



Gníomhaireacht Bainistíochta an Chisteáin Náisiúnta
National Treasury Management Agency

Carbon Fund Annual Report 2025



Background

The Carbon Fund was established under the Carbon Fund Act 2007. The purpose was for the acquisition of Kyoto Units and any other such instruments or assets on behalf of the State. This was intended to meet international climate change obligations under the 1992 United Nations Framework Convention on Climate Change, the 1997 Kyoto Protocol to that Convention, and future agreements to which the state becomes bound. Units purchased in the fund are intended to supplement domestic mitigation action.

Management of the Fund was delegated to the National Treasury Management Agency (NTMA). The NTMA was also designated as the purchasing agent for the acquisition of the necessary credits. Carbon credits are referred to in the legislation as Kyoto Units.

Section 6 of the Carbon Fund Act 2007 states: “As soon as may be, but not later than 6 months after the end of each financial year of the Agency, the Agency shall make a report to the Minister of its activities in relation to the performance during the year concerned of the functions delegated to it under this Act, and the Minister shall cause copies of the report to be laid before each House of the Oireachtas.”

This report is the nineteenth report to the Minister for Climate, Energy and the Environment¹ under the Carbon Fund Act, and covers the year ended 31 December 2025.

Statement of Agency’s Responsibilities

The National Treasury Management Agency (the “Agency”) is required by the Carbon Fund Act 2007 (as amended) (the “Act”) to prepare financial statements in respect of the operations of the Carbon Fund for each financial year.

In preparing those statements, the Agency:

- selects suitable accounting policies and then applies them consistently;
- makes judgements and estimates that are reasonable and prudent;
- prepares the financial statements on a going concern basis unless it is inappropriate to do so;
- discloses and explains any material departure from applicable accounting standards.

The Agency is responsible for keeping in such form as prescribed under Section 5 of the Act, all proper and usual accounts in relation to the performance by it of the functions delegated or granted to it under the Act. The Agency shall whenever requested to do so in accordance with the Act, provide such financial statements and such information in relation to such financial statements as is required under legislation.

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

Report

There were no purchases by the Carbon Fund in 2025. As noted in the 2024 Carbon Fund Report in April 2025 the NTMA received an instruction from the Department of the Environment, Climate and Communications (DECC) for the voluntary cancellation of the remaining 701,795 units from the fund on the basis that these units could not be used for compliance with current EU emissions reduction targets and are not valid for use under the framework of the Paris Agreement. This cancellation occurred on 17 April 2025. Details of the transaction can be found in the 2024 Carbon Fund Report².

The Fund now has no remaining units.

¹ The Department for the Environment, Climate and Communications officially became the Department of Climate, Energy and the Environment on June 2, 2025.

² <https://www.ntma.ie/publications/carbon-fund-annual-report-2024>

Financial Statements of the Carbon Fund

For the year ended 31 December 2025

Contents

Statement on Internal Control	3
Report of the Comptroller and Auditor General	6
Statement of Financial Position	8
Fund Account	9
Notes to the Financial Statements	10

Statement on Internal Control - Carbon Fund

The National Treasury Management Agency (the “Agency”) is the manager of the Carbon Fund (the “Fund”). The Agency’s Statement on Internal Control is set out below.

Scope of Responsibility

On behalf of the National Treasury Management Agency (“the Agency”) we acknowledge the Agency’s responsibility for ensuring that an effective system of internal control is maintained and operated. This responsibility takes account of the requirements of the Code of Practice for the Governance of State Bodies (2016).

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 only provide 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 issued by the Department of Public Expenditure, Infrastructure, Public Service Reform and Digitalisation has been in place in the Agency for the year ended 31 December 2025 and up to the date of approval of the 2025 financial statements.

Capacity to Handle Risk

The Agency has a formal risk management and governance framework in place, designed to support the proactive management of risk. The Agency’s Risk Management Policy and Framework and Risk Appetite Framework, together set out its risk appetite, its risk management structures and processes and details the roles and responsibilities of staff in relation to risk. The Agency has ultimate oversight and accountability in relation to risk management and provides direction by approving the Risk Management Policy and Framework and the Risk Appetite Framework. Thereafter the Agency assures itself on an ongoing basis that executive management is responding appropriately to risks and it is assisted in this regard by the Audit and Risk Committee (ARC), which monitors adherence to risk governance and risk appetite, with the objective of ensuring that risks are properly identified, assessed, managed and reported.

The ARC currently comprises four members (including three Agency members and an external member), with a range of skills appropriate to the ARC’s functions including financial and audit expertise. The Committee met formally nine times in 2025.

An executive-level Enterprise Risk Management Committee (“ERMC”) oversees the effective management of risk and compliance by reviewing and / or approving key risk frameworks and policies, monitoring the organisation’s risks and controls and monitoring the overall risk profile and strategic risks.

