



FOREST SECTOR
CHARTER COUNCIL

ANNUAL REPORT

2025/2026





The Forest Sector Charter Council

Vision

"A transformed and sustainable Forest Sector fully compliant with the Forest Sector Code."

Mission

"To support, promote, guide and monitor transformation of the Forest Sector by securing stakeholders' compliance with the requirements of the Forest Sector Code."

Values

The Council operates with the following values:

Good governance

Transparency

Commitment to service (responsiveness is implied)

People-centred

Dynamism

Respect for integrity

Respect for confidentiality

Trust among and between stakeholders



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FSCC CHAIRPERSON'S MESSAGE

FY2025-26

This year marks the conclusion of our first three-year term, a period defined by resilience, partnership, and significant achievements and challenges. Over the past year, we have strengthened our collective commitment to building a transformed and inclusive forestry sector.

A major strategic milestone in 2025 was the review and realignment of the Amended Forest Sector Code (FSC). Our objective was to ensure that the Codes remain relevant, impactful, and aligned with national B-BBEE legislation, emerging sector challenges and transformation priorities. This work positions the sector to deliver more meaningful and measurable transformation outcomes in the years ahead.

In 2024, I emphasised that transformation is not a single event but a journey requiring persistence, vision, and collaboration. Despite economic pressures and uneven reporting, and guided by shared values of inclusion, equity and sustainability, the sector continues to advance. The 2025/26 evidence-based transformation report confirms that our industry has made positive progress.

During the 2024 Strategic Plan, the sector committed to attaining a Level 2 B-BBEE status. Given historical inconsistencies and low scores in Management Control (MC), this target seemed ambitious. I am proud to report that for the first time in history, the forestry sector has now achieved a Level 2 B-BBEE, a clear demonstration of our commitment to sustained transformation and inclusive growth.

What is more compelling now is to maintain this momentum while responding to the Minister of Trade, Industry and Competition's directive on impact reporting, ensuring that ratings reflect genuine and sustainable B-BBEE implementation. This is well within reach, given that the Sector Council has already endorsed this approach with strong backing from industry captains. As the Council explores better ways to share authentic transformation stories, the few





published by Forestry South Africa (FSA) should serve as the foundation for a broader and more compelling narrative.

One of our strategic priorities is cultivating the next generation of forestry professionals and entrepreneurs. In 2025, the FSCC hosted a Youth Empowerment Webinar, connecting young people with industry leaders, training institutions, and government partners. This initiative strengthened the pipeline of emerging foresters and inspired youth to view forestry as a meaningful career path.

Women's inclusion remains a pressing challenge. The question is whether the sector intends to maintain the status quo or embrace a more aggressive mindset and policy shift. The 2025 Women's Webinar celebrated the achievements of women champions while confronting persistent barriers in leadership access, professional support, and mentorship, this also confirmed by the low scores achieved by the sector on the women indicators under the Management Control element. This reinforced our commitment to advancing gender equality across the forestry value chain.

To enhance awareness and visibility, the FSCC continued implementing its Marketing and Communication Strategy. This strengthened our digital presence, improved access to reports and transformation tools and led to the review of our

social media platforms. Following this review, the Council formally adopted LinkedIn as its primary platform, retiring the X account.

As I conclude, I acknowledge that our achievements reflect the collective efforts of government, industry, labour, communities, and the many individuals who bring life to this sector daily. Looking ahead, we remain determined to:

- Strengthen compliance and reporting
- Deepen transformation across all sub-sectors
- Empower youth and women
- Drive policy alignment for greater impact.

Finally, I wish to extend my gratitude to all Council members for their continued support and commitment. In this new term, my wish is to aggressively drive impactful transformation in the Forest Sector, and I pledge my full support.

Allow me to recognise the exceptional contributions of Mr. Penwell Lunga, who recently resigned from the Council and the Human Resources (HR) Committee. We wish him every success in his new journey. To our dedicated staff, the ship continues to sail because of your passion.

For this, I thank you deeply.





SECTION 2.1 - COUNCIL & COMMITTEES 2025-26

The Forest Sector Charter Council (FSCC)

Given the oversight mandate of the Forest Sector Charter Council, (FSCC/Council), providing strategic direction, governance and stewardship remained pronounced in executing its mandate. The Council's key responsibility is to advance sustainable transformation in the forest sector and by so doing, work closely with the Executive Director who is responsible for the execution of the resolutions, strategy, policies and management of the secretariat.

The Council continued to strengthen its deepened corporate governance relating to transparency, accountability, ethical standards, reinforced financial management and risk mitigation strategies ensuring responsible management practices. All this was focused on maintaining exceptional performance and advancing transformation and B-BBEE implementation and compliance in the forest sector.

The Council managed to hold only three of the planned four meetings. While this was beyond its control, all deliberations and discussions in meetings were geared to ensure Council continues to advance B-BBEE implementation and compliance in the forest sector. Providing management with timeously, realistic and clearer resolutions for ease of execution of Council's programmes also remained a priority. This included the completion of the review and realignment process in October 2025 while also interrogating the findings from the status of transformation report and addressing challenges in alignment with the sector and government's priorities.

The Annual General Meeting was also held successfully with all key reports endorsed for both compliance and reporting expectations to the Department of Forestry, Fisheries and the Environment (DFFE). The Council further commits to continue working closely with the entire industry through the value chain subsectors, communities, labour and government departments to ensure that all its operations are aligned with strategic priorities and grounded by good governance, accountability, transparency and impact.

Council Committees

The Council's three statutory Committees remained active, enabling deeper scrutiny of potential risks, human capital prospect and financial management portfolio. In line with their terms of reference, additional expertise may be co opted

when required. Each Committee convened two to three times during the financial year, with all meeting minutes duly recorded and ratified.

Agendas were guided by structured Work Plans approved at the start of the financial year, ensuring deliberations remained focused on key outcomes. Following each meeting, Committees prepared Feedback Reports outlining discussions and recommendations, which were then submitted to Council for formal ratification.

Audit and Risk Committee (ARC)

The Audit and Risk Committee (ARC) is tasked with ensuring that risk management processes are properly established, adequate, and effective. Key risks, particularly those related to funding and human capital, were recognised as critical to maintaining the Council's financial stability and operational capacity. The Committee's discussions centred on reviewing the risk register, financial controls, and updates to the Asset Disposal Policy. In order to continuously enhance risk management, all identified risks were thoroughly assessed and mitigated. Notably, the endorsement of the Asset Disposal Policy, provided clear guidance for the disposal of certain Council assets during the year under review.

Finance Committee (Fincom)

In line with its mandate, the Finance Committee (Fincom) is responsible for ensuring that the Council's financial resources and expenditures are managed responsibly and remain aligned with strategic priorities. As per the required standard, Fincom prepares and manages the operational annual budget detailing the cost implication for the planned activities. All expected income revenues were collected accordingly. The Committee reviewed the 2025/26 financial outlook and produced a set of key outcomes and sound recommendations.

These actions underscore Fincom's commitment to sustainable financial governance and reinforce its role in safeguarding resources while supporting the Council's long-term financial stability. Notably, the Council received a clean financial audit for the 2025/26 year, with the outlined matter in the Management letter addressed efficiently, further affirming the effectiveness of these governance practices.



Human Resources Committee (HRC)

The Human Resources Committee (HR Committee) recognises that human resource is an essential component of the Council. The committee is tasked with human capital development, retention of skilled professional, compensation and benefits relationship, professional development, policy development and or reviews etc. The Key Success was the approval of the

medical aid subsidy in favour of Council employees. Some of the reviewed Policy are still to be presented to Council for endorsement. Also of importance is the resignation of Mr. Penwell Lunga from the Council and subsequently from the HR Committee and his immense contribution will never be underestimated. Ms Nelly Ndlovu, the Chairperson of Council, chaired the last meeting of the HR Committee in the absence of a Chairperson.

The tables below show the attendance of members at Council and Committee meetings.

Names	Council Meetings			AGM
	29 May 2025	18 Sep 2025	27 Oct 2025 (Special Meeting)	8 July 2025
Ms Nelly Ndlovu (Chairperson)	√	√	√	√
Ms Makhosazana Mavimbela	√	√	√	√
Mr Bruce Breedt	√	X	√	√
Mr Roger Johnston	√	√	√	√
Ms Lindiwe Mavundla	X	√	√	X
Ms Kwena Komape	P	P	P	P
Mr Lulamile Xate	X	X	√	X
Mr Michael Peter	P	√	√	P
Mr Penwell Lunga	P	P	√	P
Mr. Philani Xulu	√	√	√	√
Mr Pierre Tullis	√	X	X	X
Ms Pumeza Nodada	P	P	√	P
Mr Roy Southey	X	√	X	√
Ms Tanucia Coopasamy	√	√	X	√
Ms Thandi Mokoena	√	√	√	X
Ms Thembisa Mpengesi	√	√	√	√
Mr. Tshepo Makhene	√	√	√	√
Mr Tyrone Hawkes (Fincom)	√	X	√	√
Mr. Wade Parker	√	√	√	√

Audit & Risk Committee (ARC)

Members	Meetings		
	8 May 2025	14 August 2025	6 March 2026
Erika Donker (Chairperson)	Cancelled	√	Cancelled
Bruce Breedt	Cancelled	√	Cancelled
Pumeza Nodada	Cancelled	P	Cancelled
Siyabonga Mthanti	Cancelled	√	Cancelled

√ – Present P – Represented by proxy NM – Not a member

**Finance Committee (Fincom)**

Members	Meetings		
	13 May 2025	29 Aug 2025	6 March 2026
Tyrone Hawkes (Chairperson)	√	√	√
Kwena Komape	P	P	P
Lulamile Xate	√	√	√
Nelly Ndlovu	X	√	X
Thandi Mokoena	√	√	√
Makhosazana Mavimbela	√	√	√

Human Resources Committee (HRC)

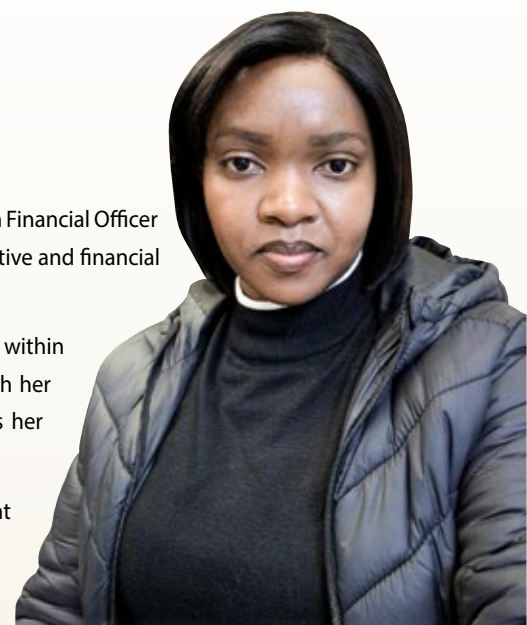
Members	Meetings		
	6 May 2025	22 Aug 2025	2 March 2026
Penwell Lunga (Chairperson)	√	√	Resigned
Lindiwe Mavundla	√	Resigned	NM
Tanucia Coopasamy	√	X	√
Tshepo Makhene	√	√	√
Wade Parker	√	√	√

NEW APPOINTMENTS

The Council is pleased to announce the appointment of Ms Nqobile Nkomo as the new Admin Financial Officer at the Forest Sector Charter Council (FSCC). In this role, she will provide essential administrative and financial support to ensure continuity and effective functioning of the organisation.

Ms Nkomo brings valuable experience from the forestry sector, having previously worked within the finance environment of the industry. Her strong determination to learn, combined with her excellent organisational skills and commitment to sound corporate governance, positions her well to make a meaningful contribution to the Council's operations and strategic objectives.

The Council is confident that her skills, knowledge, and industry experience will add significant value to the organisation. We warmly welcome Ms Nkomo and extend our best wishes as she integrates into the Council's work environment and culture.



As part of the Council's commitment to developing young professionals within the forestry sector, the Forest Sector Charter Council (FSCC) welcomed Ms Tsireledzo Tshikhudo as an intern through the Forestry Graduate Employment Programme (FGEF). Since joining the Forest Sector Charter Council (FSCC) in October 2025, she has gained practical experience across both the Administration and Research portfolios. Her exposure and contributions have included administrative support, research activities, data analysis, and reporting, all of which advance the Council's mandate.

Throughout her internship, Ms. Tshikhudo has demonstrated willingness to learn, adaptability, and a strong work ethic. Her involvement in both portfolios has enabled her to develop valuable expertise in research, administration, stakeholder support, and B-BBEE concept and reporting within the forest sector. The Council greatly values her contribution and remains committed to supporting her professional growth through the FGEF.



SECTION 2.2 FSCC ACTIVITIES

Council organises a Youth Webinar in June 2025

The Forest Sector Charter Council (FSCC) hosted a youth-focused skills and enterprise development webinar in June 2025 under the theme ***“Raise Your Hand if You Want to Be Part of the Discussion.”*** The event drew over 100 students and early-career professionals, creating a platform to explore challenges and opportunities for youth inclusion in the forestry sector. Key discussions highlighted the Forestry South Africa (FSA) Unemployed Graduate Programme, which provides work experience to unemployed graduates, thereby enhancing their employability. The webinar also showcased transformation as a tool to address youth unemployment, featuring inspiring success stories of individuals who overcame adversity to thrive in the sector.

