective and profitable operation of the company...’.

- In response to the climate and biodiversity crises, Coillte will seek to balance its commercial obligations under the Forestry Act 1988 with the delivery of the multiple benefits of forestry for society including increased afforestation and recreation provision and through contributing to Ireland’s emission reduction targets under the Climate Action Plan 2021.

The specific objectives set out hereunder should be considered in the context of these overall policy objectives.

1) Specific Policy Objectives

Ireland’s Climate Action Plan 2021 sets a target of 22-30% greenhouse gas (GHG) emissions reduction by 2030 for the agriculture sector, in addition to a target of a 37-58% emissions reduction in the Land Use, Land Use Change and Forestry (LULUCF) sector in the same timeframe. We as shareholders are greatly encouraged by Coillte’s ambitions as expressed in the Annual Report 2021 to create new forests, to enhance biodiversity, nature, and the capture of carbon from its existing forests.

In addition to the extensive carbon capture that will result from the creation of new forests and the management of Coillte’s existing forests, Coillte should continue with its long-term commitment to biodiversity and to the planned increase in the area of its forest estate being managed primarily for nature.

In this context, the Government has a number of priority policy objectives for Coillte which it wishes to see addressed in the short term as part of Coillte’s implementation of its vision.

i. Afforestation

The current level of forest cover in Ireland is 11% of the total land area which is low in comparison to European standards, which stand at approximately 39% forest cover. It is widely recognised that afforestation is a vital land-based climate change mitigation measure available to Ireland, and that effective management of the existing forests has the potential to provide opportunities to increase carbon stores.

Both native and non-native forests have a role to play in meeting our afforestation targets set out in the Climate Action Plan 2021. Coillte has not been involved in planting new productive forests in many years and should now, in line with Government policy, develop initiatives to support and realise the planting of such forests to a meaningful scale in the years ahead, whether as part of their core business or as participants in a subsidiary or partnership enterprise. These would be multi-functional forests, which would deliver economic returns to the company and provide environmental benefits to rural communities and to society as a whole.

In relation to the Nature Partners CLG joint-venture, created with the aim of creating large-scale native woodlands, the shareholders look forward to immediate progress, including the implementation of specific KPIs for afforestation rates.

ii. Coillte Nature

We acknowledge and welcome the specific focus that Coillte Nature, the not-for-profit branch of Coillte, launched in 2019, brings to the delivery of eco-system services in response to the climate change and biodiversity challenges faced by Ireland. We fully support Coillte Nature in its approach, which we appreciate foresees projects of scale to



create, restore, regenerate and rehabilitate biodiverse habitats across Ireland, and has the potential to deliver on our national environmental objectives.

We note two projects in particular under development and consideration:

- **The Midlands Native Woodland Project** aims to plant approximately 4 million native trees across 1500 hectares of Bord na Móna land that is no longer used for peat production. **The Wild Western Peatlands Project** aims to restore and rehabilitate approximately **2,100 hectares** of Atlantic blanket bog and heathland that is currently planted with lodgepole pine and Sitka spruce forests involving a combination of rewetting and replanting..

iii. **National Forest Strategy**

The National Forest Strategy is currently under development and Coillte's strategic vision for our future forest estate as recently published should be reviewed to ensure coherence once the final National Strategy is published. It is essential that Coillte as the state forestry company plays a central role in the realisation of the new National Vision. Coillte will be required to deliver actions that enable the implementation of the next Forest Strategy in the short to medium term.

Section iv redacted

v. **Land Sales**

Section 14 of the Forestry Act 1988 requires that 'the company shall submit to and agree with the Minister each year, a programme for the sale and acquisition of land and the sale of timber, whether standing or felled'. A letter to this effect, in which an overall figure is given for proposed land sales during the year, has been received from Coillte each year.