The Risk Management Policy and Framework and Risk Appetite Framework which were updated in 2025 were published and communicated to all staff who are expected to comply with the requirements therein. The embedding of risk management was supported by a programme of risk training and awareness in the reporting period.

Risk and Control Framework

The Agency’s Risk Management Policy and Framework, supported by the Risk Appetite Framework, provides the methodology and processes, by which key risks are identified, assessed, managed, monitored and reported and are supported by a suite of risk management policies.

Individual business units and corporate functions of the Agency maintain risk registers in which their key risks and controls are recorded and responsibility for operation of the controls assigned. These registers are reviewed twice yearly by the respective business units and corporate functions and the controls therein are attested by the control owners. Risk registers were reviewed and challenged by the appropriate risk committees, including the ARC, during the reporting period.

The ARC also reviewed and challenged the Agency’s principal risks¹ in the reporting period taking account of a risk assessment exercise conducted by the ERMC, supported by the business units and corporate functions.

¹ The Fund was inactive during the period and no material residual risks were identified.

The Agency has an established control environment, as part of which:

- Authority and financial responsibilities are delegated by the Agency Chief Executive to Agency management and staff through the use of delegated authorities which define their authority and financial responsibilities to act on behalf of the Agency.
- It has developed policies and procedures in respect of the management of the key aspects of its activities. These policies and procedures are reviewed by their business owners and updated to align with business processes.
- It has an appropriate financial and budget management system, incorporating accounts payable controls as well as regular reporting of the Agency's costs and monitoring of costs against budget to the Executive Management Team.
- It has an established financial reporting framework to support its external and statutory reporting obligations in respect of its businesses.
- It has established systems, procedures and controls in place to manage and safeguard its business assets including property, equipment and vehicle assets.
- It takes all reasonable measures considered necessary to protect information and systems including the confidentiality, integrity and authenticity of the information stored on Agency systems and to minimise so far as practicable the risk of unauthorised access to information from both internal and external sources. This protection is achieved through the application of recognised standards, policies and controls.
- It has established third party risk policy and procedures to assess and manage risks posed by third parties including the monitoring and oversight of critical third party service providers.
- It has an established Cyber Security Framework to facilitate identification, assessment, and management of the cyber risks that the Agency may be exposed to. Regular Staff Awareness Training on cyber risks is also in place for all Agency staff.
- It has a business continuity framework with a view to ensuring the Agency is able to manage disruptive scenarios, provide contingency premises, recover key systems and maintain as far as possible the continuity of critical operations, and resume normal business operations in a timely manner.

Ongoing Monitoring and Review

The Agency has established processes for the ongoing monitoring and review of the effectiveness of controls which are carried out through its three lines of defence model which includes:

- The first line, comprising the Agency's business units and corporate functions, owns the risks associated with business activities and is primarily responsible for managing those risks on a day-to-day basis. This includes implementing and monitoring adherence to the Agency's risk management policies and risk appetite, conducting risk and control self-assessments, managing operational events and implementing appropriate responses. They provide reports for the Agency's risk governance committees on its risks and controls and operational events.
- The second line comprises the Agency's Risk and Compliance functions and is independent of the first line management and operations. The Risk function oversees compliance with risk management policies across the Agency, provides independent review and challenge to the first line, and provides risk reports and information to the various risk governance committees. The Compliance function and Data Protection Officer promote compliance and personal data protection awareness through training, codes of conduct and relevant policies. They provide compliance and personal data protection support, advice and independent challenge to first line management and submit regular reports to the ERM and ARC.
- Internal Audit is a third line of defence, providing independent risk-based assurance to key stakeholders on the robustness of the Agency's governance, risk management system and the design and operating effectiveness of the internal control environment under a planned programme of work approved by the ARC. The internal auditor provides regular reporting to the ARC on the status of the internal control environment in the context of reviews undertaken and the status of internal audit issues raised previously.

Procurement

The Agency has an established Procurement Policy (published on its website) and a Procurement Procedure. The Agency's procurement practices are in accordance with the aforementioned documents. A corporate procurement plan, based on the template published in the Office of Government Procurement Policy framework document, is in place and is being implemented. The corporate procurement plan is updated annually.

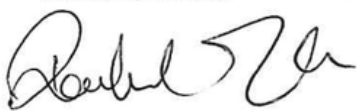
The Agency's Procurement Policy and Procurement Procedure are reviewed on an ongoing basis and are updated as required.

Annual Review of Effectiveness

We confirm that the Agency has procedures to monitor the effectiveness of its risk management and control procedures. The Agency's monitoring and review of the effectiveness of the system of internal control is informed by the work of the internal and external auditors, the Audit and Risk Committee which oversees their work, and the senior management within the Agency responsible for the development and maintenance of the internal control framework.