Beyond these discussions, participants gained valuable insights into recruitment processes, both from government expectations and sector priorities. Interactive Q&A sessions encouraged youth-led initiatives, sparking interest in forestry and nurturing the next generation of leaders. FSA's sponsorship of vouchers added an incentive for participation, underscoring the importance of partnerships in advancing a shared vision of transformation, empowerment, and sustainable growth within the forestry sector.

FSCC Intensifies Community Outreach Programme (COP)

The Council broadened the scope and reach of the Community Outreach Programme, engaging all five forestry-based provinces. The primary objective was to raise awareness of forestry B-BBEE opportunities for community-run small-scale enterprises, while reinforcing the Council's commitment to B-BBEE advocacy and the provision of technical expertise.

Each discussion was tailored for each audience, emphasising the importance of B-BBEE implementation within the Forest Sector. These sessions enabled the FSCC to unpack its mandate, clarify reporting and compliance requirements under the Amended Forest Sector Code (FSC), while also providing technical guidance. The sessions also created an opportunity to consult on proposed amendments to the Code (yet to be

gazetted), share updates on the Forestry Masterplan from DFFE, and highlight opportunities and support initiatives offered by sector companies, local municipalities, and government departments.

A key component of the programme was training on the Online Reporting System, which provided participants with a deeper understanding of system functionality, affidavit generation, and report submission. Through these in-depth engagements, entities were equipped with the knowledge, tools, and resources needed to strengthen their forestry enterprises while improving B-BBEE reporting and compliance.

The success of this initiative once again underscored the value of partnerships, with special appreciation extended to the departments and organizations that collaborated with the FSCC to make it possible.

FSCC Strengthens Partnerships to Support Small-Scale Growers

The Forestry Sector Charter Council (FSCC) continues to champion the growth and sustainability of small-scale timber growers through active collaboration with Forestry South Africa (FSA) and the Department of Forestry, Fisheries and the Environment (DFFE).

During recent District and Provincial Executive Committee meetings hosted by FSA, the FSCC joined key stakeholders to address pressing issues affecting small growers. Discussions focused on water-use licenses administered by the Department of Water and Sanitation (DWS), seedling support, grant funding, and non-financial assistance provided by DFFE. Other critical topics included market access, annual B-BBEE compliance and reporting, and the rollout of the newly approved online reporting system.

While these engagements provided valuable networking opportunities, they also highlighted the challenges faced by small-scale growers. In Limpopo, for example, the limited forestry footprint continues to disadvantage growers, restricting their access to resources such as seedlings that are more readily available to larger, established companies.



In line with its commitment to fostering inclusion and transformation, the FSCC once again demonstrated its support in 2025 by donating 70 trays of *Eucalyptus grandis* seedlings to small-scale timber growers in the Vhembe District. This contribution not only addresses seedling shortages but also helps tackle inconsistent reporting practices, reinforcing the importance of structured support in broadening economic participation.

The FSCC extends its appreciation to FSA and DFFE for their leadership in ensuring that the needs of small growers remain central to discussions on economic empowerment and sector transformation.

FSCC orients small sawmillers in the Eastern Cape

Entities within the Forest Sector are required to submit annual reports to the FSCC. Given the fluctuating number of reporting entities reflected in the status report, it is clear that stronger enforcement of B-BBEE reporting and compliance is essential.

During the year under review, the FSCC, in collaboration with DFFE, launched an orientation programme for small-scale sawmillers in the Eastern Cape Province. This initiative aimed to enhance sub-sector participation by offering guidance on the FSCC's mandate, scorecard implications and opportunities, as well as reporting and compliance requirements under B-BBEE. Sawmillers were also taken through the Online Reporting System to enhance their comprehension of the platform for future use.

The orientation served not only as oversight mechanisms but also as an opportunity to build relationships and ensure the small scale sawmillers remained aligned with the sector's long-term transformation goals. Through this programme, the FSCC reaffirmed its commitment to fostering inclusion, addressing challenges faced by small operators, and equipping sawmillers to contribute meaningfully to transformation and sustainable growth in the forestry sector. A notable outcome of this initiative was the increase in reporting entities within the subsector, as reflected in the FY2025/26 Transformation Status Report.







SECTION 2.3 INDUSTRY HAPPENINGS

MTO Turns a vision into Reality: Empowering Women Through Enterprise Development

The launch of Siyatiphilisa Smooth Peanut Butter marked a significant milestone in community-led and women-driven entrepreneurship. This achievement was made possible through a collaboration between the Siyatiphilisa Groundnut Project and MTO Group, a forestry company dedicated to sustainable enterprise development. Born from farming initiatives in eucalyptus plantations outside White River, Mpumalanga, the brand embodies resilience, innovation, and empowerment.

Over 150 women, many elderly and heads of households were granted access to 50 hectares of land by MTO Group. With mentorship, logistical support, and guidance provided over years, these women transformed groundnut and jugo bean cultivation from subsistence farming into a thriving commercial venture.

In August 2025, their efforts culminated in the successful launch of their own peanut butter brand grown, managed and marketed by the women themselves with MTO Group pledging to purchase the first 1300 consignment. This breakthrough not only symbolises entrepreneurial success but also demonstrates the profound impact of investing in rural women. By fostering skills development, economic independence, and confidence, MTO has enabled women entrepreneurs to build sustainable businesses that strengthen communities and drive broader social progress. This partnership exemplifies how collaboration can fuel individual achievement while contributing to long-term economic growth and empowerment across society.

She Is Forestry SA: Reflecting, Refocusing and Reaching Further

In 2025, She Is Forestry SA (SIFSA) metamorphosed in response to a simple but powerful question: were we doing enough to recognise and uplift women across our sector? While the organisation has exceeded expectations, creating a platform for connection, recognition and change, it must continue to evolve to meet the changing demands of a dynamic sector and

uncertain world if it is to build on its momentum and create lasting, measurable impact.

The introduction of the Mentor Me Platform marks a deliberate shift towards equipping women not only with inspiration, but also with the tools, networks and support needed to advance within the sector. The first step in this journey has been the Mentor Me Talks, bringing experienced female leaders into a shared space where their insights, advice and expertise are accessible to all, ensuring mentorship is both flexible and inclusive. The first suite of Mentor Me Talks featured Mondi Zimele CEO & Chairperson of the FSCC Nelly Ndlovu, Sappi Divisional Environmental Manager Hlengiwe Msibi and MTO Group Chief Stakeholder Relations Officer Itumeleng Langeni, covering topics including resilience and grit, mentorship versus sponsorship and gender equality. These are now available on the SIFSA website, which has been redesigned as the hub for the Mentor Me initiative.

The keynote address was delivered by Dr Felleng Yendi, FP&M Seta Executive Director, who has championed She Is Forestry SA at an executive level and whose talk beautifully wove together the story of FP&M Seta's support for the Mentor Me initiative. This year also saw two more She Is Forestry SA Role Models share their stories: Trudy Sebelebele, Sappi Forests Certification Manager, and Noxolo Kheswa, Mondi Junior GIS Analyst. In addition, 2025 marked the introduction of a new She Is Forestry SA Award category: Resounding Contribution Behind the Scenes, recognising women whose roles may keep them below the radar but whose contributions are intrinsic to the success of the sector.

As in previous years, 2025 was a record breaker, attracting 643 registrants and 395 individual IP addresses online at any one time. Attendees represented seven government departments, six industry associations, 15 corporate forestry companies, 11 forestry businesses, 12 other businesses and 10 educational institutions. In total, the webinar raised R302,153 through sponsorship and the Back-a-Buddy campaign. These funds will support award prizes, initiatives across our five schools, and the 2026 She Is Forestry SA magazine and webinar.

As She Is Forestry SA continues to reflect, refocus and reach



further, its commitment remains clear: to champion women across the forestry value chain and create meaningful opportunities for future generations.

dtic Minister meets with Sector Charter Councils

Broad-Based Black Economic Empowerment (B-BBEE) remains a cornerstone of South Africa's economic transformation agenda. In February 2026, the Minister of Trade, Industry and Competition convened a strategic engagement with Sector Charter Councils to strengthen accountability and reposition B-BBEE Sector Codes as instruments of impactful transformation. This proactive step reinforced collaboration between government and Sector Charter Councils, reaffirming the state's commitment to advancing B-BBEE. Sector Councils presented transformation progress, achievements, and ongoing initiatives, alongside challenges and proposed interventions.

Central to the discussion was the prioritisation of impact reporting, with emphasis on accountability, data integrity,

and measurable transformation outcomes that foster inclusive ownership patterns, meaningful economic participation, enterprise development, in exchange for sustainable change and improved livelihoods. The discussions further underscored persistent challenges undermining effective monitoring such as inconsistent reporting standards, limited data comparability, and non-compliance. A key outcome was the call for Sector Charter Councils to reposition themselves as visible champions of transformation and to proactively drive measurable socio-economic outcomes beyond scorecard compliance reporting. The dialogue further highlighted the importance of Sector Codes as mechanisms to enforce equitable economic transformation in South Africa and the urgent need for a holistic shift toward measurable and tangible outcomes.

FP&M Seta invites FSCC to Strategic Plan

The Fibre, Processing and Manufacturing (FP&M) SETA remains an integral stakeholder for the Forest Sector, given its mandate to facilitate effective skills development initiatives as outlined in the Skills Development Act and the Skills Development Levy Act. The FSCC's participation in the 2025 Strategic Plan session





was particularly significant and provided an opportunity to engage with the newly appointment board members on transformation priorities. The session was equally important in bringing together the new board members and key stakeholders to align strategic priorities, review performance management frameworks, and strengthen implementation mechanisms aimed at enhancing efficiency and accountability.

The planning session also provided a valuable platform for management to reflect on institutional priorities, clarify performance expectations, and reinforce accountability across all portfolios. Importantly, the engagement reaffirmed FP&M Seta's continuous commitment to cultivating a results-oriented culture that drives meaningful skills development initiatives that translate into tangible outcomes such as job creation and entrepreneurship across the the 13 sub-sectors.

Strengthening the Forestry Value Chain: Launch of the FVCF

In March 2026, the forestry sector marked a pivotal moment with the launch of the South Africa's Forestry Value Chain Forum (FVCF). This landmark initiative is supported across the forestry and forest products value chain, with representation from Forestry South Africa (FSA), Sawmilling South Africa (SSA), the Paper and Allied Manufacturers of South Africa* (PAMSA), the South African Utility Poles Association (SAUPA), the South African Wood Preservers Association (SAWPA), the boards sector and the Fibre Processing and Manufacturing SETA.

The FVCF's role is to strengthen the collective position of this critical industrial sector and ensure a united voice in addressing challenges that positively impact growth and sustainability.

At an event in Kempton Park, the Forum convened key stakeholders to deliberate on priorities and unlock opportunities that would enable the sector to reach its full potential. Discussions highlighted pressing issues including policy misalignment, regulatory complexities, infrastructure inefficiencies, rising input costs, trade and import pressures, and limited access to finance, all factors with a potential to weaken investor confidence.

The Government's pledge to partner with industry in addressing these challenges comes at a key time. It is anticipated that this collaborative effort will not only connect stakeholders around a common cause but also enhance alignment, improve execution, and drive the long-term strategic vision of the sector.

**Formerly the Paper Manufacturers Association of South Africa*

DFFE celebrates International Day of Forests (IDF) in 2026

The International Day of Forests (IDF) was proclaimed by the United Nations General Assembly in 2012. Each year, internationally, the IDF is commemorated on 21st of March and various events are hosted to celebrate and raise awareness of the importance of forests and trees outside forests, for the benefit of current and future generations. The Collaborative Partnership on Forests has proposed that the theme for the 2026 International Day of Forests be "Forests and Economies". The actual date for the IDF is 21 March 2026. However, in South Africa this day is a special holiday i.e. Human Rights Day. To give priority to both issues of Human Rights and Forestry the IDF was celebrated on Tuesday 24 March 2026.

The 2026 IDF highlighted the National Greening Programme, an initiative led by the Department of Forestry, Fisheries and the Environment (DFFE). The IDF provides a platform for industry role players to highlight the benefits and value of forestry in the daily lives of South Africans. The primary focus of the campaign was on tree planting and to generate awareness of the importance and benefits of forests in light of the 2026 theme (Forests and Economies). The value of forests was one of the key messages that was communicated highlighting issues such as contribution of forests to the country's GDP, job creation, forest products diversification and beneficiation.

Stakeholders were invited to the event hosted at the Walter Sisulu Botanic Garden in Roodepoort, Gauteng Province. School learners were also invited to the event, benefitting from presentations and exhibitions by both SANBI and the DFFE. The scholars' programme included a guided tour in the garden to deepen their understanding of biodiversity and ecology and inspire conservation awareness.



