

FSCC State of Transformation 2025/2026: Executive Summary

During the 2025/2026 reporting period, the Department of Employment and Labour (DoEL) gazetted revised Employment Equity Regulations and introduced sector-specific numerical targets for the first time, a shift expected to sharpen the focus on Management Control performance. This was followed in February 2026 by Sector Charter Council engagement with Minister Parks Tau, of the Department of Trade, Industry and Competition (dtic), on repositioning B-BBEE sector codes toward more impactful, evidence-based implementation. Against this backdrop, findings presented at the B-BBEE Commission's November 2025 Strategy Session reaffirmed that B-BBEE, when implemented with intention, continues to deliver measurable transformation gains. A message the Forest Sector Charter Council (FSCC) has sought to embody during this year's reporting cycle.

Sector Reporting

Reporting participation rebounded strongly in 2025/26, with valid submissions rising from 158 in 2024/25, an increase of roughly 30%. The recovery was driven principally by Exempt Micro Enterprises (EMEs) whose submissions climbed from 67 to 103, alongside a steady rise in Medium and Large Enterprises (MLEs) from 38 to 56. At a sub-sector level, Contractors continued to dominate overall submissions (50%), followed by Sawmilling (17%) and Growers (11%), while Charcoal Producers remained the least represented sub-sector. This uneven spread continues to limit how representative the assessment can be of the Charcoal sub-sector. FSCC's planned enforcement of the Online Reporting System is one of the intended interventions to help close this gap.

Medium and Large Enterprise (MLEs) Analysis

MLEs with annual turnover exceeding R50 million, recorded 47 valid B-BBEE submissions in 2025/26, a three-year high and up from 38 in the previous year. Thirty-six entities reported consistently across the period, five were new entrants and six had evolved from small categories with no inconsistent reporters recorded this year. Contractors and Pole producers led sub-sector representation, while Charcoal Producers remained represented by a single entity, continuing to limit meaningful assessment of that sub-sector.

Ownership

Ownership compliance held steady at 76% in 2025/26, unchanged from 2024/25 after rising from 72% the year before, with the average ownership score also unchanged at 19 out of 25 available points. Average black ownership across MLEs stood at 41%, comfortably above the 30% target, but ownership by black women and black designated groups remained well below equitable levels. Black Women ownership slipped to 17%, while Black Designated Group ownership improved but only to 15%. Sub-sector

improvements can be attributed to Growers (23 points), Contractors (22 points) and Fibre (22 points) sub-sector performances. Charcoal Producers recorded zero, a repeat of the previous year. The large majority of MLEs (80%) applied the Flow-Through Principle, consistent with the direction of upcoming regulatory amendments to the Code.

Management Control (MC)

MC remains the sector's most persistent weakness, with performance continuing its three-year decline falling from 52.3% in 2023/24 to 50% in 2024/25 and 47% in 2025/26. Only Fibre (63%) and Contractors (53%) performed credibly, with Charcoal Producers recording 0% across the board, executive and all management levels. Comparing board representation of black individuals with black women specifically reveals a stark gap, while most sub-sectors approached the overall black representation target and none came close on the women's indicator. This underlines that transformation efforts are addressing racial representation more effectively than the intersectional inclusion of black women. Disability inclusion was a rare bright spot, with most sub-sectors comfortably exceeding the 2% target.

Skills Development (SD)

SD compliance fully recovered in 2025/26, returning to 70% after dipping to 60% in 2024/25. Contractors, Fibre and Growers led sub-sector performance at 75% of target, while Sawmilling recorded the lowest score. Despite this recovery, absorption of black learners into permanent employment remains critically weak sector-wide, with every sub-sector performing well below target and Charcoal Produces recording no absorption at all. This is a particular concern given that youth unemployment (ages 15 years to 34 years) stood at 36.9% in 2025. Forestry South Africa's Forestry Graduate Employment Programme (F-GEP) continues to provide a complementary route into the sector for unemployed graduates, though broader uptake of absorption pathways is still needed.

