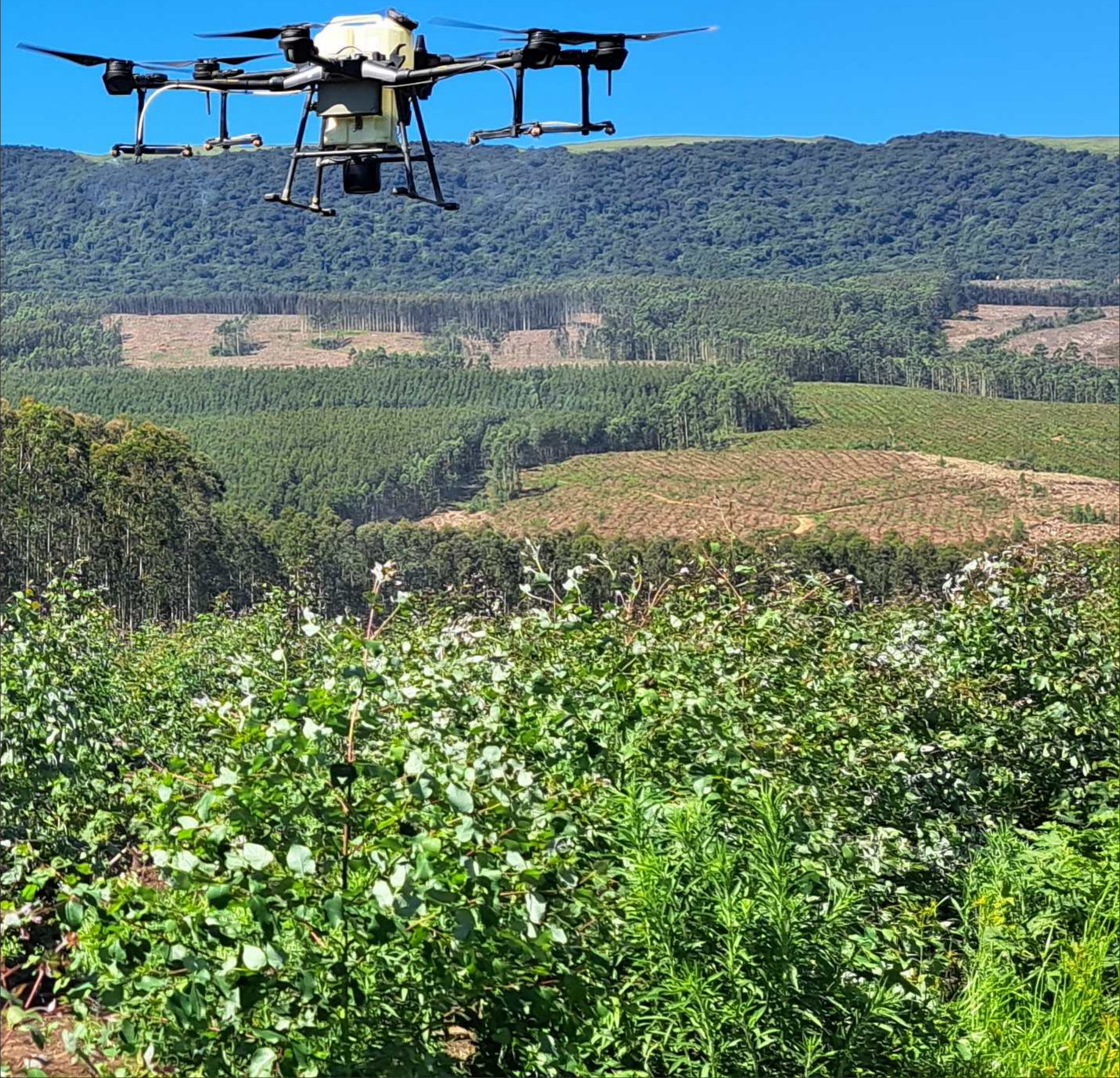
FORESTRY SOUTH AFRICA™

22nd Annual Report

For the year ended 31st December 2023



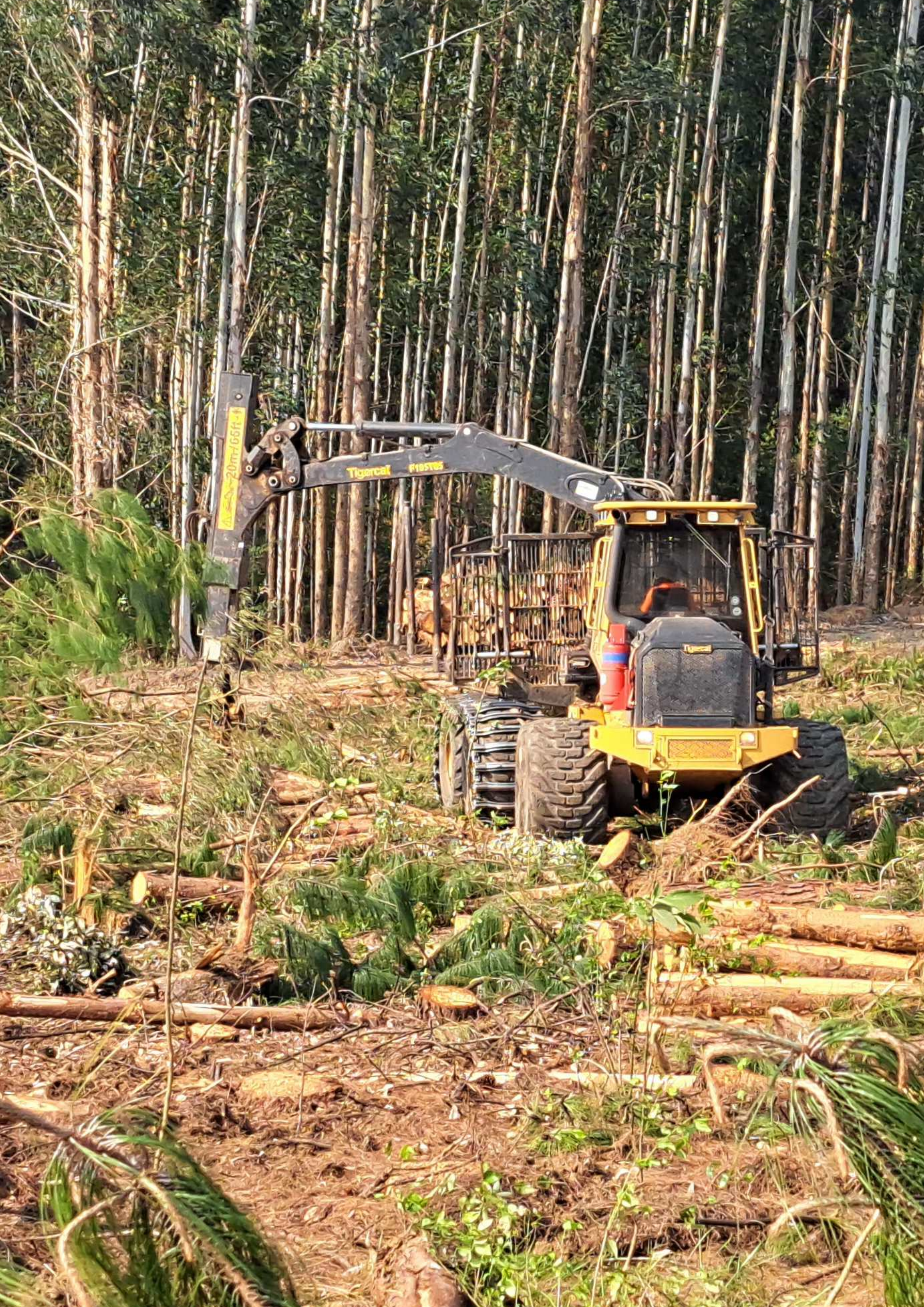

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Table of Contents

Organisation Details

Forestry South Africa

(Non-profit Organisation Registration Number – 017-638 NPO)

22nd Annual Report for Year Ended 31st December 2023

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suzanne@forestrysouthafrica.co.za
precious@forestrysouthafrica.co.za

Pietermaritzburg

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Life Sciences Campus
University of KwaZulu-Natal
Pietermaritzburg

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Pietermaritzburg, 3209
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E-mail

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francois@forestrysouthafrica.co.za
nathi@forestrysouthafrica.co.za
judy@forestrysouthafrica.co.za

Staff Members

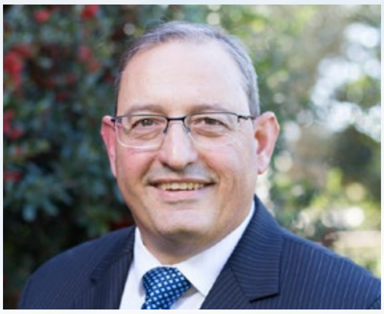
Michael Peter	Executive Director
Ronald Heath	Research and Protection Director
Stefan Links	Research and Protection Manager
Suzanne Blows	Financial Manager
Precious Singo	Office Assistant

Norman Dlamini	Business Development Director
Nathi Ndlela	Development Manager
Francois Oberholzer	Operations Director
Judy Dowsett	Office Manager

Website Address	www.forestrysouthafrica.co.za
Bankers	Standard Bank of South Africa Ltd
Auditors	Rabie Deysel Incorporated Chartered Accounts (S.A.) Registered Auditors