Section 8.34 of the Code of Practice for the Governance of State Bodies, 2016 requires that disposals of land above a **value of €150,000** should be by auction or competitive tendering process, other than in exceptional circumstances. When land in this category is being offered



for sale, it would be good practice in terms of corporate governance for Coillte to notify DAFM of the proposed sale

In addition, we would advise that Coillte undertake to consider as broad a range of factors as possible, including the biodiversity, amenity and heritage value of each individual site, before making them available for sale.

Section vi redacted

2) General Policies

i. Dividends

It is our view that a dividend policy, tailored to the specific circumstances of each commercial semi state body, should apply in the commercial state sector, with a view to facilitating management in prioritising objectives and providing greater clarity on dividend payments over the medium term. We acknowledge that the Board reviewed the Company's dividend policy during 2019, as submitted to NewERA in correspondence dated 4 October 2019.

The shareholders appreciate that a dividend payment of 30% of normalised profits has been made in respect of 2021, in line with the Company's dividend policy. It is noted that the dividend policy is expected to be reviewed in 2022 and the Shareholders, in conjunction with NewEra, look forward to engaging with Coillte in that regard.

ii. Financial Target Setting

Appendix I sets out a number of financial performance measures. Consistent with its statutory functions to provide financial and commercial advisory services to relevant Ministers in relation to designated bodies (which include Coillte) under the National Treasury Management Agency ("NTMA") (Amendment) Act 2014, NewERA will assess these financial performance measures in the context of the financial information received from Coillte and provide advice to us as necessary in accordance with the NTMA (Amendment) Act 2014.

It was requested in the 2017 Letter of Expectation that capital structure and profitability targets be agreed with the MPER and me, with the support of NewERA. We acknowledge the financial targets proposed in **Coillte's Corporate Plan 2020 to 2024**. The incorporation of sustainability targets into the financial targets in order to reflect the urgent importance of addressing climate change and biodiversity challenges will be considered alongside the upcoming review of Coillte's dividend policy. Furthermore, following discussions with



NewERA, we wish for updated targets to be set as part of each year's corporate planning for the following measures³:

- (i) A capital structure target (gearing or debt/equity ratio) reflecting the Company's underlying business mix;
- (ii) A profitability target reflecting the risk profile of the expected business mix;
- (iii) An operating cash target reflecting a shift in focus from profit to cash and a substantial increase in net cash flow; and
- (iv) A debt sustainability target (operating cash/net debt) reflecting the Company's capacity to service its debt.

We consider that relevant financial targets should be used to assist in balancing value creation and maintaining financial risks at a reasonable level, without incentivising increased business risk. The aim should be to formulate high-quality targets that are ambitious while remaining realistic, and that are well defined and clear and thus capable of being assessed on an ongoing basis to assist in assessing financial performance.

As part of the ongoing evaluation and monitoring of the financial targets, we expect that both Departments, together with NewERA, would meet with Coillte at least once annually to discuss these targets, their outcome and relevance, Coillte's work to achieve the targets, and whether any changes need to be made to them to ensure their continued relevance.

iii. Shareholder Returns

We will continue to review total shareholder return ("TSR"), assisted in this process by NewERA. We acknowledge that returns will vary from year to year, sometimes due to temporary or non-controllable factors, but it remains a key objective that the factors driving changes in Coillte's value are clearly understood. To facilitate this, it is expected that independent equity valuations would continue to be procured by Coillte every two years, with the next of those required to be submitted by the end of June 2023 (based on a valuation date of 31 December 2022) (the "2022 Valuation").

We acknowledge receipt of the independent equity valuation based on the valuation date of 31 December 2020 which is currently being reviewed.

3) Sectoral Policy Objectives

In addition to the overall policy objectives of Coillte listed above, we wish to ensure that Coillte continues to work actively to support general Government policy in the forestry sector in the context of the climate and biodiversity emergency. This will require an appropriate level of on-going investment by Coillte, with care being taken to ensure that core areas of activity are prioritised within the resources available to the Company for reinvestment.