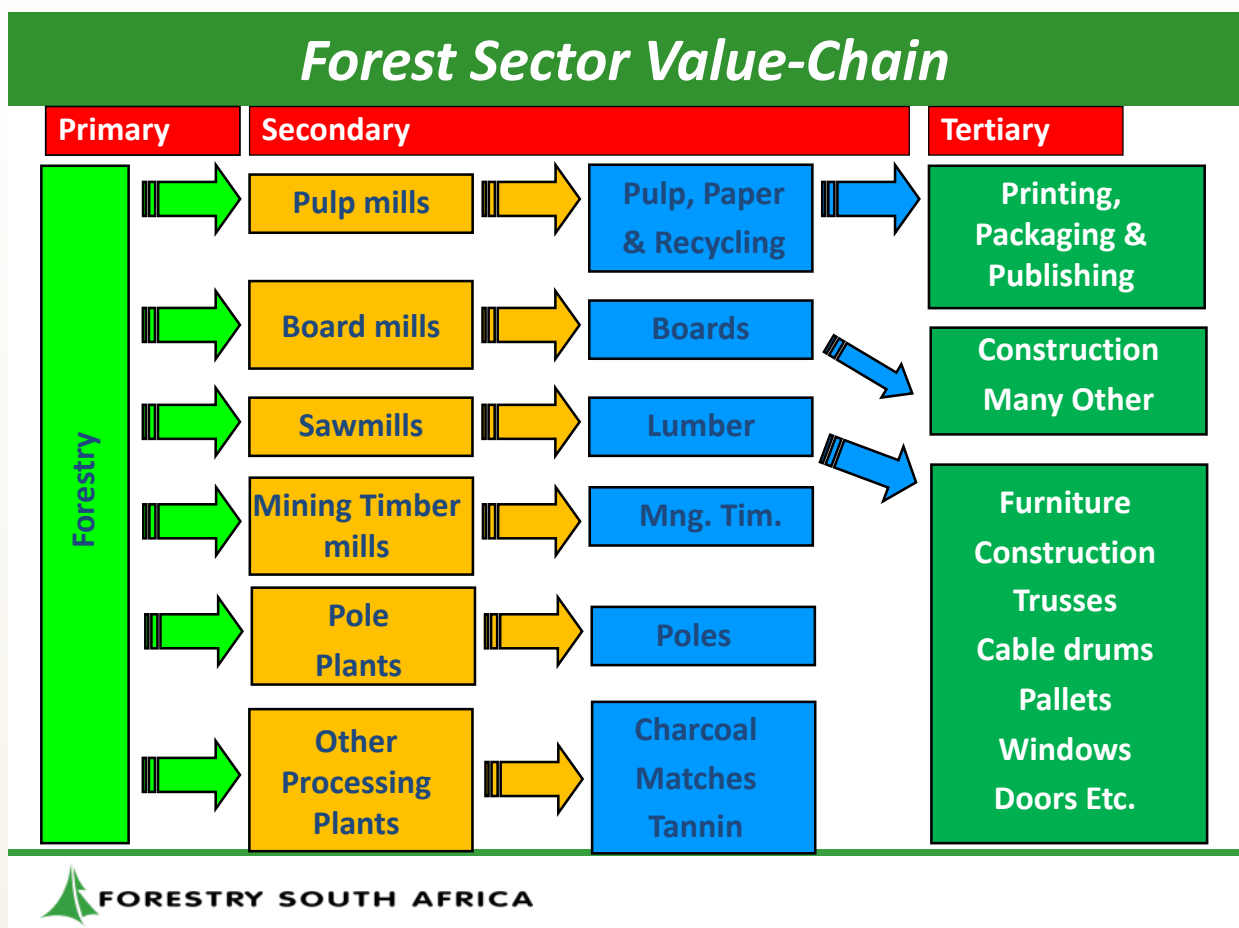
SECTION 3

Sector Contribution in 2025

The forestry sector and its value chain shown below in Figure 1 remains a cornerstone of rural development and industrial growth, contributing both to national Gross Domestic Product (GDP) and to employment opportunities across upstream and downstream activities. Its dual impact, economic and social, underscores the importance of continued investment, transformation, and sustainability initiatives within the sector.

According to statistics provided by Forestry South Africa (FSA), the sector made a significant contribution to South Africa's

economy during the year under review. The sector's total contribution to GDP amounted to R74.5 billion with timber sales contributing R15.2 billion and R59.3 billion derived from pulp, paper, and other allied products and activities. The sector continued to play a vital role in job creation and sustaining livelihoods contributing to 145,000 employment opportunities of which 125 000 were attributed to timber growers and associated activities, and the remaining 20 000 from processing and other upstream and downstream actors.



Courtesy of FSA



Review and Realignment of the Amended Forest Sector Code

During the year under review, the Council undertook a comprehensive review and realignment of the Amended Forest Sector Code. This initiative was driven by the need to ensure the continued relevance of targets and principles in line with prevailing industry realities and socio-economic conditions, compliance with the Broad-Based Black Economic Empowerment (B-BBEE) Act, and alignment with evolving transformation priorities of the forestry sector, as well as the 2019 dtic amendments to the Generic Codes.

The review process was implemented through a multi-phase, consultative, and consensus-driven approach, designed to ensure full compliance with Statement 003 and the principles underpinning section 9 sector code development. A detailed

comparative analysis of the Generic Codes and other Sector Codes was undertaken, including targets and weightings, to ensure a thorough understanding of the current framework and values underpinning the Code.

Following each consultation with the constituency task teams, comprehensive presentations were made to the Council outlining the agreed targets, principles, and the rationale behind them. These were formally endorsed by the Council, ensuring transparency and accountability throughout the process.

All proposed changes were endorsed by the Council in October 2025 and are currently awaiting gazetting in terms of section 9(5) of the Act. The revised Code is expected to strengthen transformation imperatives while maintaining alignment with national legislation and industry sustainability and commitment to the B-BBEE objectives.

Some of the amendments are highlighted below:

Statement	Common Names	Key Changes
Statement 000	Principles	- Inclusion of other business types under Fibre sub-sector such as Lignin, Biomass & Recycling - Thresholds: EMEs R22million, QSEs >R22M-R80M & MLEs above R80M - EMEs & Black Owned QSEs – Flow Through Principle - Affidavit to be generated through system and disqualification of CIPC affidavits/ certificates - Online Reporting compulsory
Statement 100	MLE: Ownership scorecard	- Co-operatives measurement of Voting Rights & Economic Interest (scorecard) - Inclusion of Discretionary Collective Entities
Statement 300	MLE: Skills Development	- Skills target on Black people reduced to 3.5% - Recognition of Skills expenditure on Basic and Higher Education - Learnership combined (Black People) - Absorption to be prorated and target changed from 100%-2.5% - No interview-based evidence on learners required - Category F&G skills development now recognised @25% - Bursary to include scholarship



Statement	Common Names	Key Changes
Statement 400	MLE: Enterprise & Supplier Development	• Supplier Development (SD) & Enterprise Development (ED) collapsed to ED (3% NPAT & 20 points) • Discounting on ED not SD or ED • Sale of logs for companies producing and selling logs • Recognition of MLEs that have graduated from EMEs and QSEs on Procurement indicators • Points recognition from procurement from SAFCOL • Guarantees recognition to be at 50% from 3%
Statement 600	QSE: Scorecard	• Skills Development points and alignment to MLEs scorecard
Schedule 1	Definitions	• Department name changes • New definitions/ Rephrasing, Bursary & Scholarship, Absorbed etc





SECTION 4

Annual Status of Transformation Report

The FY2025/26 Annual Status of Transformation Report provides a comprehensive assessment of progress against the forestry B-BBEE scorecard targets. The report highlights both measurable improvements and declines particularly on

the Management Control element which continues to be a challenging element to implement. As a result, the research of women inclusion is awaited and anticipated to propose some of the sector specific initiatives that could be explored.

The number of reporting entities in the year under review are reflected in Figure 1 below.

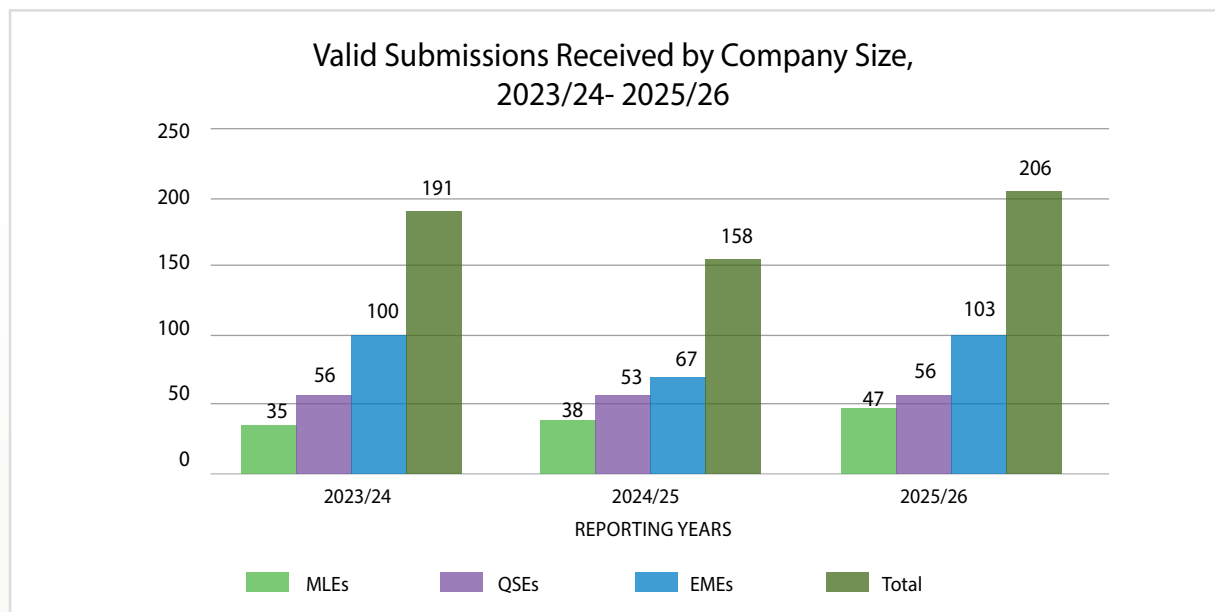


Figure 1: Valid Submissions received from Reporting Entities

A closer examination of submissions per enterprise category reveals varying levels of consistency. A total of 206 companies reported in the year 2025/26. The observation

shows an upward trend mostly from EMEs, MLEs and a slight improvement in numbers recorded from the QSEs.

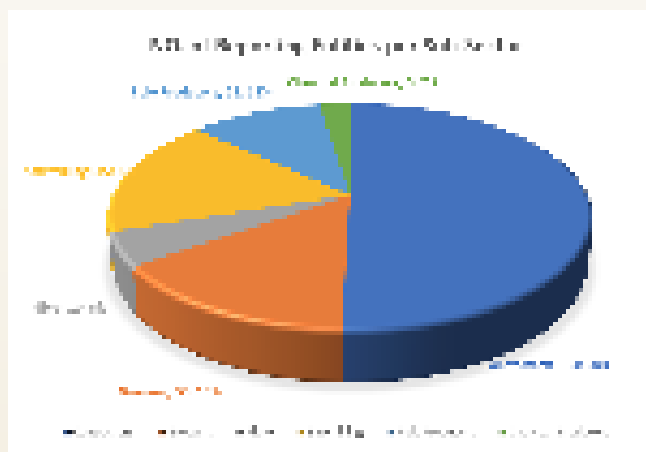


Figure 2: No of Reporting Entities per Sub-sector

Figure 2 illustrates the uneven distribution of reporting entities across the six obliged sub-sectors. The Contractors sub-sector continues to dominate in the number of submissions, reinforcing the narrative that the forest sector relies heavily on outsourcing. Sawmilling and Growers follow in submission volume, trailed by the Pole Producers, while Fibre and Charcoal Producers recorded the fewest submissions.

Medium and Large Enterprises

Based on the total points earned in each assessment, MLEs are assigned a B-BBEE level. Levels 1 to 4 are considered the most favourable, and businesses holding these ratings are often prioritized by companies and government departments when opportunities arise. The distribution of B-BBEE levels achieved by the 47 reporting MLEs is shown below.

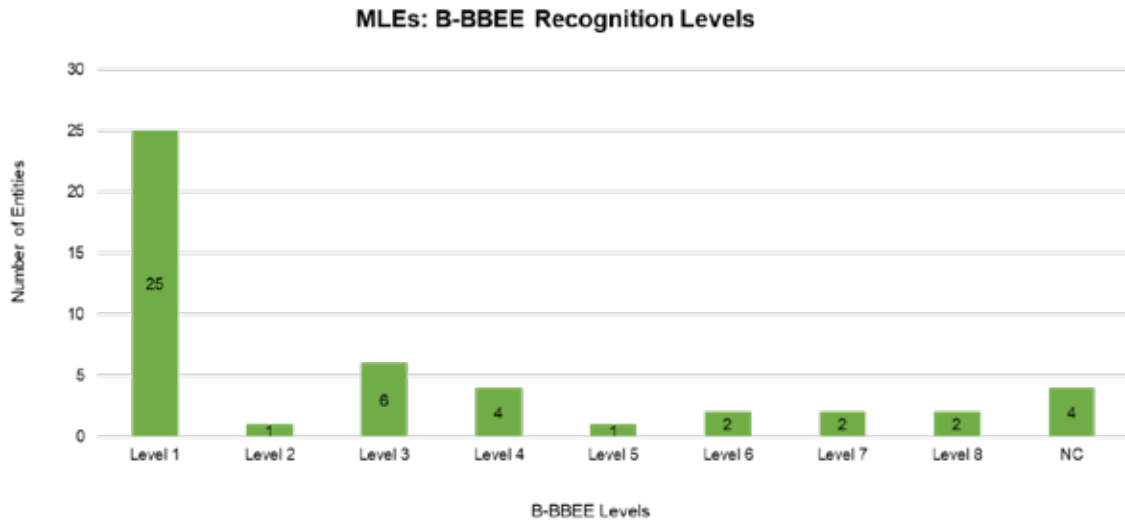


Figure 3: B-BBEE levels achieved by MLEs

The prevailing B-BBEE level among MLEs remains Level 1, as shown in Figure 3, with most of these entities representing reliable reporters. Fewer MLEs achieved Levels 2, 3, or 4 compared to the previous reporting year, though their numbers were similar to those at higher levels in the current year. Only eleven (23%) attained a level below 4, and within this group, four were classified as non-compliant. These non-compliant entities are less likely to secure contracts, as they provide lower procurement recognition. In comparison to the prior reporting period, just six MLEs managed to improve their B-BBEE rating.