Meet the Team

Staff

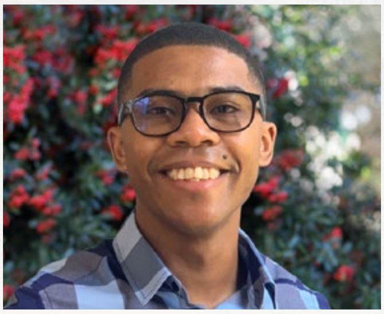


Michael Peter

Ronald Heath

Norman Dlamini

Francois Oberholzer



Stefan Links

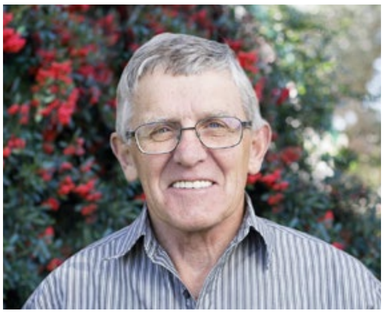
Nathi Ndlela

Suzanne Blows

Judy Dowsett

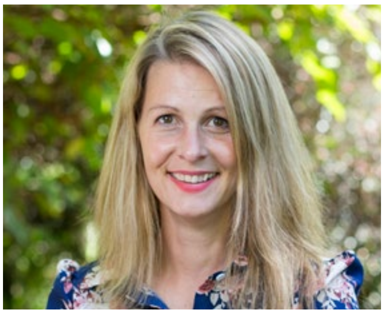
Precious Singo

Specialist Service Providers

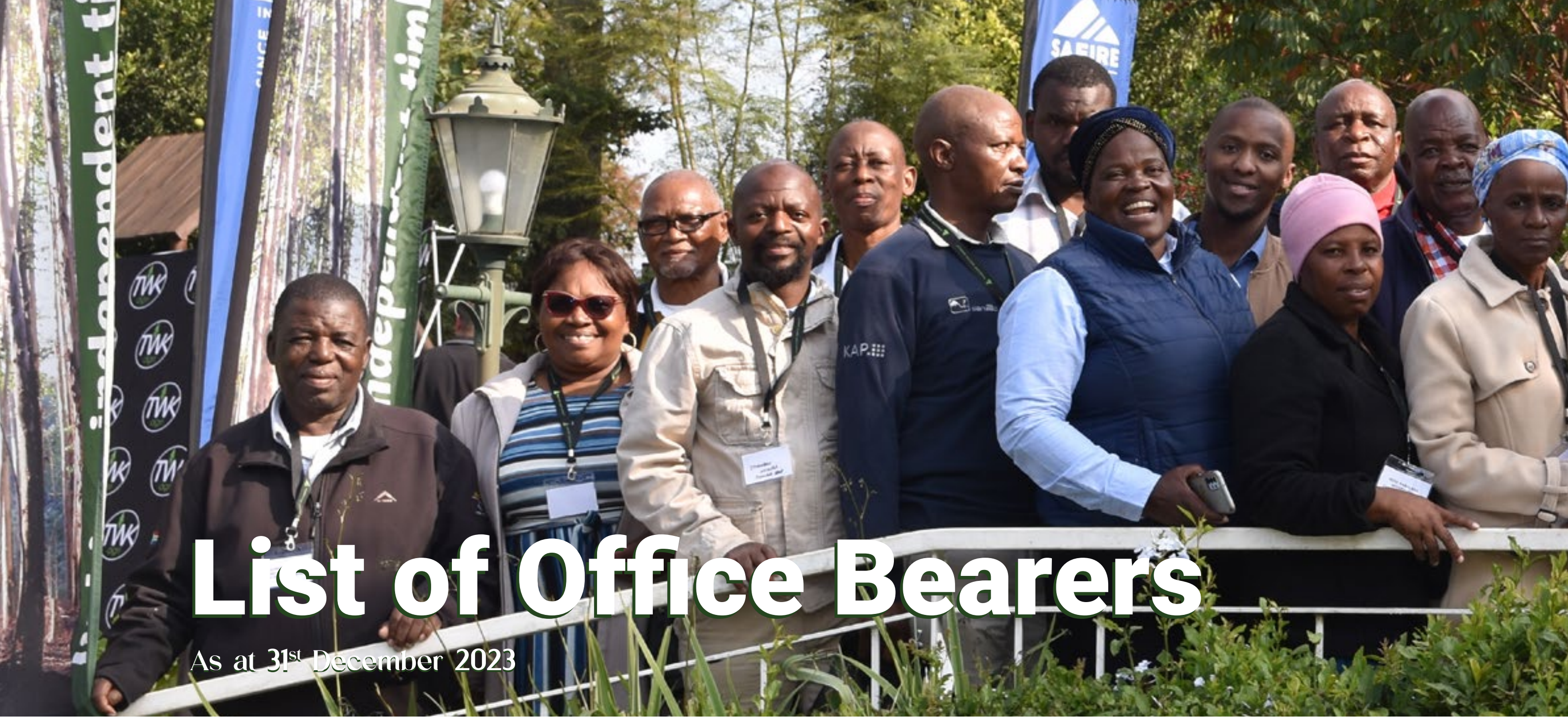


John Scotcher

Jacqui Meyer



Katy Johnson



List of Office Bearers

As at 31st December 2023

Executive Committee

Mr Andrew Mason (MGG) (Chairperson)
Mr Themba Vilane (Mondi)
Mr Buhle Msweli (SGG) (Vice-Chairperson)
Mr Duane Roothman (SAPPI)
Mr Sean Brown (Merensky)
Ms Itumeleng Langeni (MTO)
Mr Tsepo Monaheng (SAFCOL)
Mr Ferdie Brauckmann (TWK)
Mr Penwell Lunga (PG Bison)
Mr Gerald Stoltz (York Timbers)
Mr Mark Armour (R&B Timbers) (co-opted)
Mr Murray Mason (MGG)
Mr Graeme Freese (MGG)
Mr Danny Knoesen (MGG)
Mr Heiner Hinze (MGG)
Mr Musa Mcwensa (SGG)
Mr Fhatuwani Netsianda (SGG)

Large Growers Group

Mr Mark Barnardo (SAPPI)
Mr Ben Pienaar (Mondi)
Dr Simon Ackerman (Merensky)
Mr Jaco Oosthuizen (MTO)
Mr Sibalo Dlamini (SAFCOL)
Mr Pieter Keeve (TWK)
Mr Pieter de Wet (PG Bison)
Mr Eric Droomer (York Timbers)*
Mr Mark Armour (R&B Timbers)
Mr Davron Swift (Amathole)
*Replaced by Mr Gerard Lindner w.e.f. Nov 23

Medium Growers Group

Mr Andrew Mason (Chairperson)
Mr Heiner Hinze (Vice-Chairperson)
Mr Murray Mason (Vice-Chairperson)
Mr Graeme Freese (Past Chairperson)
Mr Rupert Beneke
Mr Martin Eggers
Mr Hendrik Klopper
Mr Vusi Dladla
Mr David Davidson
Mr Neil Engelbrecht
Mr Juan Freyer
Mr Glynn Hogg
Mr Danny Knoesen
Mr Gerco Serfontein
Mr Harald Niebuhr
Mr Craig Norris
Mr Malcolm Stainbank
Mr James Stegen
Mr Sean Sneyd
Mr Sean Gallagher

Small Growers Group
(LIMPOPO)

Mr Fhatuwani Netsianda (Chairperson)
Mr William Sambo (Deputy Chairperson)
Mr Johannes Maponya
Mr Vhutshilo Netshiavha
Ms Rose Ramalana
Mr Rufus Masekoameng
Ms Nembula Mukhunga

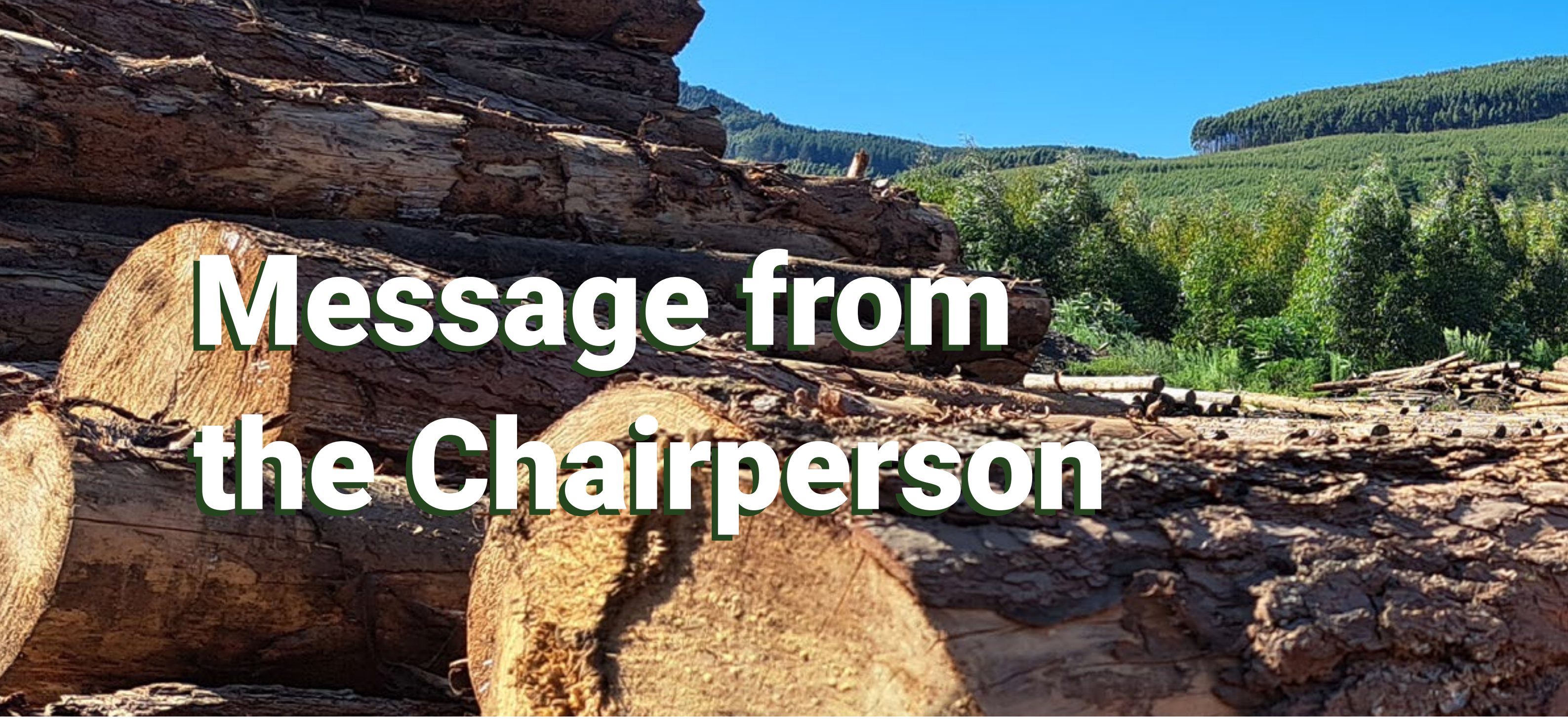
Small Growers Group
(KWAZULU-NATAL)