We confirm that the Agency conducted an annual review of the effectiveness of the internal controls for 2025.

No weaknesses in internal control in respect of the Fund were identified in relation to 2025 that require disclosure in the financial statements.



Rachael Ingle
Chairperson
National Treasury Management Agency



Patricia Byron
Chairperson, Audit & Risk Committee
National Treasury Management Agency

28 April 2026

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas



Ard Reachtaire Cuntas agus Ciste Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Carbon Fund

Opinion on the financial statements

I have audited the financial statements of the Carbon Fund prepared by the National Treasury Management Agency (the Agency) for the year ended 31 December 2025 as required under the provisions of section 5 of the Carbon Fund Act 2007. The financial statements comprise the statement of financial position, the fund account and the related notes, including a summary of significant accounting policies.

In my opinion, the financial statements properly present

- the balance of the Fund at 31 December 2025, and
- the transactions of the Fund for 2025.

Basis of opinion

I conducted my audit of the financial statements in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the appendix to this report. I am independent of the Agency and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on information other than the financial statements, and on other matters

The Agency has presented certain other information together with the financial statements. This comprises the annual report (including the statement of the Agency's responsibilities) and the statement on internal control. My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report.

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General

29 April 2026

Comptroller and Auditor General (continued)

Appendix to the report

Responsibilities of the National Treasury Management Agency

As detailed in the statement of the Agency's responsibilities, the Agency members are responsible for

- the preparation of annual financial statements in the form prescribed under section 5 of the Carbon Fund Act 2007
- ensuring that the financial statements properly present the Fund's affairs at the year-end and the transactions in the year
- ensuring the regularity of transactions
- assessing whether the use of the going concern basis of accounting is appropriate, and
- 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.

Responsibilities of the Comptroller and Auditor General

I am required under section 5 of the Carbon Fund Act 2007 to audit the financial statements of the Carbon Fund and to report thereon to the Houses of the Oireachtas.

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs 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.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.

- I conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- I evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I report by exception if, in my opinion,

- I have not received all the information and explanations I required for my audit, or
- the accounting records were not sufficient to permit the financial statements to be readily and properly audited, or
- the financial statements are not in agreement with the accounting records.

Information other than the financial statements

My opinion on the financial statements does not cover the other information presented with those statements, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, I am required under the ISAs to read the other information presented and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

Reporting on other matters

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation. I report if I identify material matters relating to the manner in which public business has been conducted.

I seek to obtain evidence about the regularity of financial transactions in the course of audit. I report if I identify any material instance where public money has not been applied for the purposes intended or where transactions did not conform to the authorities governing them.

Statement of Financial Position
as at 31 December 2025

	Note	2025 €000	2024 €000
Carbon Fund assets	4	-	-
Net assets of Fund		-	-

The accompanying notes form an integral part of the financial statements.

On behalf of the Agency


Frank O'Connor, Chief Executive
National Treasury Management Agency


Rachael Ingle, Chairperson
National Treasury Management Agency

28 April 2026

Fund Account

For the year ended 31 December 2025

	Note	2025 €000	2024 €000
Transactions on the account	5	-	-
Movement in Fund during the year		-	-
Net assets at 1 January		-	-
Net assets at 31 December		-	-

The accompanying notes form an integral part of the financial statements.

On behalf of the Agency



Frank O'Connor, Chief Executive
National Treasury Management Agency



Rachael Ingle, Chairperson
National Treasury Management Agency

28 April 2026

Notes to the Financial Statements

1. Background

The Carbon Fund was established under the Carbon Fund Act 2007 for the acquisition of Kyoto Units¹ and any other such instruments or assets on behalf of the State to meet international climate change obligations under the 1992 United Nations Framework Convention on Climate Change (the "Convention"), the 1997 Kyoto Protocol to that Convention (the "Kyoto Protocol") and future agreements to which the State becomes bound. The National Treasury Management Agency (the "Agency") was designated as the purchasing agent on behalf of the State to administer and manage purchases of Kyoto Units.

The final accounting transactions for the first commitment period of the Kyoto Protocol (2008-2012) were carried out in 2015. The unused credits were carried over to meet Ireland's 2020 commitments under the EU Effort Sharing Decision ("ESD") which was part of the European Union's 2020 Climate and Energy Package. The State's obligations under the ESD finished in 2020, at which point it was succeeded by the Effort Sharing Regulation. This Regulation sets out binding annual greenhouse gas emission targets for Member States for the period 2021–2030 inclusive.