Sustainable forest management will continue to underpin the management of the Coillte estate. In this regard, it is important that Coillte pay attention to the following main economic, environmental and social considerations:

³ Dividend expectations are set out in Coillte's dividend policy and therefore targets relating to dividends are not necessary.



i. Economic

- Coillte will maintain and enhance the productivity of its underlying forest asset in a way that is consistent with the aim of significantly increased afforestation, good forest practice and the protection of the environment. It will ensure good stocking and appropriate silvicultural management throughout the rotation, maintain good forest health, avoid any excess removal of nutrients at harvesting, and apply appropriate species and provenance selection and sufficient stocking levels during the planting, establishment and subsequent growth of reforested areas so as to ensure their continued productivity and ability to supply wood fit for market.
- Coillte will ensure a sustainable, continuous and predictable level of roundwood and fibre supply from its forests, to underpin its own current and future asset return and to support indigenous industry, added value and employment.
- Where appropriate, ***‘Coillte will implement recommendations expected to be set out as part of the forest strategy deliverables from Project Woodland’***., in particular, measures to increase wood mobilisation within its own estate and, where appropriate, the private forest sector, through the sharing of information and knowledge and other means.

ii. Environment

- Coillte will adhere to good environmental practice in all its operations and practices, to protect biodiversity, water and soil, archaeology, landscape, and other aspects of Ireland's natural and cultural heritage.
- Where appropriate, Coillte will positively engage with initiatives, measures and partnerships aimed at protecting and enhancing important species and habitats, water, landscape, and other aspects of Ireland's heritage.
- Coillte will continue to protect and enhance carbon stores and sinks within its estate.

iii. Social

- Coillte will continue to provide on a planned strategic basis for the use of its forest and non-forest lands for appropriate types of outdoor recreation and environmental awareness, in a way that is compatible with the maintenance of the forest resource and protection of the environment.
- Coillte will continue the policy objective of delivering recreation benefits.

4) Governance Arrangements

i. Corporate Plan

With respect to the rolling 5-year corporate plan which Coillte is required to prepare and submit to me pursuant to the Code of Practice for Governance of State Bodies, going forward, we would encourage Coillte to continue engaging with NewERA early in this process in order to enable feedback to be provided to you on the plan in a timely fashion. I ask that the policy



objectives and financial targets that are to be established pursuant to this letter continue to be incorporated by the Company in future plans.

ii. Board evaluation

Consistent with the requirement in the Code, we expect that the Board constantly reviews its own operation and performance and that of its committees and individual members, that the Board undertakes an evaluation of its performance on an annual basis and that the Board considers having such an evaluation facilitated by an independent assessment every three years. We know that such a review and evaluation process in Coillte is led by the Chairperson and expect that it allows each Director to give honest and constructive feedback on performance, both individually and for the Board as a whole. Your attention is accordingly drawn to the 'Board Self-Assessment Evaluation Questionnaire' issued in August (2016) in conjunction with the Code.

We note that an independently facilitated evaluation was carried out in late 2021/2022 and request that a formal high-level feedback report should be provided to us (copied to NewERA) on overall Board performance⁴, key focus areas for continuing development and assurance that the process has been properly implemented.

iii. Reporting

As you know, the Code sets out current requirements in terms of reporting obligations, which supplement Coillte's obligations in this regard under the Acts. We also expect Coillte to continue with the quarterly meetings that are held with NewERA, my Department and DPER, and I am very appreciative of the co-operation that Coillte has shown to date in this regard. We also anticipate a continuation of the existing policy of regular communication with both Departments and NewERA should any material matters arise.