The total points earned by reporting MLEs are consolidated into an overall score. These scores are periodically compared to identify trends and, where possible, infer cause-and-effect relationships. Figure 4 illustrates the performance of reporting MLEs across sub-sectors and the five scorecard elements.

It is important to note that the scores are influenced by both the number of reporting MLEs in each year and the consistency of their reporting.

Figure 4: MLE performance across the scorecard elements

	Target	Industry	Charcoal	Contractors	Fibre	Growers	Pole Producers	Sawmilling
Ownership (O)	25	19	0	22	22	23	10	18
Management Control (MC)	19	9	1	10	12	9	8	7
Skills Development (SD)	20	14	12	15	15	15	13	11
Enterprise & Supplier Development (ESD)	43	35	37	37	40	40	32	28
Socio Economic Development (SED)	5	5	5	5	5	5	4	4



Qualifying Small Enterprises (QSEs)

Qualifying Small Enterprises (QSEs) are categorised as either Enhanced or Unenhanced, with each assessed differently. Enhanced QSEs are majority black owned, holding a black ownership profile of more than 51%, and their status is validated solely through an affidavit, which will have to be

generated through the Online Reporting System once the changes to the Amended Forest Sector Code (FSC) have been gazetted. In contrast, Unenhanced QSEs undergo a verification process similar to that applied to MLEs. Figure 5 below displays the levels achieved by all reporting QSEs.

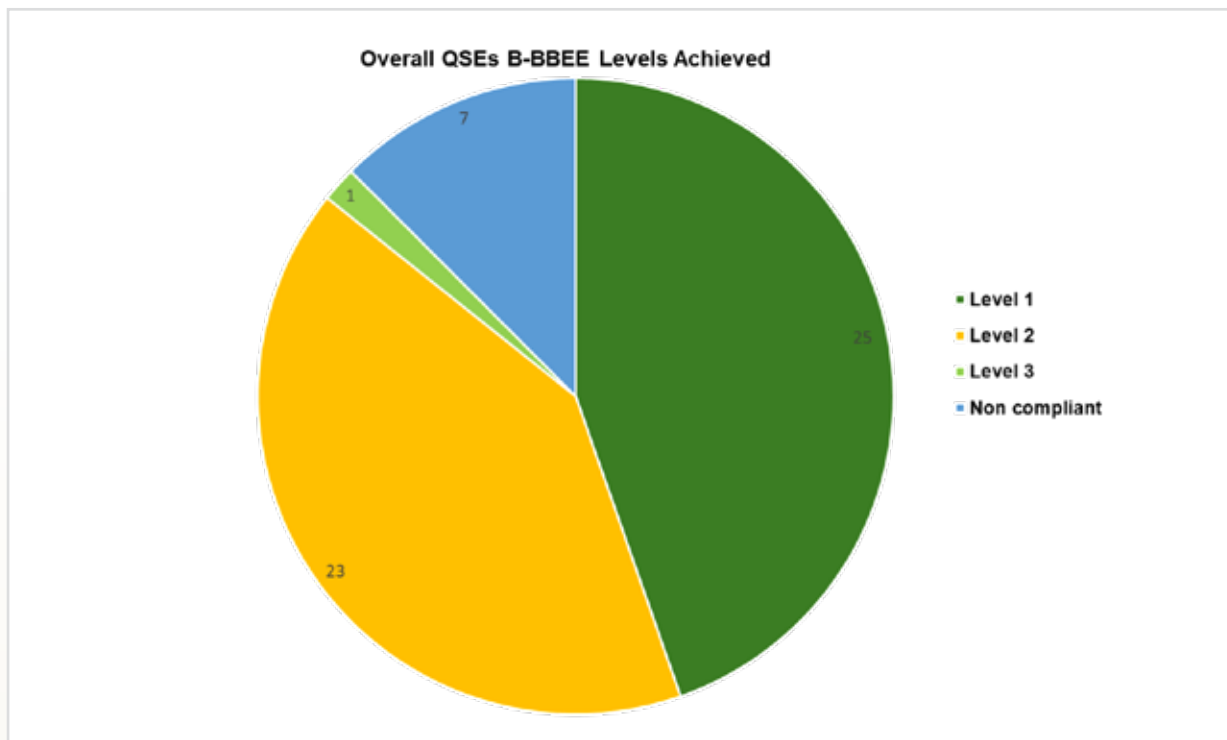


Figure 5: Achieved B-BBEE levels by QSEs

Most QSEs are enhanced attaining a Level 1 or 2 B-BBEE rating. Consistent with the previous reporting period, only four B-BBEE levels were recorded among QSEs (Levels 1, 2, 3, and non-compliant) as shown in Figure 5 above. Of the total, 49 QSEs (87.5%) achieved Levels 1, 2, or 3, while the remaining seven (12.5%) were deemed non-compliant, as shown in Figure 5. The majority of non-compliant QSEs were penalised for failing to meet the minimum targets under the

priority elements, and these entities are typically categorised as either new or inconsistent reporters.

QSEs are generally regarded as medium-sized businesses and often provide contractual services to larger entities. The reporting QSEs are further classified into the six reporting sub-sectors as defined in the scope of application. Figure 6 demonstrates the QSE's sub-sector representation.

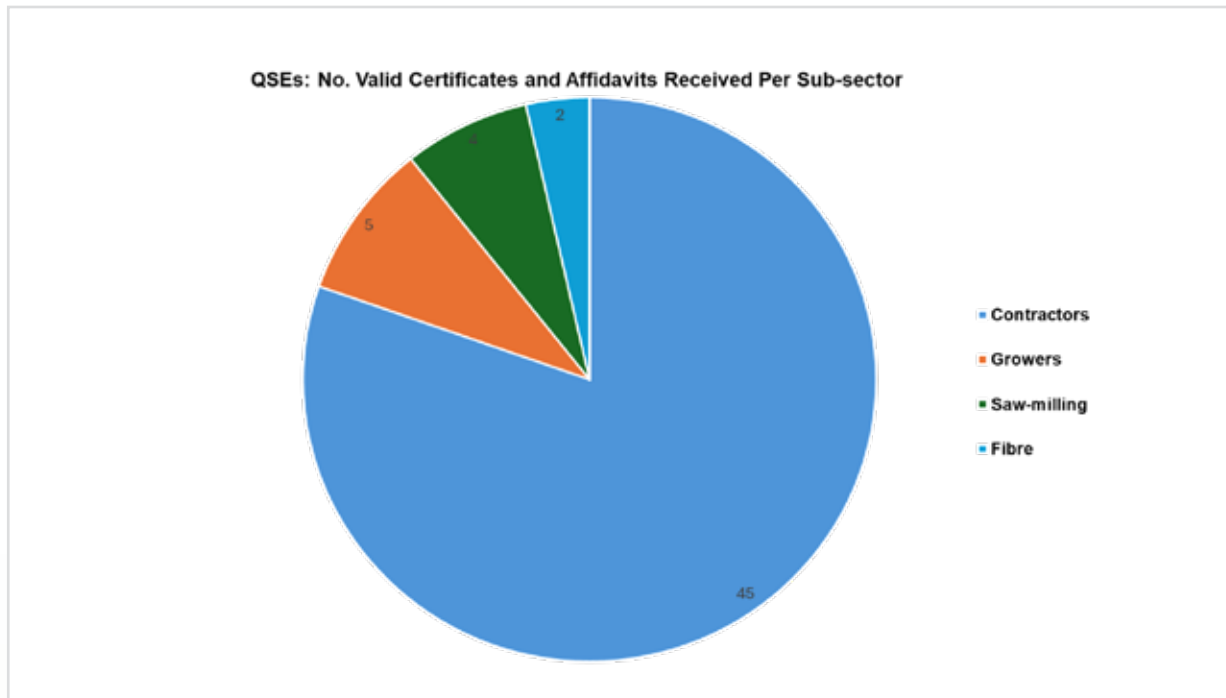


Figure 6: Valid submissions received from QSEs per sub-sector representation

Submissions from QSEs were received from four of the six subsectors, as shown in Figure 6 above. Consistent with the previous year, the Contractors subsector remains the most strongly represented in terms of reporting. In contrast, very few submissions were received from the other reporting sub-sectors, reinforcing the need to understand the proportional activity of QSEs across different sub-sectors. The majority of submissions were from Enhanced QSEs.

Unenhanced QSEs are also required to comply with the five scorecard elements. However, their targets are lower when compared to the MLEs. In the year under review the number of reporting Unenhanced QSEs improved from nine to 13. Of the thirteen, five are consistent reporters. Considering the glaring inconsistencies amongst Unenhanced QSEs, it is not likely that a year-to-year comparison would result in an objective conclusion.

Figure 7 below reveals the performance of Unenhanced QSEs for the year under review.

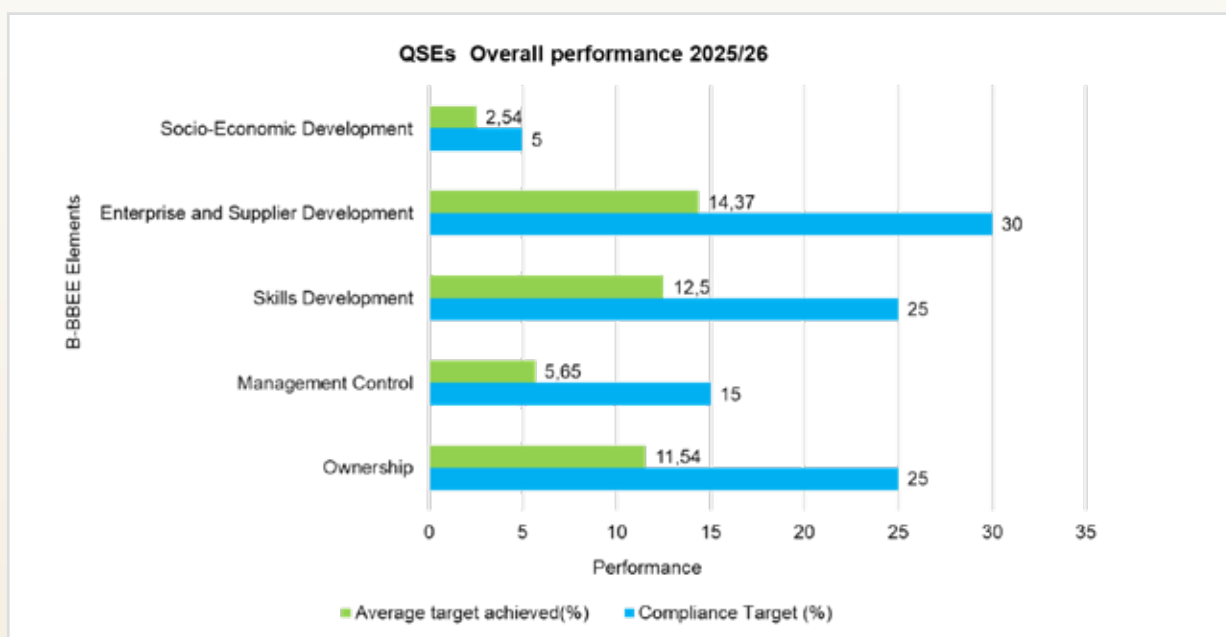


Figure 7: QSE Scorecard Performance



As illustrated in Figure 7, Unenhanced QSEs continue to underperform across all five elements, with only marginal improvements compared to the previous reporting period. This weaker performance is largely due to seven (53%) of the inconsistent or newly reporting Unenhanced QSEs recording very low scores across the scorecard elements, which pulled down the overall averages. In contrast, a comparison between consistent and inconsistent reporters reveals that consistently reporting Unenhanced QSEs achieved strong results in four of the five elements, with average scores exceeding 70%. The lowest average among these was 72% for Management

Control still a solid outcome compared to the overall score of just 5.65, as shown in Figure 7. This clearly underscores the value of consistent reporting for meaningful analysis.

Exempted Micro Enterprise (EMEs)

Exempted Micro Enterprises (EMEs) are automatically recognised as level 4 contributors under the B-BBEE framework if unenhanced. The Enhancement Principle applies to majority black-owned EMEs and they are elevated to level 1 or 2 contributors, similar to how it applies to Qualifying Small Enterprises (QSEs).