Mr Buhle Msweli (Chairperson)
Mr Musa Gcwensa (Deputy Chairperson)
Mr Watson Nxumalo
Mrs Jabu Zulu
Ms Rejoice Shozi
Mr Bonginkosi Zondi
Mr Thandokuhle Nxele
Mr Sibusiso Ndlovu
Mr Aubrey Zama

Medium Growers Group – Regional Groups

GROUPS	CHAIR	VICE-CHAIR	SECRETARY
Limpopo	Gerco Serfontein	Ferdinand van Loggerenberg	Jaques Grobler
Eastern Mpumalanga	Neil Engelbrecht		
Piet Retief / Lothair	Hendrik Klopper	Hendrik Ziervogel	Johan Roodman (TWK)
Zululand	David Davidson	Busi Mnguni	FSA
Umvoti / Main Line	Sean Sneyd	Martin Eggers	Roger Poole (NCT)
Eston/Mid-Illovo/ Richmond/Ixopo	Malcolm Stainbank		FSA
Northern KwaZulu-Natal	Rupert Beneke	Juan Freyer	Clive Mattison (NCT)
Alfred County	Sean Gallagher	Kim Pleydell-Bouverie	Richard Payn
Southern Cape	Inactive		

Honorary Life Members
Dr Doug Crowe, Mike Edwards, John More, Werner Weber, Philip Day, Brian Aitken and Murray Mason



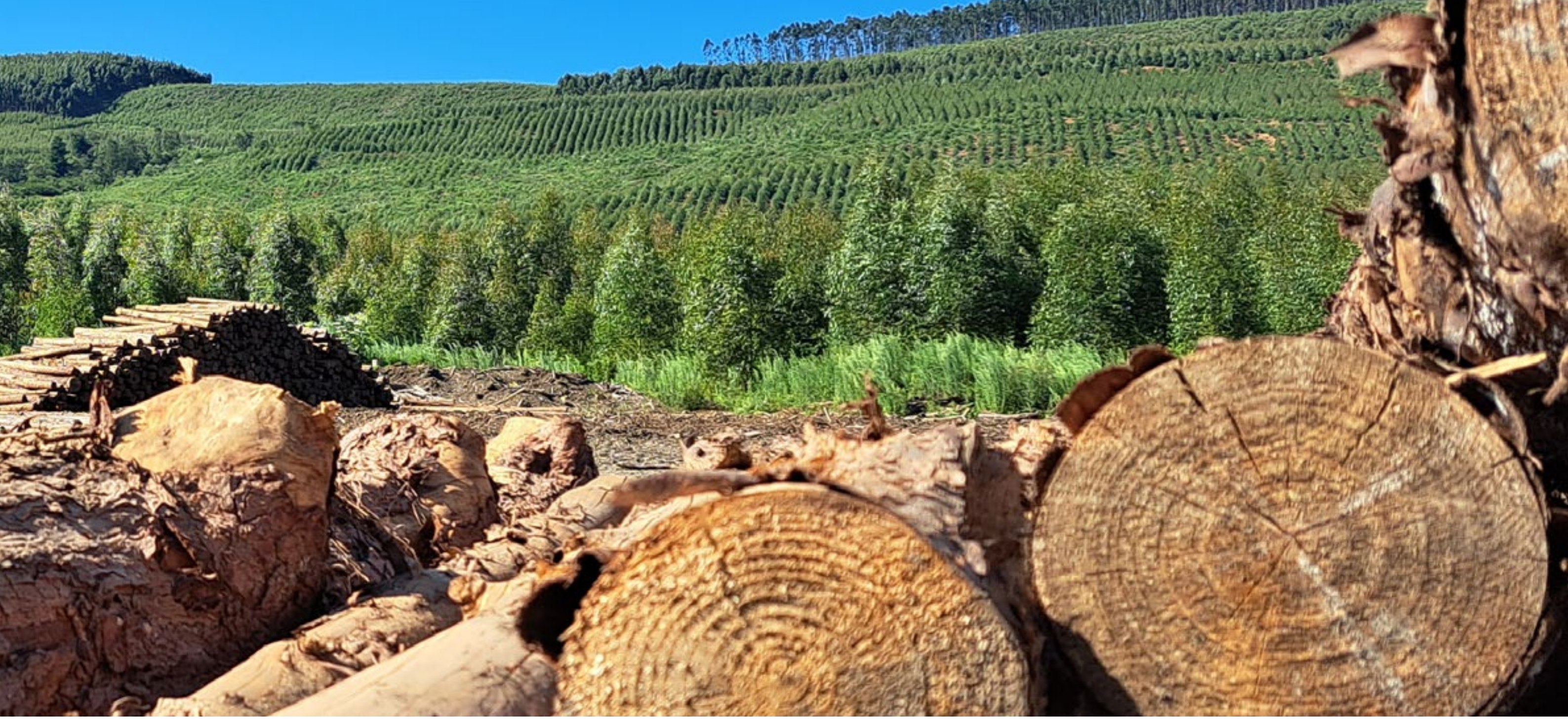
Message from the Chairperson

FSA continues to exert major influence in the areas of policy and legislative development, both for our Sector and for the broader country. This advances and protects the economic, social and environmental development objectives of our businesses, the Sector and the country more broadly. This report contains several extraordinary examples of this, which seem at odds with both the size of FSA and the size of our Forestry Industry and once again, we find ourselves punching well above our weight. Aside from having an excellent Staff body, we are also most fortunate to have an active membership base, who support FSA in the many focus areas and committees and this factor serves as a major multiplier to the efforts of our Staff.

The Annual Report contains a great number of additional positive outcomes for 2023 in so many of FSA's spheres of influence, like research and development, forest protection, transport and logistics, HR development, transformation, business development, land reform and Sector promotion, so I will only touch on some of the highlights in this message. I will also reflect on some of the ongoing risks which our Sector, and the country more broadly, may face in the coming years and on which we need to keep a close eye. The fact that we are on the verge of the most historic election in 30 years, as a case in point, warrants some comment.

At the beginning of 2023, the near-collapse of the State-operated energy provider Eskom, severely damaged every sector of our economy and some, like the Sawmilling sub-sector in our Industry, were particularly hard hit. We have sadly seen a number of sawmills close over the past year, in large part due to the impacts of loadshedding and also because demand for locally-grown timber in new housing projects, has remained flat for the past fifteen years. A recent Crickmay and Associates report shows that upwards of 80% of timber passing through formal sawmills is being sawn at well-below cost price. Skilled managers can run a business at below cost in the short-run but not in the long-run. We therefore sincerely hope that for sawlog growers, this trend starts to turn and that the work of Sawmilling South Africa and the DTIC, with support from FSA and others, starts to produce greater demand for locally-grown sawtimber and other timber-derived products in the built environment.

Just when we started to experience some relief from the energy crisis during 2023, through decreased loadshedding and the massive roll-out of private sector-led renewable energy projects, along comes another State-operated entity in the form of Transnet, to undo those gains. Because of the catastrophe that Transnet has visited on the country, the IMF has again revised its growth forecast for 2024 down from 1.8% to 1%. The good news on the Transnet side, is that



following FSA's inputs during the Transnet strike of 2022, FSA was invited to participate in a Presidency-led initiative to try to address the logistics crisis, just as FSA had a hand in shaping the energy sector reforms in the country. Throughout 2023, our Executive Director (along with two other private sector individuals) held fortnightly meetings with the Operation Vulindlela team in the Presidency, to shape the logistics reforms. In April, our Executive Director, supported by several CEOs from our members, gave a presentation to the President, Minister of DPE and the Minister of Transport. During that engagement, the President committed to establishing a National Logistics Crisis Committee (as had been done for the energy sector) and to the development of a freight logistics roadmap. Both of those commitments were honoured and in October 2023, Cabinet approved the Freight Logistics Road Map. This has already been effective in cleaning house, by getting rid of the obstructionist C-suite executives in Transnet, restructuring the entity with the establishment of the Infrastructure Manager, Economic Regulator, Transnet Freight Rail Operating Company and TNPA, as separate entities with independent mandates. While these legislative, structural and operational reforms are to be greatly welcomed as they will in time, see much greater participation by the private sector in rail and ports, there is going to be a challenging transitional period. The proposed line access fees for private rail operators for example, as part of the Network Statement, are double what they were previously. This will not only discourage a return of general freight from road to rail but in fact if not addressed, will see even greater volumes moving from rail onto road. Fortunately, our Sector's pilot projects with Transnet, which FSA facilitated, are being used to test the effectiveness of the roadmap and so we expect that following FSA's submissions and interventions in the NLCC and Operation Vulindlela processes, along with those of other rail users, we will see more sensible pricing.