Some specific reporting expectations are set out below:

i. Remuneration and Superannuation

The Remuneration and Superannuation Annex, appended to the Code, outlines the requirements which must be met by State bodies under this heading. In particular, this document now includes revised approval requirements in relation to severance schemes and pension scheme proposals. These should be read in conjunction with Circular 16 of 2021. You should ensure that all necessary governance steps are taken to comply fully with these new requirements as well as with all of the other provisions contained in the Remuneration and Superannuation Annex. We recognise the disclosures regarding key management compensation made in the Coillte Financial Statements from 2015 onwards following the adoption of FRS102.

ii. Project Ireland 2040 Investment Projects and Programmes Tracker (the "Tracker")

The Tracker sets out information on all of the key Exchequer-funded investment projects and programmes being delivered under Project Ireland 2040 and is currently published on www.gov.ie. NewERA has been engaging with a number of the commercial State companies, including Coillte, on behalf of DPER in relation to extending the scope of the NDP Tracker to also include non-Exchequer funded public capital investment given the key role State companies play in the delivery of critical

⁴ Note that performance relates to the performance of the Board as a collective and the feedback report is not to contain comments on the performance of individual board members.



infrastructure across the State. Your ongoing co-operation in this regard is appreciated.

iii. *Post-Project Reviews*

Consistent with the provisions in the Public Spending Code, it is expected that post-project reviews will be carried out by Coillte for all large (and a proportion of other) capital projects⁵. For any capital projects that were subject to Ministerial consent, it is requested that Coillte submit the post-project review, where requested to do so by my Department, DPER and/or NewERA.

iv. *Gender Equality and Diversity*

As you are aware, it has been an ongoing commitment of Government to increase the female representation on State Boards, with a goal to appoint women to at least 40% of such positions. Coillte's achievement of this goal is noted. Relatedly, your attention is drawn to the new Annex to the Code on Gender Balance, Diversity and Inclusion, which was published by DPER in September 2020. It is expected that all commercial State-owned entities would contribute to improving the representation of women in leadership at all levels and to measure, monitor and report the progress of these initiatives. It is requested that an update on efforts by Coillte in this regard be covered at the quarterly meetings with both Departments and NewERA.

v. *Climate Action Framework*

As outlined in Section 5 below, the Climate Action Framework sets out five commitments required by CSSBs in relation to their climate action objectives. It is requested that updates be given to both the Department and NewERA by Coillte on how the Company plans to implement the commitments outlined in the Climate Action Framework.

5) *Sustainability*

In April 2018, 'The Sustainable Development Goals National Implementation Plan 2018-2020' was launched, the first of a series of implementation plans in the period to 2030 (the "SDG Implementation Plan") relating to the United Nations 2030 Agenda for Sustainable Development (the "2030 Agenda").

The 2030 Agenda explicitly calls for companies, especially large and multinational companies, to be encouraged to adopt sustainable practices and to integrate sustainability information into their reporting cycle. In this regard, we acknowledge the appointment by Coillte of a Chief Sustainability Officer and Group Sustainability Manager in 2021 together with the adoption of a new sustainability and climate-related governance process. We also acknowledge the relevant disclosures in Coillte's Annual Report for 2021 in relation to the measuring, monitoring and reporting of the impact of the sustainability initiatives undertaken. In particular we note Coillte's commitment to the Framework of the Financial Stability Board Task Force on Climate-Related Financial Disclosures and their ambition to achieve full compliance with the Framework within the next three years.

⁵ The Public Spending Code requires post-project reviews to be carried out for capital projects costing greater than €20m and at least 5% of other capital projects. The Code requires that the Board should ensure that robust and effective systems and procedures are in place in the State body concerned to ensure compliance as appropriate, with the relevant principles, requirements and guidelines of the Public Spending Code.



NewERA will continue to incorporate sustainability perspectives into its annual financial review of key commercial State companies and will remain in contact with Coillte in relation to this item.

Climate Action & the Climate Action Framework:

The Climate Action and Low Carbon Development (Amendment) Act 2021 places on a statutory basis a 'national climate objective', which:

- commits to pursue and achieve no later than 2050, the transition to a climate resilient, biodiversity-rich, environmentally sustainable and climate-neutral economy;
- embeds the process of carbon budgeting into law - Government is required to adopt a series of economy-wide five-year carbon budgets, and sectoral emissions ceilings for each relevant sector, on a rolling 15-year basis, starting in 2021;
- provides that the carbon budgets should provide for a 51% reduction in greenhouse gas emissions by 2030 (relative to a baseline of 2018);
- provides that public bodies (as defined in the Climate Action and Low Carbon Development Act 2015) will be obliged to perform their functions in so far as is practicable in a manner consistent with national climate plans and strategies, and furthering the achievement of the national climate objective.