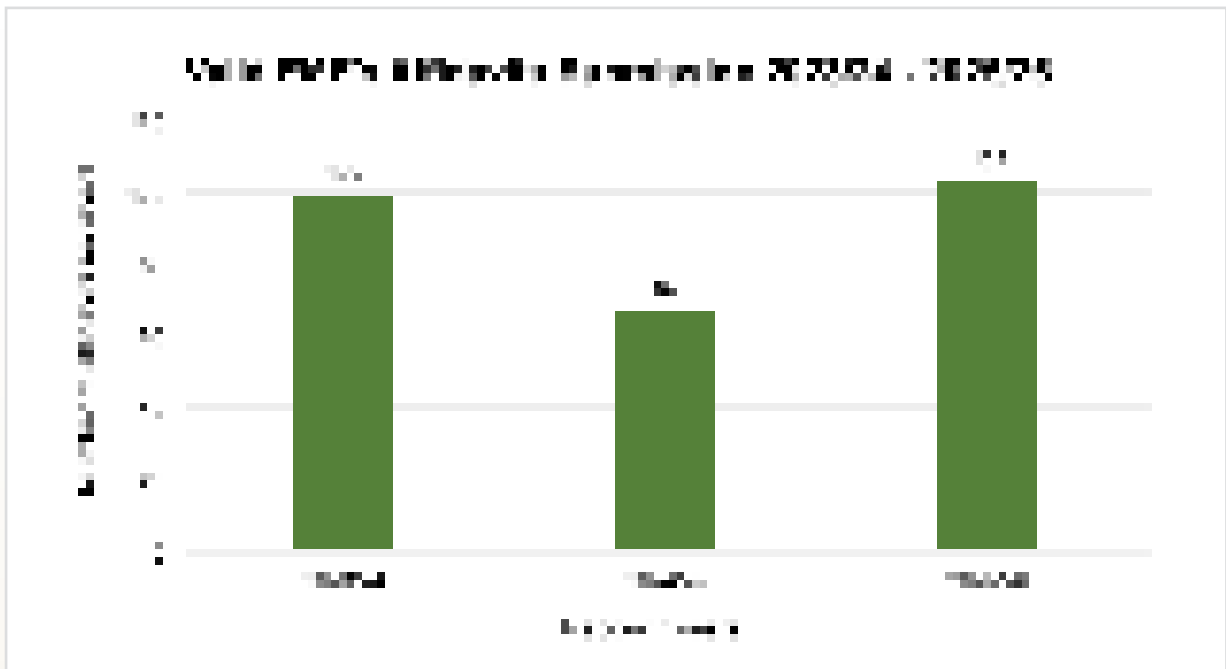


Figure 8: Number of reporting EMEs

Figure 8 shows the trend in EME affidavit submissions over the past three reporting periods. Over the past three reporting periods, the trend in EME affidavit submissions has fluctuated, with 100 valid submissions recorded in 2023/24, followed by a significant decline in 2024/25, and then a positive recovery

in the current period with 103 valid affidavits. This shows the highest number across the three years, slightly surpassing the 2023/24 figure and signalling renewed engagement among EMEs.



The B-BBEE levels achieved by reporting EMEs are shown in the pie chart below.

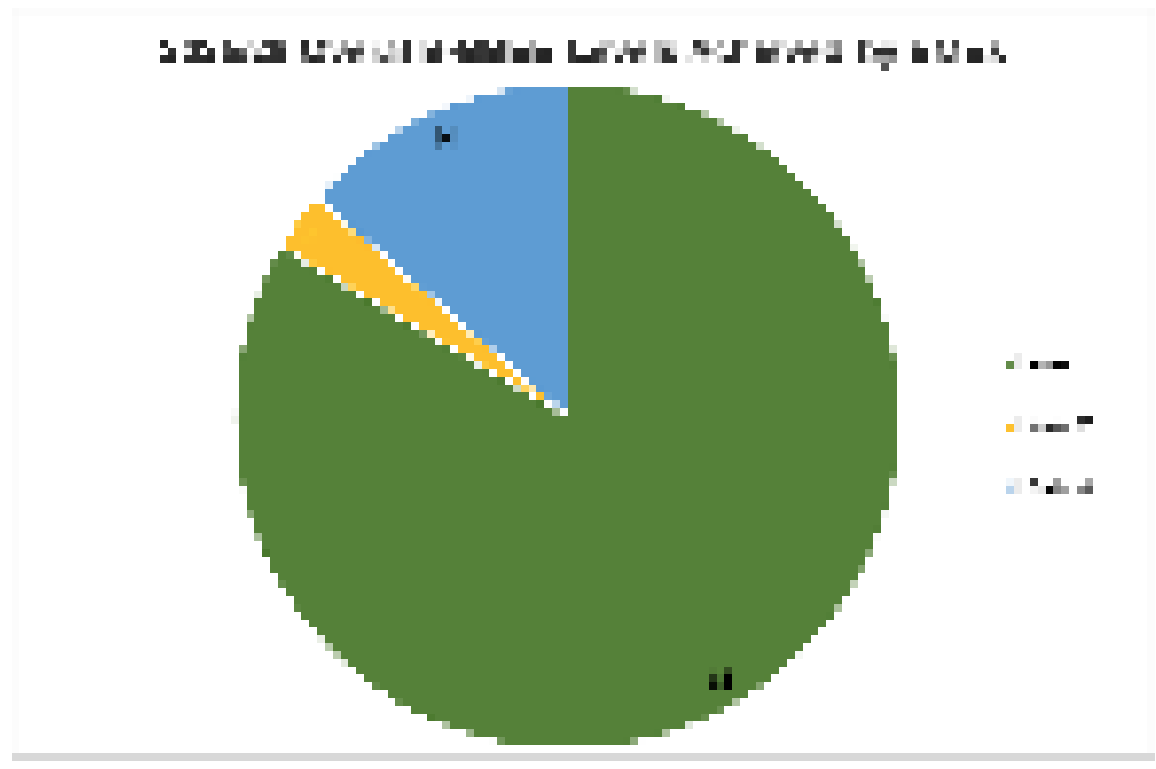


Figure 9: B-BBEE levels achieved by EMEs

In the year under review, most reporting EMEs were enhanced, achieving either a level 1 or level 2 B-BBEE contributor status, with the mode being Level 1. This indicates that the majority of black-controlled enterprises operate within the

lower turnover threshold, reflecting both the impact of the Enhancement Principle and the strong representation of black ownership among EMEs.





Reporting EMEs were also analysed in terms of the sub-sector representation as shown in Figure 10 below.

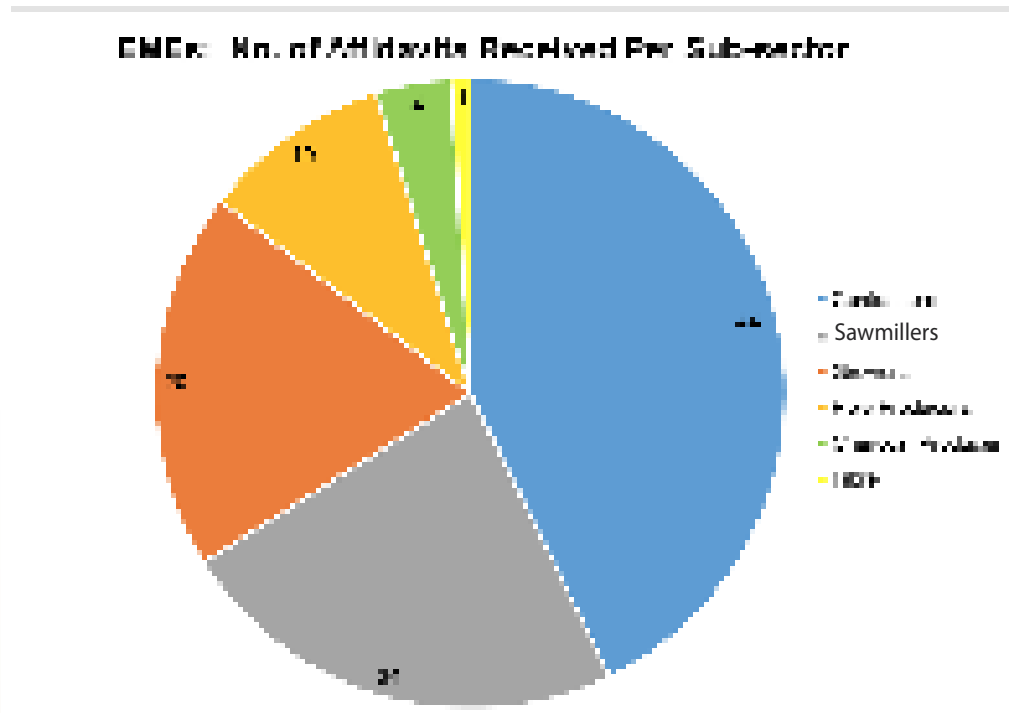


Figure 10: Valid submissions received from EMEs per sub-sector representation

As illustrated in Figure 10, the reporting reflects participation across all six EME sub-sectors, indicating an overall improvement in engagement. Similar to the QSEs, Contractors emerged as the largest contributors, with the Sawmilling and Growers sub-sectors also making meaningful contributions. The remaining sub-sectors reported minimal participation, which may suggest either a limited number of active operators or a lack of sufficient understanding of the B-BBEE reporting requirement. Further analysis shows the emergence of the Sawmillers and the improvement from Pole Producer EMEs.

In conclusion, the total number of reporting entities improved compared to the previous reporting year. The sector achieved a B-BBEE level 2 status, reflecting an advancement of one level from the prior year. QSEs also attained level 2, while

EMEs achieved a level 1 rating. The mode across reporting entities was level 1.

MLEs performed strongly in SED, ESD, Ownership, and Skills Development. However, they continue to face challenges in the Management Control element. It is anticipated that ongoing research into barriers related to the appointment and promotion of women to executive and management positions will provide further insights.

Unenhanced QSEs' performance was further weakened by discouraging scores across the majority of entities. Ten MLEs were subjected to the discounting principle, compared to only seven Unenhanced QSEs. Notably, SAFCOL's performance was outstanding, achieving a B-BBEE Level 1 rating.





SECTION 5

Commitments under the Amended Forest Sector Code

The Amended Forest Sector Code outlines commitments for both industry and government, designed to create an enabling environment for B-BBEE compliance and enforcement. These obligations serve as a framework to drive transformation and ensure accountability across the sector.

The section below highlights the progress achieved on these commitments during the 2025/26 financial year, reflecting the collective efforts of stakeholders in advancing the objectives of the Code.

INSTRUMENTS TO SUPPORT OWNERSHIP TARGETS

Funding facility for B-BBEE transactions

As previously reported, the concept note on the Blended Finance meant to provide funding to small entrepreneurs has been finalised. The priority for the year was to engage the financial institutions to enter into a Memorandum Of Understanding (MOU) for management and administration of Blended finance. The discussions are underway with a draft MOU developed.

The Environmental Impact Assessment (EIA) process for the Eastern Cape is still in progress. This lays a solid foundation for establishing a funding facility for forestry enterprises.

Eight Community Forestry Agreements (CFAs) were signed by the Minister of Forestry, Fisheries and the Environment. The transfer of these eight plantations has empowered local communities by granting them formal management rights and access to forestry resources, thereby promoting inclusive economic development. This milestone supports rural livelihoods, enhances community participation in the forestry value chain, and contributes to the transformation and sustainability objectives of the sector.

INSTRUMENTS TO SUPPORT PREFERENTIAL PROCUREMENT TARGETS

As agreed in the Masterplan, matters relating to working conditions, health and safety will be coordinated through an

industry level Committee convened by Forestry South Africa (FSA). The Industry is participating in the Agriculture & Forestry Occupational Health and Safety (OHS) Technical Committee established under the leadership of the Department of Employment and Labour (DEL), with participation from organised labour, the International Labour Organisation (ILO), the National Institute for Occupational Health (NIOH), and other stakeholders. The committee forms part of the implementation of South Africa's Occupational Health and Safety Strategy 2024–2029, which identifies agriculture and forestry as one of the country's priority sectors for OHS interventions.

INSTRUMENTS TO SUPPORT SKILLS DEVELOPMENT TARGETS

The Department of Forestry, Fisheries and the Environment (DFFE) managed the empowerment of land reform beneficiaries to sustainably develop and manage forest enterprises. 529 learners completed training successfully and they were issued with certificates of competence. Out of these, 387 learners were trained through CFAs, while the remaining 142 were contractors and youth.

INSTRUMENTS TO SUPPORT ENTERPRISE AND SUPPLIER DEVELOPMENT TARGETS

Access to Funds and Financial Services for Emerging Black Entrepreneurs

Funding remains the biggest barrier for small and emerging black enterprises wishing to expand and grow their businesses. The industry offers a broad range of ownership and financing models throughout the value chain and at extremely preferential terms. For growers some of the loans offered are at no interest and only repayable after the first harvest.

Through the partnership in the Forestry Masterplan, industry has motivated for a blended finance scheme. DFFE has also mobilized for funding for the blended finance scheme. It is anticipated that many new and existing black-owned enterprises throughout the value chain will continue to



benefit from industry funding schemes and from the newly established DFFE blended finance scheme.

Access to funding remains the most significant barrier for small and emerging black-owned enterprises seeking to expand within the forestry sector. While the industry provides a wide range of ownership and financing models across the value chain often at highly preferential terms, including interest-free loans repayable only after the first harvest, financial constraints continue to limit growth.