During 2022, all direct holdings of the Carbon Fund were surrendered, with the remaining indirect holdings having no monetary value. On 11 April 2025, following instruction from the Department of the Environment, Climate and Communications, the remaining indirect holdings were voluntarily cancelled in accordance with the rules of the Kyoto Protocol. Following this cancellation, the Carbon Fund is inactive.

2. Basis of Preparation

The financial statements have been prepared in accordance with section 5(1)(a) of the Carbon Fund Act 2007 in a format that was approved by the Minister for Climate, Energy and the Environment, with the consent of the Minister for Public Expenditure, Infrastructure, Public Service Reform and Digitalisation. Transactions are recognised using the cash basis of accounting as adjusted for accruals for amounts due to and from Government entities. The reporting currency is the euro which is denoted by the symbol €. Where used, €m denotes million.

3. Accounting Policies

3.1 Carbon Fund Assets

Carbon Fund assets reported in prior financial statements represented investments in the following:

Direct Holdings

Kyoto Units purchased.

Indirect Kyoto Units

Investments in indirect units which were made in managed funds.

3.2 Fund Account

The Fund Account recorded the accumulated income received or receivable from the relevant Department. Investments were funded initially through repayable advances from the Central Fund under section 3 of the Carbon Fund Act 2007 pending receipt of the income.

3.3 Asset Surrender/Carry Over to Next Commitment Period

Direct holdings of Kyoto units were surrendered using the first-in first-out method (FIFO) in which assets purchased or acquired first are disposed of first at the date of surrender. During 2022 the final direct holdings were surrendered.

The indirect holdings fund was closed in 2021. The remaining indirect holdings received from the Fund had no monetary value and were cancelled during 2025.

¹ A Kyoto Unit is defined in the Carbon Fund Act 2007 as "a unit, equivalent to one metric tonne of carbon dioxide, issued pursuant to the Kyoto Protocol and the decisions adopted pursuant to the Convention and the Kyoto Protocol". Kyoto Units are generally referred to as carbon credits. The legislation allows for the disposal of Kyoto Units only with the consent of the Minister for Climate, Energy and the Environment and the Minister for Public Expenditure, Infrastructure, Public Service Reform and Digitalisation and on such terms as they may specify.

4. Carbon Fund Assets

(a) Summary of Assets

	2025 €000	2024 €000
Direct Holdings	-	-
	-	-

(b) Credits Delivered and Held

The number of carbon credits delivered and held with the Union Registry of the European Commission at 31 December:

	2025	2024
Acquired via Indirect Holdings	-	701,795
	-	701,795

On 11 April 2025, an instruction was issued by the Department of the Environment, Climate and Communications to carry out a voluntary cancellation of the 701,795 Kyoto Protocol units currently held in the Carbon Fund registry holding account, in line with the rules of the Kyoto Protocol. As these units had no carrying value, there is no impact on the financial statements.

Following the cancellation of the remaining indirect holdings, the Carbon Fund is now inactive.

5. Transactions on the Account

	2025 €000	2024 €000
Direct holdings credit surrender	-	-
	-	-

There was no disposal or derecognition of assets during 2025 or 2024 other than the voluntary cancellation of 701,795 Kyoto Protocol units as disclosed under note 4 (b). As these units carried no value, the cancellation had no effect on the financial statements.

6. Operating Expenses

Operating expenses of the Carbon Fund, where incurred, are charged to the Agency's Administration Account and are paid out of the Central Fund. This charge in 2025 is €nil (2024: €nil).

7. Contingent Liabilities

The Carbon Fund had no contingent liabilities at 31 December 2025.

8. Events After the Reporting Period

No events requiring adjusting or disclosure in the financial statements occurred after the end of the reporting period.

9. Related Parties

(a) Minister for Public Expenditure, Infrastructure, Public Service Reform and Digitalisation

Under Section 3 of the Carbon Fund Act 2007, the Minister for Public Expenditure, Infrastructure, Public Service Reform and Digitalisation may advance monies to the Carbon Fund from the Central Fund which are reimbursed by the Carbon Fund out of monies made available by the Minister for Climate, Energy and the Environment.

(b) Minister for Climate, Energy and the Environment

Under Section 2(3) of the Carbon Fund Act 2007, the Minister for Climate, Energy and the Environment manages and controls the Carbon Fund.

(c) National Treasury Management Agency

Under Section 2(4) of the Carbon Fund Act 2007, the management of the Carbon Fund is delegated to the Agency.

Under Section 8 of the Carbon Fund Act 2007, the Minister for Climate, Energy and the Environment, following consultation with the Minister for Public Expenditure, Infrastructure, Public Service Reform and Digitalisation, may give directions or guidelines to the Agency in relation to the performance by it of the functions delegated or granted to it under the Act.

10. Approval of Financial Statements

The financial statements were approved by the Agency on 28 April 2026.



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National Treasury Management Agency

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