The Climate Action Plan 2021 sets a roadmap for taking decisive action to halve our emissions by 2030 and reach net-zero no later than 2050. For the commercial State sector, NewERA in conjunction with the Department of the Environment, Climate and Communications and the Department of Public Expenditure and Reform has designed a Climate Action Framework (the "Framework") for commercial semi-state bodies, reflecting the exemplar role they are to play in decarbonization, while also recognizing the need for commercial independence in their respective operating environments. The Framework is expected to be submitted for approval to Government later this year.

The Framework sets out five commitments by CSSBs in relation to their climate action objectives:

Objective	Details
Governance of Climate Action Objectives	The company's climate action objectives will be integrated into strategic business planning and there will be oversight at Board level, including reporting to the relevant Minister
Reduction target and emissions measurement	CSSBs will formally adopt the Government's emissions reduction target for the public sector and the SEAI measurement methodology



Measuring and valuing emissions in investment appraisals	The value of emissions will be considered by the company as part of its investment decision-making process
Circular economy and green procurement	The company will promote circular economy measures and green procurement
Climate related disclosures in financial	The company will identify a climate-related financial disclosures framework that is relevant and appropriate to the company's activities and sector(s).

I would like to thank Coillte for engaging with NewERA in the development of the Framework and it is my expectation that the Company will formally adopt the commitments in the Framework and provide updates to the Departments and NewERA on the Company's progress towards meeting those commitments. My Department and NewERA will engage with you further in relation to the Framework as required.

National Biodiversity Action Plan (NBAP)

Ireland is Party to the UN Convention on Biological Diversity (CBD) (1992) and has made a commitment to prepare National Biodiversity Action Plans towards the achievement of the Convention's targets: namely to secure the conservation of biological diversity; sustainable use of its components; and the equitable sharing of the benefits arising out of the utilisation of genetic resources. Ireland's 3rd National Biodiversity Action Plan 2017-2021 has been completed and is under review in advance of preparation of the 4th NBAP 2022-2026. It contains 119 actions under a framework of seven strategic objectives. Coillte is included as a lead organisation and I look forward to it playing a key role in delivering biodiversity actions under the 4th NBAP.

6) Land Development Agency

As you are aware, the Land Development Agency ("LDA") was established on a statutory footing⁶ in September 2018 to ensure, amongst other things, a strategic approach to the development of State and other publicly owned lands, and delivery of housing and securing sustainable urban development in line with the National Planning Framework and National Development Plan published in February 2018 as part of Project Ireland 2040.

The LDA Act 2021 was recently passed, and its purposes include (amongst others) the regulation of relevant public land in order to increase the amount of land available for the provision of housing so as to address deficiencies in the housing market; the formation of a designated activity company to be known as the Land Development Agency and the conferring of functions on the Agency to develop and regenerate relevant public land for the delivery of housing and to develop and manage housing on that and other land, including with other persons or bodies. This is clearly a priority matter for Government and I would ask for Coillte's continued engagement and cooperation, as appropriate, with the LDA.

⁶ S.I. No. 352 of 2018



7) Engagement

Our expectation is that you will engage with the Departments, along with NewERA, in the near term to discuss the matters set out in this letter in more detail. This process will enable the Company to set out its perspectives in relation to the proposed approach outlined in this letter and appendix. We would be grateful if you would make appropriate arrangements for discussions with NewERA and the Departments in this regard as soon as possible.

Yours sincerely

A handwritten signature in black ink, reading 'Pippa Hackett'. The signature is fluid and cursive, with the first name 'Pippa' being more prominent than the last name 'Hackett'.

Ms. Pippa Hackett, Senator

Minister of State with responsibility for land use and biodiversity at the
Department of Agriculture, Food and the Marine

Co-signed by:

A handwritten signature in black ink, reading 'Michael McGrath'. The signature is written in a cursive style, with the first name 'Michael' being more prominent than the last name 'McGrath'.