Through the Forestry Masterplan partnership, industry stakeholders have supported the Department of Forestry, Fisheries and the Environment (DFFE)'s position on establishing a blended finance scheme with DFFE further mobilising resources to support its establishment. The newly introduced DFFE blended finance scheme, alongside existing industry funding mechanisms, is expected to significantly benefit both new and established black-owned enterprises across the forestry value chain, enabling greater participation, sustainability, and sectoral transformation.

The Industrial Development Corporation (IDC) Agro-Industrial Fund remains the only active and accessible development

finance option currently available to timber growers outside of company-supported schemes. Recognizing the need for broader financial support, industry stakeholders are actively exploring new instruments and partnerships.

Key initiatives include:

- Collaboration with the KwaZulu-Natal Growth Fund Agency to design sector-specific finance instruments, with encouraging willingness to partner with industry and other Development Finance Institutions.
- Ongoing discussions with the Small Enterprise Development and Finance Agency (SEDFA) and partners Oribi Capital Partners and iqtech to conceptualize a sector-focused funding platform. This initiative, though at an early stage, aims to address transformation and access-to-finance challenges across the forestry value chain.

The proposed platform is anticipated to support a range of black-owned SMEs engaged in forestry-related operations beyond core forestry, while extending the Corporate Social Investment (CSI) spend of forestry entities through blended financing models.





Capacity Building and Business Support for Emerging Black Entrepreneurs

The industry-led skills training programmes, co-funded by the FP&M SETA, concluded in November 2025. Through FSA, R20.1 million was secured from the National Skills Fund to implement the Forestry Graduate Employment Programme (F-GEP), aimed at reducing graduate unemployment by enhancing employability and entrepreneurship. To date, 190 applicants were registered, 151 appointed, 133 contracted, 108 placed, with 16 securing permanent employment, four pursuing entrepreneurial ventures, and others continuing their studies.

FSA has also applied to FP&M SETA for funding four interventions to be implemented in 2026/27:

- Firefighting training for 30 learners across two communities.
- Phytosanitary skills development for 10 unemployed graduates.
- Capacity-building for governance, leadership, and accountability in seven CPAs.
- F-GEP 2 continuation for 100 graduates.

Additionally, FSA secured €800,000 from the European Union (EU) to launch FUTUR21, building on FOREST21. This initiative establishes a regional innovation system linking academia, government, industry, and society. Partners include Nelson Mandela University (NMU), University of Mpumalanga (UMP), two biospheres (Western Cape and Mpumalanga), and European universities in Norway and Finland. FUTUR21 will enhance forestry curricula to address socio-ecological and economic challenges such as climate change, water scarcity, food insecurity, inequality, urbanisation, and resource depletion, while promoting sustainable socio-ecological systems through interdisciplinary education.

Expedite the Authorisation Process for Afforestation and Paper and Sawmilling Facilities

The successful processing of all Stream Flow Reduction Activity (SFRA) Water Use License Applications (WULAs) and afforestation licenses for HDIs supports equitable access to water resources for afforestation projects, thereby promoting transformation and inclusive participation in the forestry sector. No applications were received in the year under review.

INSTRUMENTS TO SUPPORT INDUSTRY-SPECIFIC INITIATIVES

Integrated Forest Sector Development in Provincial & Municipal Planning

Industry, through FSA, continues to collaborate with the office of the Premier in KwaZulu-Natal to align shared priorities, strategic objectives, and resources. This partnership aims to strengthen service delivery and enhance the impact of corporate social investment in communities, facilitated through forestry strategies in key provinces. The collaboration is expected to drive socio-economic development through sustainable initiatives, reinforcing the role of forestry in community upliftment and resource management.

Transport Infrastructure Development in support of Forestry

FSA successfully lobbied the South African Revenue Service (SARS) for special dispensations that benefit small producers. Diesel refund users no longer need to be Value Added Tax (VAT) registered, diesel used in forest protection and specialized haulage return trips now qualifies for refunds, and small-scale growers with turnover under R10 million may collectively apply through mills as agents. Importantly, the diesel rebate is anticipated to be increased from 80% to 100%, delivering significant cost savings for the sector.

In parallel, FSA has engaged the Eastern Cape Department of Transport, SANRAL, and the National Logistics Crisis Committee (NLCC) regarding the prolonged closure and deterioration of the Langeni Pass, a critical link for forestry operations in the Ugie, Langeni or Maclear region. SANRAL has indicated an "in-principle decision" to assist with repairs, pending governance and approval processes, which would restore vital connectivity for the region.

FSA has also escalated several road infrastructure concerns in KwaZulu-Natal to the MEC for Transport and NLCC structures. By engaging B4SA and the NLCC Road Workstream, FSA is ensuring these issues are elevated to national level, particularly where provincial funding and implementation failures threaten strategic economic infrastructure and employment. These efforts highlight FSA's proactive role in safeguarding both the financial sustainability and logistical resilience of the forestry sector.



FSA continues to engage with the Department of Transport (DoT), Transnet, National Treasury (NT), and the dtic on the National Road Freight Strategy. Increased rail availability has delivered major cost savings for timber growers while reducing carbon emissions per ton of timber transported compared to road freight.

Although the sector remains reliant on Transnet Freight Rail (TFR), FSA has begun preparing for the gradual opening of South Africa's rail network to private Train Operating Companies (TOCs), as outlined in the National Freight Logistics Roadmap, Rail Masterplan, and the new rail access framework. This proactive positioning will enable the industry to optimize operational efficiencies as opportunities arise. Additionally, through sustained lobbying, the Performance Based Standards (PBS) system has been extended. Its continuation has prevented severe financial impacts and saved the industry millions, while further data is to be collected on its effect on road infrastructure.

Strengthening Representative Industry Structures

FSA continues to ensure equitable representation of Small-Scale Growers (SSG) across all decision-making structures. Dedicated regional structures support their participation, with 11 regional meetings and two provincial consultation meetings held, ensuring inclusive representation of all growers.

FSA is also monitoring the growth of the small-scale timber grower sub-sector in the Eastern Cape, with plans to establish formal Small-Scale Grower Group (SGG) structures once a critical mass of growers has been reached.

Additionally, the forestry industry benefits from recognized associations that ensure equitable representation across key stakeholder groups. The South African Forestry Contractors Association (SAFCA) provides formal representation for contractors, while the South African Sawmilling Association (SSA) has represented the sawmilling industry since its establishment in 2008. Both the South African Wood Preservers Association (SAWPA) and the South African Utility Pole Association (SAUPA) represent pole treatment plants. These associations strengthen industry governance, advocacy, and inclusivity by ensuring that contractors and sawmillers have a unified voice in decision-making processes. To strengthen collaboration and alignment across forestry

sub-sectors, industry associations established the Forestry Value Chain Forum. Its inaugural meeting and workshop, held in early 2026, brought together key stakeholders from both industry and the public sector. This platform is designed to enhance coordination, strategic alignment, and collective action across the forestry value chain, ensuring more integrated and sustainable sectoral development

Forest protection services

During the year under review, Forest Protection Services prioritised strengthening capacity relating to veld fires and enhancing knowledge of the National Veld and Forest Fire Act (NVFFA) among students, interns, and new appointees. Training initiatives were tailored to regional needs and successfully reached diverse groups.

Forty participants attended the Fire Safe Day held at Mariasdal Community on 28 October 2025. A total of 19 students from Fort Cox were trained on the National Veld and Forest Fire Act on 30 October 2025. Additionally, ten 10 interns were trained on the National Veld and Forest Fire Act by DFFE on 28 October 2025. Fourteen 14 interns and new recruits were trained on the National Veld and Forest Fire Act in Pietermaritzburg on 21 October 2025. Six interns and new recruits were trained on the National Veld and Forest Fire Act in Knysna on 20 November 2025. Eleven interns and new recruits were trained on the National Veld and Forest Fire Act in Mthata on 25 November 2025. Twenty-two interns and new recruits were trained on the National Veld and Forest Fire Act in Bhisho on 26 November 2025. Overall, the program effectively advanced legal and practical application of the NVFFA, ensuring broader awareness and compliance across multiple regions.

Fire Protection Association (FPAs) Support Strategy

The Fire Protection Association (FPAs) Support Strategy was approved at MINTECH and MINMEC in December 2025. However, its gazetting has been deferred to the 2026/27 financial year.

Forest Sector Research & Development Strategy in South Africa

The Forest Sector Research and Development (R&D) Strategy, originally developed in 2012, has been identified for review



to address existing gaps and ensure alignment with current sector priorities. However, the review process has been deferred to the 2026/27 financial year, pending the finalization of a service provider appointment. This postponement underscores the importance of securing the appropriate expertise to guide the strategy's update and ensure its effectiveness in advancing sectoral research objectives.

Maintenance of Forest Resources: Pests and Diseases

DFFE prioritised the establishment of a National Pest and Diseases Advisory Body to address the management, control, reduction, and eradication of pest and disease threats in forestry. Considering the critical importance of safeguarding

forestry resources, a dedicated committee was established to guide the approach. The committee resolved to develop a National Forest Pests and Diseases Action Plan that clearly defines roles and responsibilities. Additionally, it identified specific implementing directorates within both DFFE and the Department of Agriculture (DoA) to ensure effective and streamlined execution. This initiative marks a significant step toward coordinated national action, reinforcing the protection and sustainability of South Africa's forestry resources.

Expediting restitution claims on forest land

During the reporting period, 19 outstanding forestry properties were successfully transferred between the KwaZulu-Natal (KZN) and Eastern Cape (EC) regions.





In KwaZulu-Natal, the following properties were finalized:

- St Paul (7,611.2015 ha)
- Weza Benard Brothers (84.7287 ha)
- Ngunjini (6,859 ha)
- Verkant (2,550.9542 ha)

In the Tsitsikamma region of the Eastern Cape, 15 properties were transferred in January 2026. This progress reflects significant strides in land and resource management, ensuring improved oversight and utilisation of forestry assets across both provinces.





B-BBEE Reporting Entities - 2025/26

MLEs				
SOS Silviculture	Imishini Contracting Services	Mondi Limited	The Lion Match Company	NHR Investment
Timbermech	York Timbers Holdings Limited	Natal Forest Products	PG Bison	R & B Timbers
Cintasign	MTO Forestry	SOS Harvesting	Lounics International	Yonder Lea Timber
Kishugu Holdings	SAFCOL	Timrite	Bedrock Mining Support	Safire Charka
Mpact Operations	Corruseal Group	Sappi	Amathole Forestry Company	Imphisi Harvesting
Pride Pak Packaging	Sebenza Forestry Services	Somusa Forestry	Gauteng Pallets	Baltic Timber Company
Tripaphase	Iningi Investment 143	Merensky Timber	Thuthuka Forestry	CJ Rance
Vuka Timbers (Pty) Ltd	Tzaneng Treated Timbers	White River Sawmill	NeoPak	Yonder Lea Timber
Dalisu Holdings	Kanyi Ilanga Trading	Anchor Pallets	Normandien Farms	Sonae Arauco South Africa Proprietary Limited
Vuka Timbers				

QSEs			
Amahlathi Ethu Trading (PTY) Ltd	Ngala Forestry CC	Can Do Timbers PTY (Ltd)	Mooiplaas Silviculture Services (Pty) Ltd
Farmusa Agric and Forestry Construction	Philasiphile Contractors (Pty) Ltd	Double D 207 (Pty) LTD (Malvern Farm)	Mzilazembe Forestry Services
Ferishta Investments t/a Holmbush Pallets	Philasphile Forestry (Pty) Ltd	Siyakhula Forestry Contractors (Pty) Ltd	Paulpietersburg Timbers
FMT Forestry Contractor	Pine, Timber & Board Express CC	Enviromech Logging (Pty) Ltd	Sakhisizwe Bush Control CC
Hlatini Forestry Specialists	Sabie Forestry (Pty) Ltd	Forest to Mill Harvesting (Pty) Ltd	Sibambane Forestry
Iswepe Silvicultural Services	Shoshalosa Contractors	Gauteng Pallets East CC	Silvicultrix (Pty) Ltd
Ithaba Holdings	Sibsa Group (Pty) Ltd	GDH Timber Harvesting	Edumbe Sawmill
kanyi Ilanga Trading (Pty) Ltd	Sibsa Weed Services CC	Henque Forestry (Pty) Ltd	Siyakhula Forestry Management CC
Lens Forestry Contactor (Illusive Dream Trading)	Takhe Transport	Hlanganani Forestry (Pty) Ltd	Somusa Forestry (Pty) Ltd
Madebe Harvesting	Timber Logging Solutions CC	Imphisi Harvesting	SOS Eucs (Pty) Ltd
Makarapa Holdings (Pty) Ltd	TR Mabuza Contractors Cc	Indwe Security	SOS Silviculture (Pty) Ltd
Mhlambanyathi Fire Fighting	Winnie Logging Services (Pty) Ltd	Ingulule Road Maintenance	Themba Forestry (Pty) Ltd
Mhlambanyathi Group Pty Ltd	Ringomode (PTY) LTD	Masibambisane Harvesting PTY (ltd)	Thuthugani Contractors (Pty) Ltd
Mhlekezi Forestry (Pty) Ltd	Tingasmart (Pty) Ltd	Micloo Forestry Services (Pty) Ltd	Thuthuka Forestry (Pty) Ltd
Natal Box Factory CC	Alpha Defence Solution (Pty) Ltd	Mkhoba Forestry (Pty) Ltd	ZDS Logistics (Pty) Ltd
New Forestry Solutions	Black Forest Harvesting	Mooiplaas Forestry Contracting (Pty) Ltd	Umvuni Solutions (Pty) Ltd
Biomass for Africa	Matume Sawmills CC		