While the improvement in Eskom's energy availability factor (EAF) was another positive outcome in 2023, of much greater importance, was the massive roll-out of renewable energy capacity in businesses and households. South Africa has installed a massive 7.7 Gigawatts of solar capacity in businesses alone. This is 50% of the total capacity installed on the entire African continent and there are now so many additional IPP projects being built, that as JP Landman and Chris Yelland said at our AGM in May, we won't be plagued by energy constraints for very much longer.

For our Sector, 2023 marked the year of the highest amount of State funding that FSA and Industry more broadly, have ever received for forestry R&D and for Forestry development financing. We would like to express our sincere gratitude to the Departments of Science and Innovation, Forestry, Fisheries and the Environment, Agriculture Rural Development and Land

Reform and to the Industrial Development Corporation for co-investing through FSA and in partnership with FSA's members, into the critical areas of research and development, innovation, protection and business development. This is the only way to secure the fibre that is needed to underpin further economic growth, employment and transformation of our Sector and without this, we also cannot compete effectively in international markets.

We also saw the Supreme Court of Appeal award in FSA's favour on all three of the matters which we have been contesting with the DWS and its implementing agents (Catchment Management Agencies). The SCA have ruled that all plantations in existence in 1998 at any time in the two years leading up to the implementation of the National Water Act, are lawful. This is a great relief for many timber growers and for our smaller growers in particular. It also secures ongoing legitimate access to this fibre for the processing sub-sectors. The SCA also ruled that growers can switch between genera, without needing water authorisations and without having to reduce the area under trees. This has potentially saved the Industry from losing as much as 175 000ha in existing plantation area through genus exchange. Finally, the SCA ruled that water rights cannot be expropriated based on whether or not they are being exercised at any given time. The first two critical matters mentioned above, have been contested issues for more than two decades and while we tried for 15 years to avoid a legal solution, in the end we were forced by the DWS into this legal battle, but we have been vindicated and the Industry finally has clarity. The attempts by the DWS to appeal the SCA judgement are being opposed formally by FSA and informally, through high-level dialogue with the Director-General of DWS. Whatever the outcome of those processes, there is very little if any risk to it materially changing the gains we have secured for the Sector.

We also saw the WC State plantations put out on tender and some of them awarded to private sector companies in 2023. We also saw the Category B and C plantations finally being put out for expressions of interest and it is only a matter of time before we see some of those plantations also coming back into production. This too has been a decade-long battle with the DFFE and it is good for the Sector, as it supports the new investments already made in processing and will encourage further investment. From a national objectives perspective, it also offers employment and transformation opportunities in rural areas, which have been increasingly rare over the last two decades.

We also saw the threatened land expropriation without compensation matter finally put to rest when Parliament refused to amend the Constitution. This has been a six year-long anxiety for the country but FSA has continued to assure members from the very start of the debacle in December of 2017, that it would present no real threat to our Sector and this too has come to pass.

If we look beyond all of these landmark areas of progress towards some of the risks for our Sector and for our country, the first one that is on everyone's minds is the political risk.

The well-known 'curse', "May you live in interesting times", is now more applicable in South Africa, than it has been for the past three decades. At the time of publication of this Annual Report, we will be just days away from the most 'interesting' election of our democracy in 30 years. Our Executive Director often quotes Joseph De Maistre, who said that "Nations get the leaders they deserve". It would seem that South Africans after 30 years of political dominance by a single party, feel that we deserve better leaders but we will soon know if this is so or not. It is a cruel irony in some senses, as the Ramaphosa government has indisputably (based on FSA's interactions with them) spent the last five years trying to rectify some of the disasters that the Zuma government caused for South Africa but it may be a case (at least for the ruling party) of closing the stable door after the horse has bolted. No matter the efforts of the President and his administration, the mess they have been trying to clean up, was also indisputably caused by his own party.

While we should welcome any change to the disasters which some of the ruling party members (past and present) have visited on us, we must also not be naive about how difficult the potential transition to a new government will be. We all saw what happened in KZN and other parts of the country, when the convicted criminal Jacob Zuma was sent to jail. His new party is reportedly funded by many of the causes of our biggest challenges in this country. Rent-seeking, mafia-style, criminal syndicates in the transport, construction, mining, energy and other sectors, have helped cripple those sectors, rob the fiscus of countless billions of Rands and drive South Africa into the bottom five countries globally, in terms of crime. CEOs of companies in those Industries, often require heavily-armed personal protection from these criminals and several business people have been murdered. None of those criminals will want to surrender their ill-gotten means of financial profiteering, so we should be wide-awake to the possibility of great unrest after the elections. Add to this the poor track-record of coalition governments in provinces and local government and it indeed makes for 'interesting' times.

A coalition government also won't magically get rid of the legions of corrupt and inept government officials. Accountability management will need to be implemented because the structural failures in the education system and the war for talent in the economy (more so for black talent), means that the State will not easily be able to replace all those civil servants and it will also remain an employer of last resort, for most people with decent skills. We should therefore be especially grateful to the many other public servants who fight against the tide of corruption and ineptitude and who put the public's interests ahead of their own.

On the positive side, a coalition government also offers some opportunities. Firstly, it will greatly reduce the deluge of damaging legislation and regulation, which the ruling party has been able to unilaterally foist on the country for so many years and which has eroded so much investment, employment and goodwill. A coalition will also empower the President (whomever that may be) to harness the skills and intellects of politicians in other parties, just as former President Nelson Mandela did so successfully during the early days of the government of national unity. We should recall in this regard, those early hopeful days of Mandela's visionary leadership, in leveraging the skills and influence of Roelf Meyer, Mangosuthu Buthelezi, Chris Liebenberg and others from different political parties, towards the vision of a better South Africa. This too will once again be possible and likely with a national coalition government.

So while we are poised on the edge of great potential change in South Africa, there is also a great deal to be optimistic about, based on the many structural and legislative changes which are starting to be effected in so many critical areas like energy and logistics. Once these have been achieved, most economists predict that our economic growth will outstrip most if not all middle and higher-income countries in the world. The fact that FSA's vertically-integrated members continue to make multi-billion Rand investments into South Africa is on its own, proof enough for us timber growers, that there is great cause for optimism.

In closing I would like to thank all of our members for their ongoing support to FSA, both financial and in the form of the deep pools of knowledge and experience which they make available to FSA in the many committees and structures which we have. This amplifies greatly what Mike and his small but effective team in FSA are able to do, to positively influence our operating environment. To our Executive Director Mike, his entire team of Staff and service providers and to all of our partners in both the private and public sectors, we thank you for your ongoing leadership and passion for our Industry and for the sterling job you all do for us.

Mr Andrew Mason
Chairperson
FORESTRY SOUTH AFRICA

Internal Forestry South Africa Matters

FSA Staff Matters

Due to the increasing responsibilities of the Research and Protection Unit, there was a need to review the available capacity within FSA. The need for additional capacity became evident after the Unit, through Dr Ronald Heath's hard work, secured the Forest Protection Memorandum of Agreement (MoA) with the Department of Forestry, Fisheries and the Environment (DFFE) and the Sector Innovation Fund. FSA was delighted to appoint Mr Stefan Links as the Research and Protection Manger at no cost to our members. Stefan joins FSA from another industry association and holds an MSc in Plant Pathology from Stellenbosch University. He is currently pursuing a PhD focussing on phytosanitary related issues affecting the broader agriculture sector at the University of Pretoria. Stefan is experienced in Project/Portfolio Management, Project Coordination and Crop Protection. His appointment has greatly extended the Research and Protection Director's capacity and he has settled in well with the FSA team.

FSA Timber Sales Tonnages in 2023

The total volume remitted by members in 2023 started well but slowed down in the second half of the year. The near collapse of rail and port operations, the impact of the energy crisis on many processing plants, the devastating NCT fire which started at the end of September, and a depressed global pulp price, were all contributing factors.

Total volumes for the year were 13.37 million tons for the year, which is 4.3% lower than in 2022:

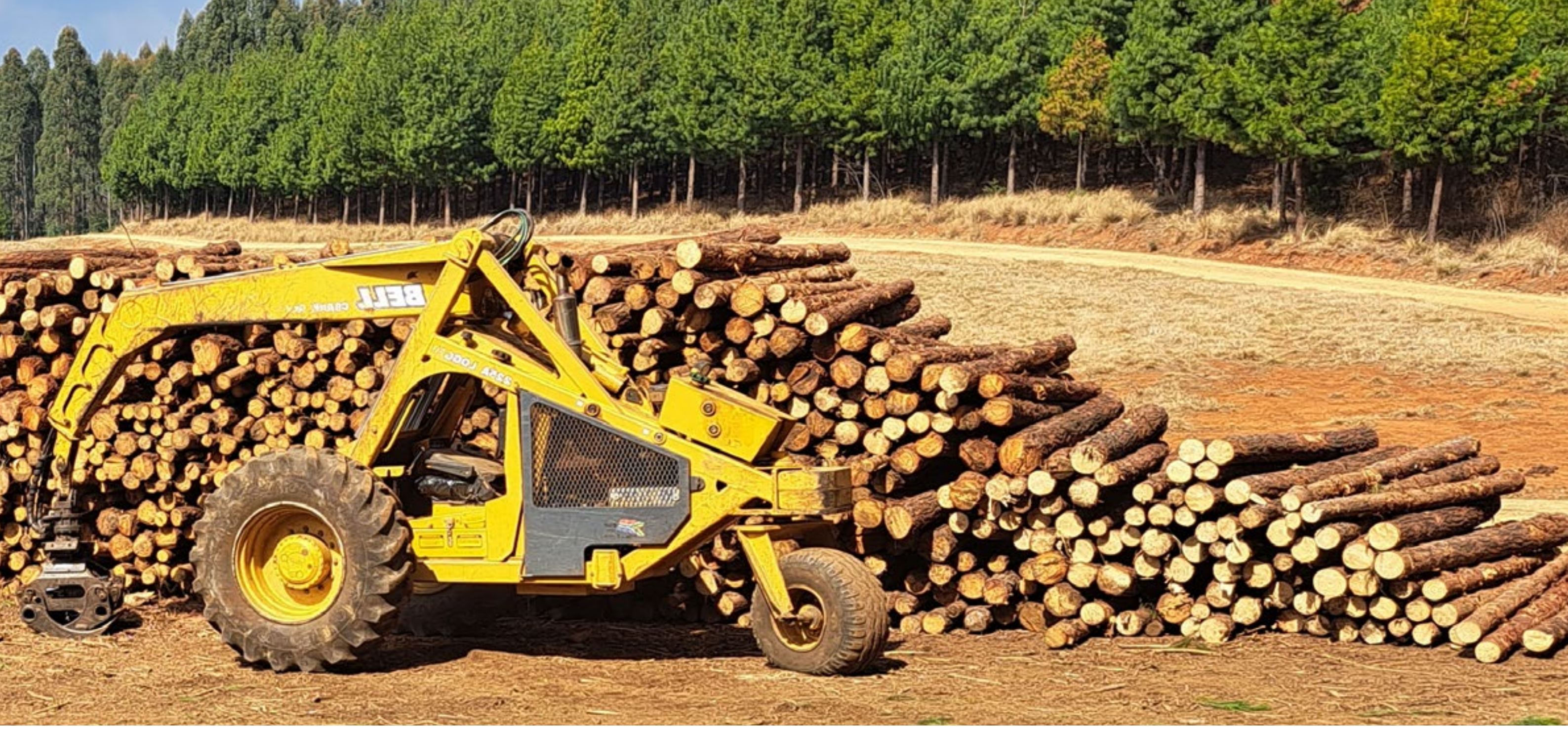
- Pulpwood was 9.19 million tons which was 3.7% lower than in 2022
- Sawlogs were 3.51 million tons which was 7.4% lower than in 2022
- Mining timber was 227 860 tons or 9.0% lower than 2022
- Poles were 283 197 tons (2.9% higher than 2022)
- Other products were 125 581 tons which was 116.5% higher compared to 2022 and driven by an increase in biofuel demand.

FSA Finances 2023

The Audited Financial Statements for the year ending 31 December 2023, will be available on FSA's website (www.forestrysouthafrica.co.za) once ratified by the AGM. The results from the unaudited financial statements as at the end of 2023 are as follows:

Income: Income from member contributions of R34.351 million was slightly below the budgeted figure of R34.487 million, and this shortfall was primarily due to the loss of a long-standing member of FSA, due to economic conditions.

Operational Expenditure: While operational expenditure of R17.452 million appears to be largely



overspent against the budgeted figure of R14.462 million, this was planned for and was funded from reserves built up for the water court case, which was a huge success for Industry and which is reported on elsewhere in this report.

Industry Expenditure: Industry expenditure of R20.117 million was almost exactly on the budgeted figure of R19.985 million.

Balance Sheet: FSA's Balance sheet remains healthy with R5.033 million in reserves.

FSA Budgets and Funding for 2024

As always, FSA is acutely aware of the need for responsible and innovative resourcing for the work of the Association, especially during difficult trading conditions for our members, like those experienced by members in 2023.

FSA once again presented a very prudent budget for 2024 and at the Executive Committee meeting held on 16 November 2023, a budget of R36.309 million was approved for 2024, requiring a 1.15% increase in member contributions.

In addition to this, FSA secured a massive R21.8 million in leveraged funding, which is 60% of the funding which members will provide in 2024.

FSA Membership

FSA was sorry to see the loss of one of our longstanding members in the Sawmilling sub-sector. Stevens Lumber Mills sadly announced their closure late in 2023, citing an unstable electricity supply and shortage of logs, as factors affecting this regrettable outcome.

After another challenging year we would like to thank all members for their continued support in both financial terms to FSA, as well as for their investment of intellectual capital and time to ensure that the Association was able to function as effectively as we have done.

The benefits of having a strong Industry Association like FSA, to act collectively on our members' behalf, was again evident in 2023, when FSA was able to effect so many policy and performance improvements in several key areas affecting the Industry and the economy more broadly. These are reported on in more detail in this report.

Benefits Derived from FSA Membership

This report contains many high-level and specific achievements by FSA in supporting our members during the year under review. It should be noted, however, that besides the evident achievements reported on, the more routine activities of the

Association also make an immense difference to the businesses of our members. Something as routine as responding to proposed tariff increases or managing the various Industry programmes, saves our members hundreds of millions of Rands in administrative and operational costs and avoided losses.

The key focus areas for FSA include:

- Working with Government, Organised Labour, other Business groups and civil society to develop policy and legislation which affects timber growers.
- Countering poor policy, legislation and administrative actions which impact negatively on the sustainability of the Sector.
- Creating a strong platform for collaboration in the areas of forestry research and development, forest protection, transport and logistics, HR development, transformation, business development, land reform and Sector promotion.
- Leveraging funding from external sources to augment the investment made by the Sector.
- Deferring or stopping potential costs before they occur.
- Collating and disseminating information critical for timber growers, research partners, civil society, investors and the media on the state and performance of the Sector.

Members are encouraged to share with other timber growers the work that FSA does, and the impact that this has on growers' businesses.

FSA Committees

Executive and General Committees

It was a pleasure to return to mainly face-to-face meetings during the year in review, with FSA hosting its Committee meetings in a hybrid format. Although not as desirable as full face-to-face meetings, the meetings were well-attended and offered great opportunity for networking and sharing of experiences between members.

Executive Committee (EXCO)

There were multiple changes to the membership of the Committee during the year with changes in representation of the Small Grower Group. Messrs Fhatuwani Netsianda, Buhle Msweli and Musa Gwensa replaced Ms Busi Mnguni and Messrs Enoch Maponya and Thandokuhle Nxele. In addition, Mr Gerard Lindner replaced Mr Eric Droomer of York with effect from November 2023.

The names of the EXCO representatives appear elsewhere in this Report.

General Committee (GENCOM)

The above SGG changes also applied to the General Committee. In addition, Mr Hamish Whyle was replaced by Dr Simon Ackerman as Merensky's representative, and Mr Sean Sneyd replaced Mr Andrew Mason as the Umvoti Main Line Group representative.

The names of the GENCOM representatives appear elsewhere in this Report.

Group Committees

The Annual Regional Meetings were held around the country in February, and these were held as hybrid meetings. As always it was a pleasure to be able meet with our members. Again, as in 2022, we experienced record attendance at these meetings. We would like to express our gratitude to our members who made time to attend the meetings and to engage with FSA staff.

A list of the members of each of the respective Group Committees is given elsewhere in this Annual Report.

Working Committees, Groups & Task Teams

The number of FSA's Working Committees and Task Teams has been increasing over the years in response to the ever-growing number of challenges being faced by the Industry. For FSA to remain efficient and cost effective, given its small staff component, the investment of members' time, experience, expertise and knowledge in actively participating in these structures is essential.

The abovementioned structures are convened by FSA, to manage issues related to environmental, transport, human resources, communication, land reform, business development, research, pests and diseases, chemical use, broad-based black economic empowerment, health and safety, forest operations, fire, criminality, and climate matters. Due to increased workload of some of these committees, the FSA EXCO approved the appointment of coordinators to support the chairpersons of the Timber Industry Pesticide Working Group (TIPWG) and the Environmental Management Committee (EMC). This additional capacity will assist FSA and our members to optimally serve our members and address all the important issues.

In addition to these specific working committees and task teams, FSA's nine regional Group Committees, comprising large, medium and small-scale grower representatives, also provide valuable input and insight to guide the Association. They also serve as collaborative platforms for addressing local issues like timber theft, forest protection, energy and transport matters, among others.

The collective knowledge and inputs provided by the above structures greatly assists the FSA's GENCOM and ultimately, the EXCO, to make considered and well-informed decisions on a multitude of pertinent issues to benefit the Industry at large.

Once again, we would like to encourage members to participate in these structures for them to have a voice in determining FSA's position on various issues as well as getting the maximum benefit from being an FSA member. The current working groups, committees and task teams are as follows:

- Research Advisory Committee
- Fire Committee
- Forestry Baboon Working Group
- Sirex Consortium
- Environmental Management Committee
- Climate Resilience Committee
- Land Committee
- Health and Safety Committee
- Forest Operations Committee
- Timber Industry Pesticide Working Group
- Transport Committee
- FSA Pests and Diseases Committee
- Business Development Committee
- FSA Communications Committee
- Training and Skills Development Committee

We would like to sincerely thank all the members of the many FSA committees for their selfless contribution to the work of FSA, which benefits all timber growers as well as the Forestry Sector value chains.