Mr. Michael McGrath T.D

Minister for Public Expenditure and Reform

CC Mr. Andrew O'Flanagan
Director, NewERA



Appendix I: Financial Performance Measures

Profitability and Efficiency

Measure	Calculation
Turnover Growth	Year-on-year growth in reported turnover
EBITDA Margin	Adjusted EBITDA <u>divided by</u> reported turnover
EBIT Margin/ Operating Profit Margin	Adjusted EBIT <u>divided by</u> reported turnover
PAT Margin	Net profit after tax, adjusted for exceptional items and certain fair value movements
Return on Invested Capital	Net operating profit after tax (NOPAT) <u>divided by</u> average invested capital
Return on Capital Employed	i. Adjusted EBIT / Capital Employed (average) ii. Adjusted EBIT / Adjusted Capital Employed (average)

Liquidity

Measure	Calculation
Current Ratio	Aggregate of closing balance for inventories, trade and other receivables, cash and current tax assets <u>divided by</u> aggregate of closing balance for trade and other payables, current borrowings and current tax liabilities
Acid Test Ratio	Aggregate of closing balance for trade and other receivables, cash and current tax assets <u>divided by</u> aggregate of closing balance for trade and other payables, current borrowings and current tax liabilities

Leverage and Solvency

Measure	Calculation
Net Gearing	iii. Net debt <u>divided by</u> net debt plus equity iv. Net debt <u>divided by</u> net debt plus pension liabilities plus employee related liabilities plus equity
Net Debt/EBITDA	Net debt <u>divided by</u> Adjusted EBITDA
EBITDA Interest Cover	Adjusted EBITDA <u>divided by</u> interest paid

Shareholder Returns

Measure	Calculation
Total Shareholder Return	Equity value at the end of the year less equity value at the beginning of the year plus equity injected plus dividends paid <u>divided by</u> equity value at the beginning of the year
Dividend Payout	Dividends Paid (excluding special dividends) <u>divided by</u> prior year Adjusted PAT
Dividend Yield	Dividends Paid / Commercial Equity Value (average)
Earnings (adjusted) growth	Year-on-year growth in Adjusted PAT



Entity Specific Metrics

Measure	Calculation
FFO Interest Coverage	S&P and Moody's basis
FFO / Debt	S&P and Moody's basis

Other

Measure	Calculation
Average Employee Costs	<p>Employee costs <u>divided by</u> average number of employees where employee costs:</p> <ol style="list-style-type: none">1. Include capitalised payroll, pension costs and social welfare costs and excludes exceptional costs (if any)2. Include capitalised payroll and excludes exceptional costs (if any), social welfare costs and pension costs <p>Note: where an entity does not disclose the average number of employees in the notes to its financial statements, the employee numbers as at the end of the financial year are used.</p>

Definitions of key terms used in calculations

Term	Definition
Adjusted Capital Employed	Net debt <u>plus</u> Equity <u>plus</u> pension liabilities <u>plus</u> employee related liabilities
Adjusted EBIT	Earnings before interest and tax, adjusted for exceptional items and certain fair value movements. Also referred to in this report as operating profit
Adjusted EBITDA	Earnings before interest, tax, depreciation and amortisation adjusted for exceptional items and certain fair value movements
Adjusted PAT	Net profit after tax, adjusted for exceptional items and certain fair value movements
Capital Employed	Net debt <u>plus</u> Equity
Commercial Equity Value	As per Section 2 of this letter
Dividends Paid	Dividends paid during the financial year per the cashflow statement (including or excluding special dividends depending on the individual metric)
Equity	Total shareholder(s) equity taken from the balance sheet
Fair value movements	Includes unrealised fair value gains/losses on derivatives or all fair value gains/losses on derivatives where the Designated Body does not separately identify unrealised items



Term	Definition
Invested Capital	Adjusted total debt plus adjusted total equity (per NewERA methodology)