EMEs

Dalindyebo Construction CC	Mandlezile Trading CC	Tsidi and Daughter Trading	Durban Pallets (Pty) Ltd
Devonix (Pty) Ltd	Masihambe Transport CC	Vusisizwe Tree Nursery Primary Co-op	E and H Forestry
Dinoko Sulie Trading (Pty)	Masonga Contractors CC	WBH Timbers (Pty) Ltd	Ferrow Plant Hire
Dumi Forestry Trading Enterprises	Mrhulashe Trading Enterprise	Yangle Enterprise (PTY) LTD	Fibre Cycle
Eco Char (PTY) Ltd	NBR Harvesting CC	Zwetha Contractors CC	Forestry Mechanical Services
ES Forestry (Pty) Ltd	Ndukude Trading Enterprise	Buffalo Packaging & Pallets (Pty) Ltd	HI Rope Industries (Pty) Ltd
Flepu Hardworkers (Pty) Ltd	Ngwenya Forestry Services (Pty) Ltd	Coldstream Timber Company	LotLog CC
Goobs Forestry (PTY) Ltd	PJV Forestry Services	Ingulule Road Maintenance CC	Meyer Forestry (PTY) Ltd
HM Forestry Contractors	PMD Forestry	Kalah Forestry (Pty) Ltd	Meyer Forestry (Pty) Ltd
Imameleng Sole Trader	Rally Business Consulting (Pty) Ltd	Illovo Contractors	Mykatrade/Simms Harvesting Equipment
Ingwenya Forest Services	SC Forestry Contractors	Tshifhire Timbers (Pty) Ltd	Nu Forestry (Pty) Ltd
Inkunzi Kayihlehli (Pty) Ltd	Servimate 93 CC	Mfezi Security Guarding Services CC	Outeniqua Palms Nursery
Inzama Contractors (Pty) Ltd	Shosholoza Forestry CC	Sebenza Forestry Service (PTY) Ltd	PAMSA
Jos Forest Contractors and Silviculture cc	Sika Forestry Solution	Sebenza Shorthaul Service (PTY) Ltd	Panbult Timbers (pty) LTD
Kabos Sole Trader	Sikhunyana Security Services CC	Siyavuka Forestry (Pty) Ltd	Pieter Joubert Forestry
Khula Forestry	Siyaya Contracting	THT Forestry (Pty) Ltd	Premier Pallets CC
Leading Creations (Pty) Ltd	Sodumase Clasic (Pty) Ltd	AC Higgs Timber Harvesting	Protea Timber And Building Materials International (PTY) LTD
Lemaemo Trading	South Coast Forestry	Alien Tree Solutions (Pty) Ltd	Rainbow Forests cc
Lens Forestry Contactors (Illusive Dream Trading)	SS Three (PTY) Ltd	Basic Stock (PTY) Ltd	RS AND SS Plant Hire CC
Liyemithemba Multi Traders	Thandwayibo Trading Enterprise	CMO Logistics	Silvicon Services (Pty) Ltd
LK Maart Forestry (PTY) Ltd	The Extraordinary Trading And Construction (Pty) Ltd	Dargle Poles (Pty) Ltd	SA Forestry Management (Pty) Ltd
Malihambe Forestry Contractors	The Hill Trading Industry Morumotsho Charcoal	Dubell Harvesting	Sabie Poles cc
Sizanani Village Maintenance CC	ST Albans Sawmills	Steel and Ropes CC	Umthi Contractors (PTY) Ltd
Topsaw Forest and Garden	Zululand Fire Protection Association		



A tractor and a truck loaded with logs in a forest.

Annual Financial Statements
for the year ended 31 March 2026





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The reports and statements set out below comprise the annual financial statements presented to the shareholders:

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General Information

Country of incorporation and domicile	South Africa
Registration Number	2009/006567/08
Nature of business and principal activities	Oversight over and facilitation of the implementation of the Forest Sector Code which, as its main objective, seeks to promote Broad-Based Black Economic Empowerment in and through the Forest Sector.
Councillors	Nelisiwe Harrison Tyrone Hawkes Lulamile Xate Roy Southey Victor Breedt Michael Peter Pumeza Nodada Makhosazana Mavimbela Pierre Tullis Roger Johnston Tshepo Makhene Tanucia Coopasamy Thandi Mokoena Thembisa Mpengesi Wade Parker Rejoice Shoji (Appointed 6 February 2026) Sibusiso Lunga (Resigned 18 February 2026) Philani Xulu (Term ended 31 October 2025) Kwena Komape (Term ended 31 October 2025) Lindiwe Mavundla (Term ended 31 October 2025)
Registered Office	Unit 4, Woodview Office Park 1 Humber Road Woodmead 2191
Bankers	First National Bank (FNB)
Auditors	Matshoba Chartered Accountants 27 Garden Road Midrand 1686



Councillors' Responsibilities and Approval

The councillors are required by the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. These annual financial statements have been prepared in accordance with the IFRS for SMEs® Accounting Standard as issued by the International Accounting Standards Board (IASB®) and it is their responsibility to ensure that the annual financial statements satisfy the financial reporting standards with regards to form and content and present fairly the statement of financial position, results of operations and business of the Council, and explain the transactions and financial position of the business of the Council at the end of the financial year. The annual financial statements are based upon appropriate accounting policies consistently applied throughout the Council and supported by reasonable and prudent judgements and estimates.

The councillors acknowledge that they are ultimately responsible for the system of internal financial control established by the Council and place considerable importance on maintaining a strong control environment. To enable the councillors to meet these responsibilities, the councillors set standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Council and all employees are required to maintain the highest ethical standards in ensuring the Council's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the Council is on identifying, assessing, managing and monitoring all known forms of risk across the Council. While operating risk cannot be fully eliminated, the Council endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The councillors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss. The going-concern basis has been adopted in preparing the financial statements. Based on forecasts and available cash resources the councillors have no reason to believe that the Council will not be a going concern in the foreseeable future. The annual financial statements support the viability of the Council.

The financial statements have been audited by the independent auditing firm, Matshoba Chartered Accountants, who have been given unrestricted access to all financial records and related data, including minutes of all meetings of the councillors, the councillors and committees of the councillors. The councillors believe that all representations made to the independent auditor during the audit were valid and appropriate. The external auditor's unqualified audit report is presented on pages 5 to 6.

The financial statements set out on pages 7 to 18, and the supplementary information set out on pages 19 to 20 which have been prepared on the going concern basis, were approved by the councillors and were signed on 26 June 2026 on their behalf by:

Nelisiwe Harrison

Tyrone Hawkes



Councillors' Report

The councillors present their report for the year ended 31 March 2026.

1. Review of activities

Main business and operations

The Council provides oversight over and facilitation of the implementation of the Forest Sector Code which, as its main objective, seeks to promote Broad-Based Black Economic Empowerment in and through the Forest Sector

The operating results and statement of financial position of the Council are fully set out in the attached financial statements and do not in our opinion require any further comment.

2. Events after reporting date

The councillors are not aware of any matter or circumstance arising since the end of the financial year to the date of this report that could have a material effect on the financial position of the Council.

3. Councillors

The councillors of the Council during the year and up to the date of this report are as follows:

Nelisiwe Harrison
Tyrone Hawkes
Lulamile Xate
Roy Southey
Victor Breedt
Michael Peter
Pumeza Nodada
Makhosazana Mavimbela
Pierre Tullis
Roger Johnston
Tshepo Makhene
Tanucia Coopasamy
Thandi Mokoena
Thembisa Mpengesi
Wade Parker
Rejoice Shoji (Appointed 6 February 2026)
Sibusiso Lunga (Resigned 18 February 2026)
Philani Xulu (Term ended 31 October 2025)
Kwena Komape (Term ended 31 October 2025)
Lindiwe Mavundla (Term ended 31 October 2025)

4. Independent Auditors

Matshoba Chartered Accountants were the independent auditors for the year under review.



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Independent Auditor's Report

To the Councillors of Forest Sector Charter Council NPC

Opinion

We have audited the financial statements of Forest Sector Charter Council NPC set out on pages 7 to 18, which comprise the statement of financial position as at 31 March 2026, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Forest Sector Charter Council NPC as at 31 March 2026, and its financial performance and cash flows for the year then ended in accordance with the IFRS for SMEs Accounting Standard as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Council in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The councillors are responsible for the other information. The other information comprises the information included in the document titled "Forest Sector Charter Council NPC Financial Statements for the year ended 31 March 2026", which includes the Councillors' Report, and the statement of Councillors' Responsibilities and Approval as required by the Companies Act of South Africa, which we obtained prior to the date of this report, the Annual Report, which is expected to be made available to us after that date, and the supplementary information set out on pages 19 to 20. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Councillors for the Financial Statements

The councillors are responsible for the preparation and fair presentation of the financial statements in accordance with the IFRS for SMEs Accounting Standard as issued by the International Accounting Standards Board and the requirements of the Companies



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Act of South Africa, and for such internal control as the councillors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the councillors either intend to liquidate the Council or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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 our 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.
- 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 Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the councillors.
- Conclude on the appropriateness of the councillors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- 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.

We communicate with the councillors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Matshoba Chartered Accountants

26 June 2026

Per: D.D. Matshoba
CA (SA), RA
Registered Auditor

27 Garden Road
Midrand
1686



Statement of Financial Position

Figures in Rand	Note(s)	31 March 2026	31 March 2025
Assets			
Non-Current Assets			
Property, plant and equipment	2	119,283	55,186
Current Assets			
Trade and other receivables	3	11,786	21,319
Cash and cash equivalents	4	12,153,589	13,254,242
Total Current Assets		12,165,375	13,275,561
Total Assets		12,284,658	13,330,747
Equity and Liabilities			
Equity			
Accumulated Surplus		12,252,434	13,267,835
Liabilities			
Current Liabilities			
Trade and other payables	5	32,224	62,912
Total Equity and Liabilities		12,284,658	13,330,747



Statement of Comprehensive Income

Figures in Rand	Note(s)	31 March 2026	31 March 2025
Revenue		5,000,205	5,018,207
Other income		25,777	89,767
Operating expenses		(6,855,148)	(5,932,687)
Deficit from operating activities		(1,829,166)	(824,713)
Finance income	7	813,765	861,093
(Deficit) / Surplus for the year		(1,015,401)	36,380



Statement of Changes in Equity

Figures in Rand	Accumulated surplus
Balance at 1 April 2023	13,231,455
Changes in equity	
Surplus for the year	36,380
Total comprehensive income for the year	36,380
Balance at 31 March 2025	13,267,835
Balance at 1 April 2025	13,267,835
Changes in equity	
Deficit for the year	(1,015,401)
Total comprehensive income for the year	(1,015,401)
Balance at 31 March 2026	12,252,434



Statement of Cash Flows

Figures in Rand	Note(s)	31 March 2026	31 March 2025
Net cash flows used in operations	8	(1,805,162)	(743,676)
Interest received		813,765	861,093
Net cash flows (used in) / from operating activities		(991,397)	117,417
Cash flows used in investing activities			
Purchase of property, plant and equipment		(109,256)	(3,500)
Cash flows used in investing activities		(109,256)	(3,500)
Net (decrease) / increase in cash and cash equivalents		(1,100,653)	113,917
Cash and cash equivalents at beginning of the year		13,254,242	13,140,325
Cash and cash equivalents at end of the year	4	12,153,589	13,254,242



Accounting Policies

1. Basis of preparation and summary of significant accounting policies

The financial statements of Forest Sector Charter Council NPC have been prepared in accordance with the IFRS for SMEs Accounting Standard as issued by the International Accounting Standards Board and the Companies Act of South Africa. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment property, certain property, plant and equipment, biological assets and derivative financial instruments at fair value. They are presented in South African Rand.

The preparation of financial statements in conformity with the IFRS for SMEs Accounting Standard as issued by the International Accounting Standards Board requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies.

The principal accounting policies applied in the preparation of these annual financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the councillors.

The Council adds to the carrying amount of an item of property, plant and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the Council. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to surplus or deficit during the period in which they are incurred.

The estimated useful lives range as follows:

Asset class	Useful life / depreciation rate
Fixtures and fittings	6 years
Office equipment	6 years
Computer equipment	3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other gains / (losses)' in the statement of comprehensive income.

1.2 Financial instruments

These include loans, trade receivables and trade payables.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.



Accounting Policies

Trade and other receivables

Trade receivables are measured at initial recognition at cost plus transaction costs, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as debt instruments and loan commitments at amortised cost.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown in current liabilities on the statement of financial position.

Trade and other payables

Trade payables are obligations on the basis of normal credit terms and do not bear interest.

1.3 Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue, which comprises forestry sector member contributions and a government subsidy, is measured at the fair value of the consideration received or receivable.