Enterprise and Supplier Development (ESD)

ESD compliance while still good continued its gradual three-year decline, from 91% in 2023/24 to 84% in 2024/25 and 81% in 2025/26, with the average score falling from 39 to 35 points. Fibre and Growers led the sub-sector performance, while Pole Producers and Sawmilling trailed below the industry average. Procurement performance empowering suppliers, including QSEs, EMEs and 51% black-owned and black-women-owned suppliers, was broadly encouraging across most sub-sectors. Supplier and Enterprise Development contributions generally exceeded the prescribed 2% and 1% NPAT thresholds. The consistent downward trend in overall ESD compliance nonetheless bears watching, given the element's importance to sustainable supply chain transformation.

Socio-Economic Development (SED)

SED remains a clear area of strength, reflecting entities' sustained commitment to rural, forestry-dependent communities. Although scores soften slightly for a second consecutive year, from 144 in 2023/24 to 140 in 2024/25 and then 136 in 2025/26, which FSCC will be closely monitoring, four of the six sub-sectors still met the SED target outright, and all sub-sectors exceeded the 1% NPAT expenditure requirement. Contractors improved sharply, from 80% to 100% compliance, while Sawmilling declined.

JSE Listed Entities and SAFCOL's Performance

All four JSE-listed forestry entities-maintained Level 1 B-BBEE status in 2025/26, through performance varied by element. Only one entity fully met the Ownership target, MC remained moderate at 58-68% and SD declined for three of the four entities, with only one holding firm near target. ESD and SED performance was strong and consistent across all four.

The South African Forestry Company SOC Limited (SAFCOL) improved from Level 2 and Level 1 status this year, with MC showing gradual, if inconsistent, gains and SD recovering partially after the 2024/25 decline. The lack of absorption of trainees is a concern that FSCC will continue to monitor closely. SAFCOL achieved fully, 100% compliance on both ESD and SED, reflecting its continued rural development role.

MLES in Summary

MLEs improved their overall B-BBEE status from Level 3 to Level 2 in 2025/26, underpinned by stable Ownership performance, a full SD recovery and consistently strong SED contribution. However, the continuing three-year decline in MC, coupled with a gradual softening in ESD and the near-total non-participation of the Charcoal sub-sector, remain the category's principal constraints. Targeted, board- and executive- as well as the other management level interventions, particularly for black women, are needed to address the MC trend before it worsens.

Qualifying Small Enterprises (QSEs) Analysis

QSEs, with annual turnovers between R10 million and R50 million, submitted 56 valid B-BBEE credentials in 2025/26, a modest rise from 53. Verified (Unenhanced) certificate submissions rose from 9 to 13, while Enhanced affidavit submissions slipped from 44 to 43 following the exit of contracting entities highlighting the volatility of this sub-sector. Contractors continued to dominate submissions, accounting for 45 of 56 (80%), while no submissions were received from Charcoal Producers or Pole Producers. Of the 56 entities reporting, 86% achieved Level 1 or 2 status, 2% a Level 2 and with 12% a non-compliant status.

Ownership

Among Unenhanced QSEs, the average Ownership score improved marginally from 10.71 to 11.54 out of 25, but overall performance remains weak. Only six of the thirteen reporting entities met the target in full, while seven scored zero, pulling the average down sharply. Voting rights and economic interest for black people each averaged under the 40% target, with black women indicators lower still. Net value performance also declined, heightening the risk of discounting for several entities. Contracting remained the only sub-sector consistently meeting Ownership targets. Across all QSEs, average black ownership stood at 61.53%, with black women's ownership at just 12.61% and black designated group ownership at 28.63%.

Management Control (MC)

MC showed a modest recovery among Unenhanced QSEs, rising from 32.2% to 37.67%, though performance remains poor overall. Contracting remained the only sub-sector with entities meeting executive level targets, despite black representation at that level declining from 36.67% to 26.67% black women's representation improved slightly, from 16.67% to 17.50%. The industry average for black representation across senior, middle and junior management improved to 38.24%, aided by a notable improvement from Growers. No sub-sector met the 30% target for black women representation at these levels.