Other Industry Committees

As well as the various internal FSA Committees mentioned, there are several external collaborative partnerships in which FSA is involved and through which we are able to address our members' interests. The most important of these are listed below:

INSTITUTE/CONVENOR	COMMITTEE/STRUCTURES
(i): The Institute for Commercial Forestry Research (ICFR)	Board of Control Body of Members
(ii): Nelson Mandela University (NMU Saasveld)	Forestry Advisory Board Higher Certificate Veldfire Management Advisory Board
(iii): Stellenbosch University (SUN)	Forestry Advisory Board
(iv): University of Pretoria (UP)	Tree Protection Co-operative Programme (TPCP) Board of Control Forestry and Agricultural Biotechnology Institute (FABI) External Advisory Board SAFCOL Forestry Chair Board Forest Molecular Genetics (FMG) Steering Committee
(v): Fort Cox Agriculture and Forestry Training Institute	Forestry Advisory Board

(vi): Fibre Processing and Manufacturing (FP&M SETA)	Board Audit Committee
(vii): Provincial Licence Assessment Advisory Committees (LAACs)	Members
(vii): Department of Forestry, Fisheries and the Environment (DFFE)	Masterplan Executive Oversight Committee Masterplan Operational Management Committee 6 Masterplan Focus Area Working Groups National Forestry Research Forum Kabelo Trust
(ix): Department of Water and Sanitation (DWS)	Forest Sector Raw Water Tariff Committee National Consultation Raw Water Tariff Committee
(x): Department of Agriculture, Rural Development and Land Reform (DARDLR)	Phytosanitary Risk Forum Polyphagous Shot Hole Borer (PSHB) National Steering Committee
(xi): Water Research Commission	Various Project Reference Groups
(xii): Forest Sector Charter Council	Charter Council Audit and Risk Committee Forest Enterprise Development Task Team
(xii): The Presidency	Public-Private Growth Initiative (PPGI) Human Resources Development Council (HRDC) Essential Sectors Energy Crisis Committee National Logistics Crisis Committee with BUSA and B4SA Masterplan Steering Committee
(xiv) Other	National Priority Committee for Extortion and Violence at Business Sites Forest Industries Training Providers Association (FITPA) FOREST21 Project Advisory Board

Non-industry Affiliated Committees

Further to the abovementioned Committees which have a forestry-specific interest or focus, there are several other collaborative structures which have significant impact on the Industry and in which FSA is represented either by staff, our members or our partner organisations.

Among the most important of these are Operation Vulindlela (in the Presidency), the Public Private Growth Initiative (also led by the Presidency), B4SA, Business Unity South Africa, the Agricultural Business Chamber, AgriSA's Commodity Chamber, General Council, and Centres of Excellence on Land and Economics and Trade, Kwanalu, Mpumalanga Agriculture, National Fire Advisory Form, National Fire Working Group, the South African Institute for Race Relations and the Free Market Foundation.

Co-operation with Other Industry Organisations

Since the primary sub-sector of the forestry value chain, represented by FSA, provides the feedstock for a great number of beneficiated forest products in the various value chains, it has always been critical that FSA and the other Associations work very closely on issues of mutual interest or concern.

In 2023, FSA continued to work closely with pulp and paper, sawmilling, treated timber and other sub-sectors and Associations, in numerous areas, like the critically important implementation of the Forestry Sector Masterplan, carbon adaptation, mitigation and Carbon Tax limitation, criminality, job creation, skills development and transformation, all of which are reported on in detail elsewhere in this report.

Co-operation with Government Departments, Agencies and Programmes

The Presidency

Public Private Growth Initiative (PPGI)

Through the PPGI, FSA was invited in April to present to President Ramaphosa, on both the impacts of Transnet's failures in rail and ports and on what we believe is necessary to address the collapse of rail and ports in South Africa. This meeting led directly to the creation of

the National Logistics Crisis Committee and the Cabinet-approved, Freight Logistics Roadmap which FSA helped to develop through regular meetings with Operation Vulindlela in the Presidency. The impact of these critical reforms are detailed elsewhere in this report.

In August FSA was again invited by the PPGI to a high-level engagement with the Minister in the Presidency, Minister Maropene Ramokgopa. FSA was invited to present on our Sector's challenges and achievements. During this engagement we had the opportunity to raise concerns with the slow progress on the recapitalisation of State plantations, the challenges posed by the ports, rail and roads crises, the deteriorating investment environment, the outstanding SAFCOL shareholding for communities and the negative impacts of unmanaged legislative and regulatory processes. The engagement was very positive with the Minister undertaking to ensure that our Sector's challenges form part of the Department of Planning, Monitoring and Evaluation's (DPME) oversight of departments and to provide feedback to Industry through the PPGI, on progress in addressing our challenges.

Resulting from this engagement, FSA was again invited to attend an inaugural meeting of the Gert Sibande District Development model. The DDMs around the country are like mini-PPGI projects where the private sector engages with District and Municipal authorities to address challenges in local operations. FSA was represented by Mr Themba Vilane of our EXCO and several other members of FSA. Each DDM is led by a Cabinet Minister to ensure that the President is directly informed of progress in all Districts. In the case of Gert Sibande, the DDM is led by Minister Kgosi Ramakgopa also in the Office of the President.

Human Resource Development Council

FSA's Executive Director continues to serve in this important Council, which is chaired by the Deputy President. The HRDC has benefitted over the last year from having a new Chair, as the recommendations to address the deep and persistent structural and operational challenges in the country, require the highest-level intervention.

Department of Forestry, Fisheries and the Environment (DFFE)

Although there has been good progress with the Forestry Sector Masterplan, FSA sought Presidency intervention in the challenges which we were experiencing with the Project Management Office, following the withdrawal by DFFE of the excellent PMO head. The Director-General of DFFE acknowledged the challenges we were experiencing and in her reply to the Presidency, proposed that Industry and Labour consider jointly funding a secondment for 6 months to perform the critical functions of the PMO, while the department set about appointing a permanent PMO. Initial discussions with Labour and the DFFE centred around Labour seconding an individual, and Industry funding Strategy Execution Advisors (SEA) to form an interim PMO for six months. There were several risks which we envisaged with this approach, including that after six months when the DFFE appoints a permanent PMO, we would then again lose the independence of the PMO, which is where the process fell down after March. Furthermore, we would have built institutional capacity in a Labour secondee, who was then withdrawn, and SEA would then also likely no longer be contracted to assist in the process. Representatives of the PPGI suggested alternatively, that we could consider approaching Trade and Industrial Policy and Strategy (TIPS) in the Department of Trade, Investment and Competition (DTIC) to provide the PMO function, as they do for other Sectors' Masterplans.

TIPS expressed their willingness to take on this responsibility, which they do for other sectors too and it involves the deployment of an individual or a service provider as the head of the PMO. For Masterplans like our Sector's, where there is a separate lead department outside of the DTIC, those departments then provide in-kind support by seconding staff and Industry in turn, provides direct funding for TIPS to secure a person or Private Service Provider to lead the PMO. FSA sought a mandate from our sister associations also benefitting from the Masterplan (PAMSA, SSA and SAWPA) to co-fund this.

At the time of writing this report, the Industry has agreed on the funding of the PMO and a contract with TIPS is being drawn up.

Negative economic impacts of unbridled legislation

FSA drafted a letter for BUSA, B4SA, BLSA and AgriSA to send to National Treasury, outlining the many negative fiscal and economic impacts which the State is having on the economy, by not following stipulated procedures when passing new legislation and regulations. These include the cost to business in having to seek court orders to compel the State to withdraw or amend poorly-crafted law, the loss to the fiscus from the lower tax revenue due to business incurring higher than necessary costs (legal costs), the loss to the fiscus in contesting their poorly-drafted laws, the loss to the fiscus when cost orders are made against the State and the loss to the economy in terms of decreased investment confidence.

AgriSA sent the letter unamended and received a reply from National Treasury, stating that the scope and content of the letter warranted it being sent directly to the Presidency, which AgriSA subsequently did. We also copied the PPGI to try to ensure consequence management practices for departments and officials, who are causing such a massive drain on the fiscus and on businesses.

Following these approaches to the State, FSA was delighted to see that the Constitutional Court awarded a cost order against both a Minister and Director-General in their personal capacities, in part because of the very issues which we had raised in our letter. This judgment from the highest Court has set an extremely important precedent and officials will in future be more cautious about merrily litigating with the public purse, as they too may be held personally liable for adverse judgements and the associated cost orders.

Critical Skills Visas

Following FSA's appeals through the PPGI (along with several other sectors), to have the critical skills list updated to facilitate easier use of international experts, in October of the year under review the Minister of Home Affairs published an updated list in terms of the Immigration Act. The department also published a Gazette inviting larger companies to participate in the Trusted Employers scheme. These two initiatives will assist larger companies in being able to more easily access the skills needed and which aren't readily available locally.