Interest is recognised, in profit or loss, using the effective interest rate method

1.4 Employee benefits

Short-term employee benefits

Compensation paid to employees for the rendering of services are recognised at the undiscounted amount paid or expected to be paid in the accounting period in which the services were rendered.

Where employees accumulate entitlement for paid absences, an expense is recognised as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. In the case of non-accumulating paid absences, the expense is recognised only when the absences occur.



Notes to the Annual Financial Statements

Figures in Rand	31 March 2026	31 March 2025		
2. Property, plant and equipment				
Balances at year end and movements for the year				
	Fixtures and fittings	Office equipment	Computer equipment	Total
Reconciliation for the year ended 31 March 2026				
Balance at 1 April 2025				
At cost	50,389	58,176	125,765	234,330
Accumulated depreciation	(47,229)	(15,788)	(116,127)	(179,144)
Carrying amount	3,160	42,388	9,638	55,186
Movements for the year ended 31 March 2026				
Additions	-	-	109,256	109,256
Depreciation	(588)	(9,698)	(34,873)	(45,159)
Property, plant and equipment at the end of the year	2,572	32,690	84,021	119,283
Closing balance at 31 March 2026				
At cost	50,389	58,176	235,021	343,586
Accumulated depreciation	(47,817)	(25,486)	(151,000)	(224,303)
Carrying amount	2,572	32,690	84,021	119,283
Reconciliation for the year ended 31 March 2025				
Balance at 1 April 2024				
At cost	46,889	58,176	125,765	230,830
Accumulated depreciation	(46,889)	(6,090)	(86,957)	(139,936)
Carrying amount	-	52,086	38,808	90,894
Movements for the year ended 31 March 2025				
Additions	3,500	-	-	3,500
Depreciation	(340)	(9,698)	(29,170)	(39,208)
Property, plant and equipment at the end of the year	3,160	42,388	9,638	55,186
Closing balance at 31 March 2025				
At cost	50,389	58,176	125,765	234,330
Accumulated depreciation	(47,229)	(15,788)	(116,127)	(179,144)
Carrying amount	3,160	42,388	9,638	55,186
3. Trade and other receivables				
Trade and other receivables comprise:				
Trade receivables			436	9,969
Deposits			11,350	11,350
Total trade and other receivables			11,786	21,319



Notes to the Annual Financial Statements

Figures in Rand	31 March 2026	31 March 2025
4. Cash and cash equivalents		
4.1 Cash and cash equivalents included in current assets:		
Cash		
Balances with banks	12,153,589	13,254,242
4.2 Detail of cash and cash equivalent balances		
Bank balances		
FNB Current account	713,237	2,309,176
FNB Flexi notice	11,440,352	10,945,066
Total	12,153,589	13,254,242
5. Trade and other payables		
Trade and other payables comprise:		
Trade payables	32,224	1,740
Accrued liabilities	-	61,172
Total trade and other payables	32,224	62,912
6. Depreciation and amortisation		
Depreciation and amortisation comprises:		
Depreciation	45,159	39,208
Property, plant and equipment	45,159	39,208
7. Finance income		
Finance income comprises:		
Interest received	813,765	861,093
8. Cash flows from operating activities		
(Deficit) / Surplus for the year	(1,015,401)	36,380
Adjustments for:		
Finance income	(813,765)	(861,093)
Depreciation and amortisation expense	45,159	39,208
Change in operating assets and liabilities:		
Adjustments for decrease / (increase) in trade accounts receivable	9,533	(2,100)
Adjustments for increase / (decrease) in trade accounts payable	30,484	(17,243)
Adjustments for (decrease) / increase in other operating payables	(61,172)	61,172
Net cash flows used in operations	(1,805,162)	(743,676)



Notes to the Annual Financial Statements

Figures in Rand	31 March 2026	31 March 2025
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9. Related parties

9.1 Members of the Forest Industry

Entity name

Paper and Allied Manufacturers of South Africa (PAMSA)
 Forestry South Africa (FSA)
 Sawmilling South Africa (SSA)
 South African Wood Preservers Association (SAWPA)
 South African Utility Pole Association (SAUPA)
 South African Forestry Contractors Association (SAFCA)
 Department of Forestry, Fisheries and the Environment (DFFE)
 Neopak (Pty) Ltd

9.2 Compensation paid to councillors

31 March 2026

Name	Attendance fees	Expense allowances	Total remuneration
Nelisiwe Harrison	69,750	9,000	78,750
Tshepo Makhene	55,050	4,500	59,550
Thandi Mokoena	44,040	4,500	48,540
Thembisa Mpengesi	40,370	4,000	44,370
Wade Parker	40,370	4,500	44,870
Rejoice Shozi		1,000	1,000
Philani Xulu	25,690	3,500	29,190
Total compensation paid to councillors and prescribed officers	275,270	31,000	306,270

31 March 2025

Name	Attendance fees	Expense allowances	Total remuneration
Nelisiwe Harrison	93,000	12,000	105,000
Tshepo Makhene	58,120	6,000	64,120
Thandi Mokoena	47,710	6,000	53,710
Thembisa Mpengesi	40,370	6,000	46,370
Wade Parker	33,030	6,000	39,030
Philani Xulu	44,040	6,000	50,040
Total compensation paid to councillors and prescribed officers	316,270	42,000	358,270



Notes to the Annual Financial Statements

Figures in Rand

9. Related parties continued

9.3 Related party transactions and balances

	PAMSA	FSA	SSA	SWPA	SAUPA	SAFCA	Neopak	DFFE	Total
Year ended 31 March 2026									
Related party transactions									
Revenue	1,299,396	570,197	97,901	29,561	29,561	20,148	20,000	2,933,442	5,000,205
Year ended 31 March 2025									
related party transactions									
Revenue	1,327,918	570,197	97,901	29,561	29,561	20,148	9,480	2,933,442	5,018,207
Outstanding balances for related party transactions									
Amounts receivable	-	-	389	-	-	-	9,480	-	9,869



Notes to the Annual Financial Statements

Figures in Rand	31 March 2026	31 March 2025
10. Income statement by project and function		
Total income	5,839,747	5,969,067
B-BBEE Online Reporting System	(300,000)	(287,500)
CEO Visit	(23,464)	(4,650)
Community outreach programme	(450,286)	(185,103)
Women in Forestry Initiative	(104,514)	(246,124)
Forestry Professional	(57,970)	(65,160)
Research	(6,300)	-
Knowledge sharing and transfer programmes	(148,190)	(196,574)
Review and Realignment costs	(1,360,155)	-
Employee costs	(2,988,386)	(2,837,238)
Other operating expenses	(1,415,884)	(2,110,338)
	(1,015,401)	36,380



Detailed Income Statement

Figures in Rand	Note(s)	31 March 2026	31 March 2025
Revenue			
Government contribution - Department of Forestry, Fisheries and the Environment		2,933,442	2,933,442
Industry contributions - Members of the Forestry Sector		2,066,763	2,084,765
		5,000,205	5,018,207
Other income		22,595	-
Cashback		3,182	89,767
Other income		25,777	89,767
Operating expenses			
15 Years Celebration		-	(737,655)
Accounting fees		(240,093)	(228,761)
Advertising		(48,453)	(86,858)
Annual report		(44,339)	(34,316)
Auditors remuneration - Fees		(84,525)	(80,500)
Bank charges		(23,381)	(5,328)
BBBEE Reporting System		(300,000)	(287,500)
Catering		(43,719)	(4,603)
Cleaning		(25,000)	(23,510)
Computer expenses		(192,187)	(132,000)
Consulting fees		(1,890)	(40,683)
Consumables		(8,457)	(9,243)
Courier & Postage		(5,159)	(15,220)
Depreciation - property, plant and equipment		(45,159)	(39,208)
Electricity and water		(31,905)	(29,380)
Employee costs - salaries		(2,941,663)	(2,745,180)
Entertainment		(3,408)	(2,166)
Forestry Professionals		(57,970)	-
Green Project		(15,456)	(22,483)
Insurance		(25,057)	(23,301)
Management fees		(418,794)	(368,122)
Operating lease expenses		(139,184)	(132,556)
Printing and stationery		(33,532)	(2,947)
Review and realignment costs		(1,321,854)	-
Security		(1,712)	(1,652)
Staff training		(46,725)	(71,448)
Staff welfare		(29,590)	(51,308)
Subscriptions		(18,467)	(19,770)
Telecommunication		(69,519)	(82,448)
Travel and Accommodation		(533,686)	(566,245)
Women/She in forestry		(104,264)	(88,296)
		(6,855,148)	(5,932,687)
Deficit from operating activities		(1,829,166)	(824,713)
Finance income	7		
Interest received		813,765	861,093
(Deficit) / Surplus for the year		(1,015,401)	36,380



APPRECIATION

A new year always brings with it a unique energy, a moment for reflection, anticipation, and the familiar call to “do things differently” or “do more”. Whatever the case maybe, the call must be directed by a renewed commitment to do better than the previous year.

In 2025/26, the comprehensive review of the Amended Forest Sector Code, informed by the 2019 dtic amendments to the Generic Code, became our foremost priority. This undertaking sought to refine commitments and targets, ensuring alignment with B-BBEE objectives, regulations, and national priorities. The ultimate aim was to establish new priorities that would sustain impactful B-BBEE compliance within the forest industry, that is measured not only by compliance levels achieved, but by the creation of resilient and sustainable black businesses that endure long after programmes conclude.

Negotiations with partners underscored the value of genuine collaboration and a shared vision for accelerating B-BBEE implementation in the Forest Sector. Ideas were rigorously debated, assessed for feasibility, and weighed against their potential long-term impact. Protecting the gains already achieved, while securing lasting economic benefits for black rural communities and beneficiaries, was central to this constructive process. To all stakeholders, we extend our sincere gratitude for your objective insights and valuable contributions.

The Council's extensive engagements with stakeholders across both public and private sectors must continue to champion impactful B-BBEE implementation. Equally, it must provide beneficiaries with clarity on how best to harness

these opportunities. This ongoing dialogue will enable us to evaluate successes, identify areas for improvement, and strengthen our transition toward comprehensive impact reporting.

The Council's operations remain dependent on the successful application of the funding model agreed upon by both industry and government. We express our deepest thanks to the Department of Forestry, Fisheries, and the Environment and contributing Sub-Sector Associations for providing consistent funding, even during periods of economic strain. Prioritising the FSCC demonstrates that your dedication is matched by purposeful intent.

To our Council, under the leadership of Ms. Nelly Ndlovu, we convey our profound appreciation for your guidance, support, and direction.

Finally, to my colleagues, I extend heartfelt thanks. Together, we transformed challenges into opportunities for stronger collaboration and effective delivery of our responsibilities. Your dedication and hard work are deeply valued.

Makhosazana “Khosi” Mavimbela

FSCC: Executive Director



ACRONYMS

AGM	Annual General Meeting	MOU	Memorandum of Understanding
ARC	Audit and Risk Committee	NIOH	National Institute for Occupational Health
B-BBEE	Broad-Based Black Economic Empowerment	NLCC	National Logistics Crisis Committee
BEE	Black Economic Empowerment	NMU	Nelson Mandela University
CFA	Community Forestry Agreements	NPAT	Net Profit After Tax
CIPC	Companies and Intellectual Property Commission	NT	National Treasurer
COP	Community Outreach Programme	NVFFA	National Veld and Forest Fire Act
CSI	Corporate Social Investment	OHS	Occupational Health Safety
DEL	Department of Employment and Labour	ORS	Online Reporting System
DFFE	Department of Forestry, Fisheries and Environment	PAMSA	Paper Manufacturers Association of South Africa
DOA	Department of Agriculture	PBS	Performance Based Standards
DOT	Department of Transport	QSE	Qualifying Small Enterprises
DTIC	Department of Trade, Industry and Competition	R&D	Research and Development
ED	Enterprise Development	SAFCA	South African Forestry Contractors Association
EIA	Environmental Impact Assessment	SAFCOL	South African Forestry Company Limited
EME	Exempted Micro-Enterprises	SANAS	South African National Accreditation System
ESD	Enterprise and Supplier Development	SARS	South African Revenue Service
EU	European Union	SAWPA	South African Wood Preservers Association
FINCOM	Finance Committee	SAUPA	South African Utility Pole Association
F-GEP	Forestry Graduate Employment Programme	SD	Supplier Development
FPA	Fire Protection Association	SD	Skills Development
FP&M	Fibre Processing and Manufacturing	SED	Socio Economic Development
FSA	Forestry South Africa	SEDFA	Small Enterprise Development and Finance Agency
FSC	Forest Sector Code	SFRA	Stream Flow Reduction Activity
FSCC	Forest Sector Charter Council	SIFSA	She is Forestry South Africa
FVCF	Forestry Value Chain Forum	SSA	Sawmilling South Africa
GDP	Gross Domestic Product	SSG	Small Scale Growers
HDI	Historically Disadvantaged Individuals	SSP	Sector Skills Plan
HRC	Human Resources Committee	TFR	Transnet Freight Rail
IDC	Industrial Development Corporation	TOC	Train Operating Companies
ILO	International Labour Organisation	UMP	University of Mpumalanga
KZN	KwaZulu-Natal	VA	Verification Agencies
MC	Management Control	VAT	Value Added Tax
MLE	Medium and Large Enterprises	WULA	Water Use License Application
MOI	Memorandum of Incorporation		



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