Skills Development (SD)

Skills recovered to approximately 50% of the transformation target, following the prior year's decline, though this headline recovery masks a weakening indicator-level performance with all three core indicators falling below 40% of available points. Performance remains almost entirely driven by the Contracting sub-sector, with Growers showing a small but notable improvement from a previous base of zero contribution.

Enterprise and Supplier Development (ESD)

ESD performance recovered to 14.37 of 30 points (47.9%) in 2025/26, up from around 40% in 2024/25 but still below the 2023/24 high. All four ESD indicators remained below 50% of target, with the Contracting sub-sector again responsible for almost all positive performance across procurement, supplier development and enterprise development. Growers showed early signs of improvement from a previously negligible base.

Socio-Economic Development (SED)

SED performance improved slightly to just above 50% of the allocated points, again driven predominately by Contracting achieving 3 times the 1% NPAT target, with a notable improvement from Growers. While the overall industry average exceeded the 1% NPAT compliance target on the strength of these two sub-sectors, it should be noted that others sub-sectors contributed minimally, or not at all.

QSEs in Summary

QSE performance in 2025/26 continues to be carried out almost entirely by the Contracting sub-sector across every scorecard element, with Unenhanced QSEs remaining the weakest-performing category, particularly on Ownership, MC and ESD. The continued concentration of submissions among Enhanced (affidavit-based) QSEs raises ongoing questions about the depth of verification within this group. FSCC's new Online Reporting System is expected to improve consistency and broaden sub-sector participation over time.

Exempted Micro Enterprises (EMEs) Analysis

EME submissions rebounded strongly to 103 valid affidavits in 2025/26, the highest total in three years and up sharply from 67 the previous year, attributed to the partnerships FSCC initiated with the Department of Forestry, Fisheries and the Environment (DFFE) and sector associations such as Forestry South Africa (FSA). The majority of EMEs (83%) achieved Level 1 B-BBEE status, with a further three at Level 2 and fourteen with Level 4. Average black ownership stood at 84.89%, with black women ownership at 37.23, notably higher than among QSEs and MLEs, and black designated group ownership at 70.11%. For the first time, this year's reporting reflects participation from all six sub-sectors, including new representation from Sawmilling and Pole Producers. Fibre and Charcoal Producers remain the least represented sub-sectors within this category.

Sector Transformation FY2025/26: In Conclusion

The forest sector improved its overall B-BBEE Contributor status, reaching Level 2 status for the first time in the sector's FSCC documented 17-year transformation journey. Total participation rose by approximately 30%, from 158 to 206 entities, reflecting improved awareness and a strong recovery from the previous year's decline. Charcoal Producers remain the least represented sub-sector across all three enterprise categories, continuing to limit the completeness of the sector-wide B-BBEE implementation and performance picture.

MC remains the sector's poorest-performing element, extending a three-year downward trend and reflecting persistent under-representation of black people, especially black women, at board, executive and senior management levels. The limited absorption of trainees into permanent employment following SD interventions remains a further structural weakness, suggesting that training outputs are not yet translating consistently into sustainable employment outcomes. Several MLEs and Unenhanced QSEs continue to be discounted for failing to meet priority element thresholds, underscoring that meaningful transformation cannot be achieved through partial or selective compliance.

Looking ahead, FSCC will continue to strengthen awareness and compliance support, particularly for QSEs and EMEs, while measured entities are encouraged to pursue deliberate, measurable interventions to improve board and executive-level

representation of black women and designated groups, including succession planning, mentorship and leadership development. Closer alignment between SD and workforce planning is needed to improve absorption outcomes. Continued government enforcement of Section 10 of the B-BBEE Act, alongside the planned mandatory roll out of the FSCC Online Reporting System, will be important levers for sustaining this year's gains and broadening participation across all forestry sub-sectors.