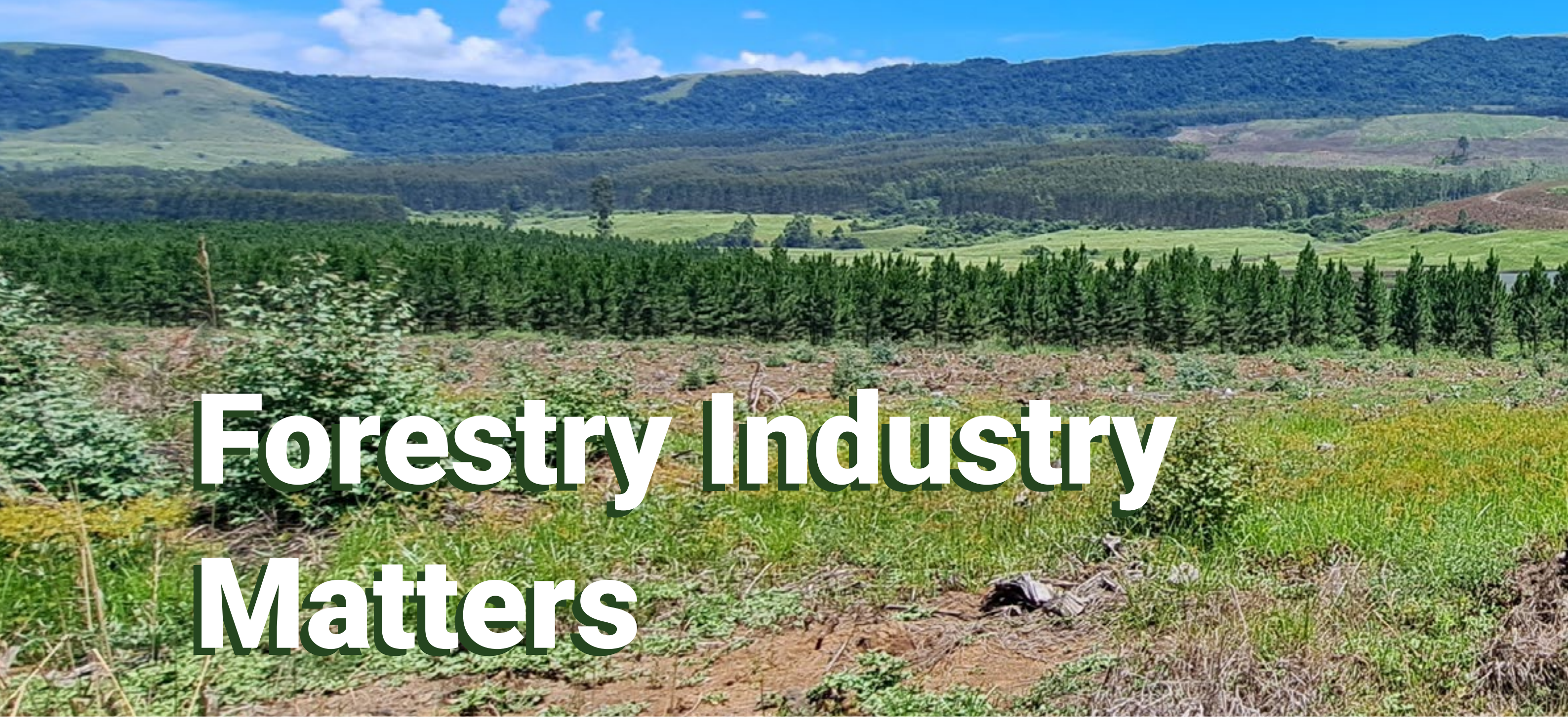
The 2023 Annual General Meeting of FSA

FSA held a very well-attended AGM on 18 May at the Fern Hill Hotel and Conference Venue. Our Keynote Speaker, Dr JP Landman and our Guest Speaker, Mr Chris Yelland, both offered assurances that there is almost no chance that the country will experience a nation-wide electricity blackout. They indicated instead, that we would see the end of loadshedding within the next couple of years, which was consistent with our repeated reports to members, arising from FSA's interactions in the Presidency-PPGI Energy Task Team. They indicated that the energy crisis was sufficiently deep and prolonged to drive alternatives, and this has already been seen in the massive roll-out of independent power production and the State's genuine commitment to the necessary regulatory and structural reforms to accelerate this. *As a case in point, at the time of writing this report the State had announced that the National Transmission Company of SA would be operational in July 2024 and this is a critical step in opening up the grid for IPPs.*

On SA's economic outlook, Mr Landman anticipated GDP growth in the medium term of between 3.2 – 4.7% per year once loadshedding is a thing of the past, provided the structural reforms which the PPGI have helped secure in energy and logistics continue. He also confirmed, as we have reported to members, that the structural changes in energy, logistics and water (along with others like infrastructure and ICT) to which the President committed himself to in 2020, are firmly underway and it's highly unlikely, whatever the outcome of this year's general elections, that these reforms can be reversed.

After our outgoing Chairperson, Mr Themba Vilane, gave an equally optimistic address on the progress which our Industry and country is making, Mr Andrew Mason of the Medium Growers Group was elected as Chairperson of FSA.

FSA would like to thank all the sponsors of the AGM who were in alphabetical order, CPS Seedlings, Ezigro Seedlings, NCT, PAMSA, Safire, Sunshine Seedlings and TWK.



Forestry Industry Matters

Forest Research and Development

Sector Innovation Fund (SIF)

The Sector Innovation Fund secured by FSA, and now confirmed as the largest SIF of all the sectors which receive State-funding, is progressing well. The FSA Research Advisory Committee (RAC) applied a different approach in allocating the funds for the third round of SIF. They proactively identified strategic research areas which needed to be addressed and they have also used the SIF programme to drive cross-disciplinary and cross-institutional research.

As part of this new approach, the RAC solicited targeted applications from our research partners and furthermore, required that research applications were strongly supported and informed by Industry role players. This ensures that the funds deliver the best outcomes for the Sector's needs, that there is strong academic merit in the research being done and that there is the most efficient use of both Industry and State funding in the various research projects.

The overarching areas addressed through the 14 projects are:

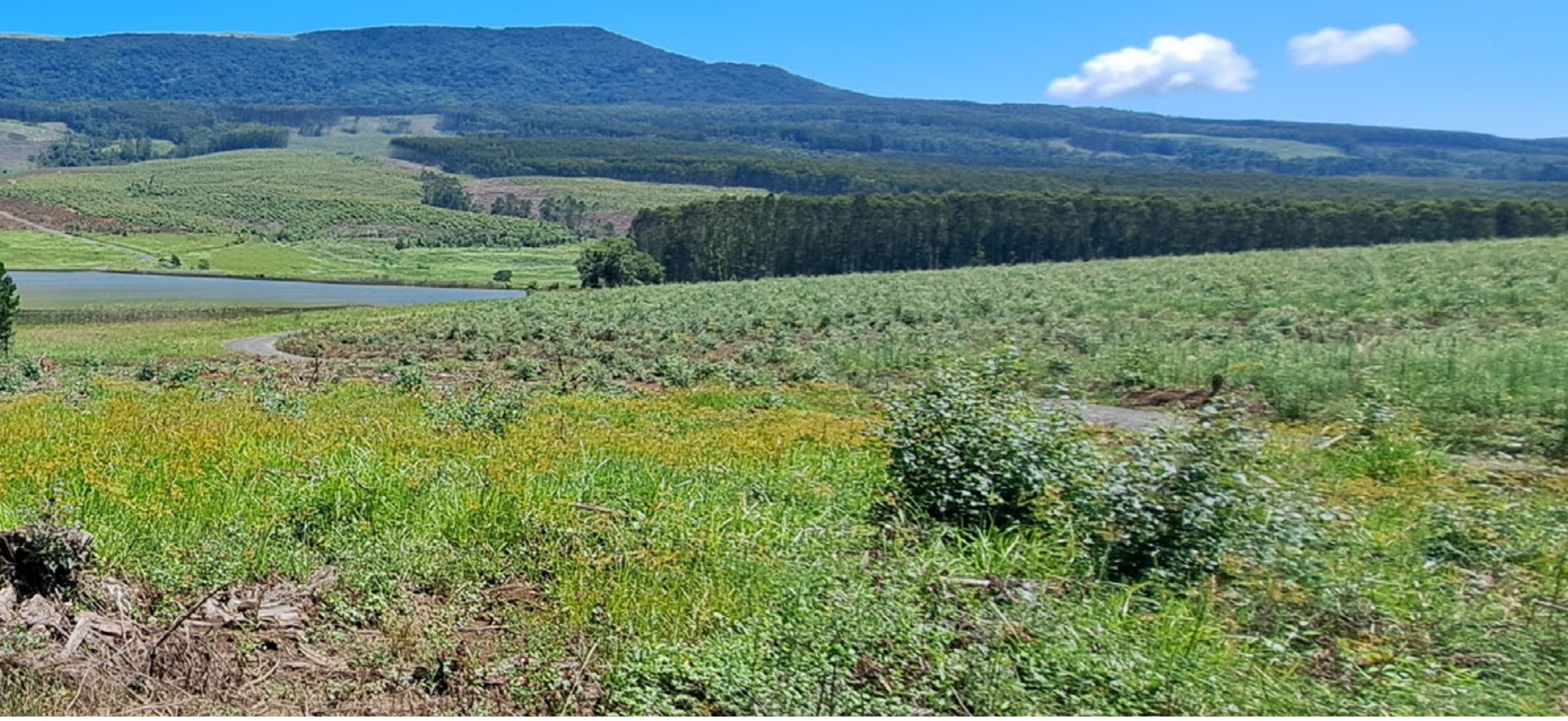
- Climate change and risk to the Forestry Sector in South Africa: approaches to enhance resilience;
- Site resource and climate resilience: GHG emissions and carbon accounting;
- Forest Management and Remote Sensing;
- Site Nutrition and Water Resource Resilience; and
- Precision forestry approach to modernising pesticide testing, availability and sustainable use across the Forestry Sector.

Technology and Human Resources for Industry Programme (THRIP) Funding

This programme has been a healthy source of public research funding to the Forestry Sector over the years. In the past, our Sector secured approximately R9 million a year through THRIP with some of our research partners receiving numerous THRIP awards. Unfortunately, since the change of the THRIP process when the funding initiative moved from the National Research Foundation (NRF) as implementing agency to the Department of Trade, Industry and Competition (DTIC), our Sector has had variable success with accessing THRIP funding.

Since 2017, FSA has been administering two projects with our research partners. Although both projects have concluded, FSA is still working hard to finalise the transfer of funds from the DTIC to FSA. In the year under review, FSA was able to conclude one of the two remaining THRIP projects.

Unfortunately, we have been experiencing challenges with the remaining project. After a fruitful meeting with



DTIC, a way forward was agreed on and the claim for the remaining project should be concluded in 2024.

Centre of Excellence in Plant Health Biotechnology (CPHB)

The CPHB has been an invaluable source of funding supporting the Industry's investment into forest protection research and human capacity development. For most of the year under review, uncertainty rained regarding the future funding of the CTHB. Our colleagues at FABI have been working hard to secure continued funding but with minimal success in obtaining clarity on the likelihood of future funding. Unfortunately, in November of the year under review, FABI was formally informed that the funding will not continue in 2024. The termination of this funding is extremely concerning as it will directly result in FABI not accepting any new students in 2024.

While the loss of the THRIP and CPHB funding has been more than offset by the increase in SIF funding, it is still concerning to see public investment into forest research and development decreasing. Nationally, government is funding more R&D than the private sector but in our Sector, the opposite is evident with the private sector investing more than double that of the government. Further losses in public investment into R&D, will significantly harm the effectiveness of our research capacity and the sustainability of the Sector.

Forest Protection

Government Funding toward Forest Protection

Implementation of the MoA focussed on Forest Health has been progressing well. To address the risk posed by current and the emergence of new pests and pathogens, it has been crucial to establish a national pest and disease monitoring system. Although members and the TPCP have implemented their own systems over the years, a comprehensive national solution requires government funding. The DFFE's continued support through this MoA is essential for realising this national system, which utilised the TPCP's extension and diagnostic clinic services, alongside reference collections.

Through collaborative efforts, industry, government and research partners are now poised to build a strong National Pest and Disease Surveillance System. The implementation follows a stepwise approach, categorising tree species by age and type, starting with young *Eucalyptus*, *Pinus* and *Acacia*, and progressing to older counterparts.

To date, the implementation of the MoA has resulted in completed ground surveying of young *Eucalyptus*, *Pinus* and *Acacia*. The establishment of monitoring protocols for older *Eucalyptus, Pinus* and *Acacia* stands, demands meticulous focus, due to the challenges posed by the height of the canopies. In addition to the surveillance performed, the initiative has resulted in the rollout of awareness programmes, provision of pest and pathogen services to all growers, provision of diagnostic services in line with the integrated pest and disease strategy, additional research on pests to mitigate the impact on the Forestry Sector and capacity development as a core focus.

As this agreement will come to an end in January 2025, FSA has already approached DFFE inquiring about the continuation of this programme. Unfortunately, some officials have expressed the DFFE's intentions to consider other vehicles to implement a forest health programme. Moving away from the current public private partnership could negatively impact the Sector's current efforts to mitigate the impact of pests and diseases and the impact of the private sector's own investment of R172 million in pest and disease research and control.

Prohibitive Phytosanitary Measures

As in 2022, once again our Sector has been negatively impacted by the implementation of phytosanitary measures regarding the export of roundwood sawlogs. Due to the strict regulations guiding the use of Methyl Bromide globally, some of our members have experienced barriers to trade. FSA has tried to assist our members through engagement with the DALRRD to reach a positive resolution but after several months of engagement with DALRRD, the prohibitive barriers to trade have not been resolved.

FSA approached the PPGI to assist in resolving this challenge but at the time of writing the report, the matter was still not resolved and in addition to the more than R50 million lost in foreign exchange earnings and associated taxes, more than 200 jobs have been lost. FSA will continue to work closely with DALRRD to try to find a lasting solution and to prevent such further similar events in the future, which arise from unilateral regulatory actions by officials in government departments.

Baboon Damage

The research work on baboon damage funded by FSA members has shown significant returns on investment. The work has provided better understanding of the impacts of baboons in terms of crop losses and it has provided useful information on trends, all of which is being used to guide management interventions.

It is unfortunate to note that baboon damage has increased significantly over the last three years. The average growth loss calculated was 6% for sawtimber stands and 16% for pulpwood stands. In addition to the long-term research performed through the Industry Working Group, additional work has been made possible by the ICFR. The additional work will quantify the impact of baboon damage on timber recovery rates after clearfelling, as well as investigating the impact of baboon damage on solid wood properties. The initial results, although preliminary, are concerning as loss in timber recovery ranged from 36% – 70%.

Previously, baboon damage was restricted to Mpumalanga pine plantations. During the year under review, FSA received reports of baboon damage on pine trees in KwaZulu-Natal and the Eastern Cape. In addition to the geographical expansion of baboon damage, FSA has also received reports of damage in *Eucalyptus* stands. This new trend has unfortunately increased significantly country wide with damage on *Eucalyptus* ranging from transplants to mature trees. In transplants, the blanking required ranged from 25% – 100%. FSA has initiated work to accurately determine the extent and distribution of the damage.

Fire

As with several other challenges in our Sector, the Masterplan has assisted in addressing some of the constraints and concerns related to fire protection. After expressing our concerns in the Masterplan structures, a focussed task team was established to address this slow progress. The task team consisting of DFFE representatives, FSA and Mr Simon Thomas representing Umbrella FPA's, met and not only resolved several of our concerns but also agreed on a way forward to address the remaining concerns. After such a constructive and positive engagement, it was unfortunate to note that several of the agreed processes were not followed and commitments by DFFE were not honoured.

Industry and representatives from the Fire Protection Associations (FPAs) and Umbrella Fire Protection Associations (UFPAs) were excluded from processes as agreed by the Task Team, with DFFE making decisions and taking actions unilaterally. FSA, along with our partners in the FPAs and UFPAs hope to re-establish a collaborative partnership with DFFE in this regard and strive for efficient implementation of the Masterplan commitments on fire.

Commercial Crimes in the Forestry Sector

Commercial crimes continue to plague our industry with members reporting an increase of extortion on both plantations and processing facilities. To this end FSA continues its work on the National Priority Committee for Extorsion and Violent Crimes to bring about change.

Following continued pressure through the formal structures, South African Police Services (SAPS) structures in Mpumalanga finally agreed to a standing meeting with FSA. Criminality is, however, not sector-specific, and SAPS requested that other industries participate in the Mpumalanga Committee for Extorsion and Violent Crimes which FSA continues to chair. In addition to our efforts in Mpumalanga, FSA was also involved in establishing similar structures in KZN and the Eastern Cape.

Following requests from members, FSA resurrected the Anti Timber Theft Forums in Richards Bay and Southern KZN, where both inaugural meetings were well attended.

As per the deliverables agreed upon in the Masterplan, FSA has completed the database for capturing incidents of crimes and criminality. In addition to this, we are in the process of establishing a reporting platform using the cellphone application Telegram.

Timber Industry Pesticide Working Group (TIPWG)

FSC Pesticide Policy

Globally Harmonised System (GHS) Implementation in South Africa

Currently, ESRAs are conducted based on active ingredients because, historically, the Registrar (Act 36) did not require the listing of other chemical components in pesticide products on labels or safety data sheets (SDS). However, with the introduction of the GHS system, all hazardous chemical components must now be listed. This necessitates a thorough review and updating of ESRAs for each product.

The deadline for pesticide labels to comply with the GHS system in South Africa was September 29, 2022. However, due to various delays, the approval of GHS-compliant labels and SDSs has been slow. Therefore, it doesn't make sense to commence the review process until we have the full suite of GHS approved labels and SDSs, which is likely to occur in 2024.

Environmental Social Risk Assessment (ESRAs)

The ESRA project, initiated in early 2020 and available on the TIPWG website for FSA members only, has been an ongoing effort. Feedback from FSA members during audits is crucial for enhancing ESRAs and related documents. Currently, ESRAs focus on active ingredients, but this will change with the implementation of the Global Harmonised System (GHS) likely early in 2024. This change will coincide with the approval of new labels and SDSs by manufacturing and distribution companies to align with GHS requirements, which will result in ESRAs being performed for all formulations in a specific chemical.

Although this will result in additional work for TIPWG, the working group remains proactive and are ready for this mammoth task.

International Generic Indicators (IGI's) and the Review of the South African National Standard

The newly developed IGIs for the Pesticide Policy have been approved and were published in late April of the year under review. As part of the IGI process, the South African Standards Development Group (SDG) will need to incorporate these into the SA standard. The SA standard is also due for a revision therefore it will be appropriate to address this all at once.

Alternative for Paraquat

The research to identify an alternative for paraquat funded by FSA has been completed. After 10 years of trial and investigation as previously reported, the registration for pelargonic acid under the trade name of Katoun was lodged on 16 August 2022.

To finalise the registration process, TIPWG has submitted an updated letter of support to the Registrar endorsing the need for the registration of Katoun. It was hoped that Katoun would be available for the 2023 fire season to assist with tracer preparations. FSA has communicated the urgency for the fast-tracking of the registration to the Registrar to no avail. Engagement between DFFE and DALRRD has proven unsuccessful after several attempts and capacity constraints with the Registrar remains.

Although there has been no further progress with regards to the registration of Katoun, a Standard Operating Procedure was developed to assist when the product is registered. It will be uploaded onto the TIPWG website as soon as Registration is approved.

Information Dissemination

The year under review has seen the TIPWG website visited 6 324 times by unique visitors who have viewed 24 012 pages. The website has appeared on 111 612 Search Engine Hits. The months of highest traffic, correlate with times when new additions have been made to the website in the form of Standard Operating Procedures and Guidelines.

This illustrates the importance of new content to FSA members, and how our audience has grown.

Environmental and Water Issues

The FSA Environmental Management Committee (EMC) continues to play an important function in addressing environmental and water issues on behalf of the Forest Industry through its co-ordination of Industry initiatives and its engagements with relevant Government Departments.

During 2023, FSA's Chair Ms Louise van Wyk, accepted a promotion within Sappi and was obliged to resign from that position. Ms Van Wyk brought a fresh and enthusiastic approach to the environmental portfolio and her departure left a gap that was only filled in September when FSA's Environmental Consultant, Dr John Scotcher, was appointed as an interim measure.

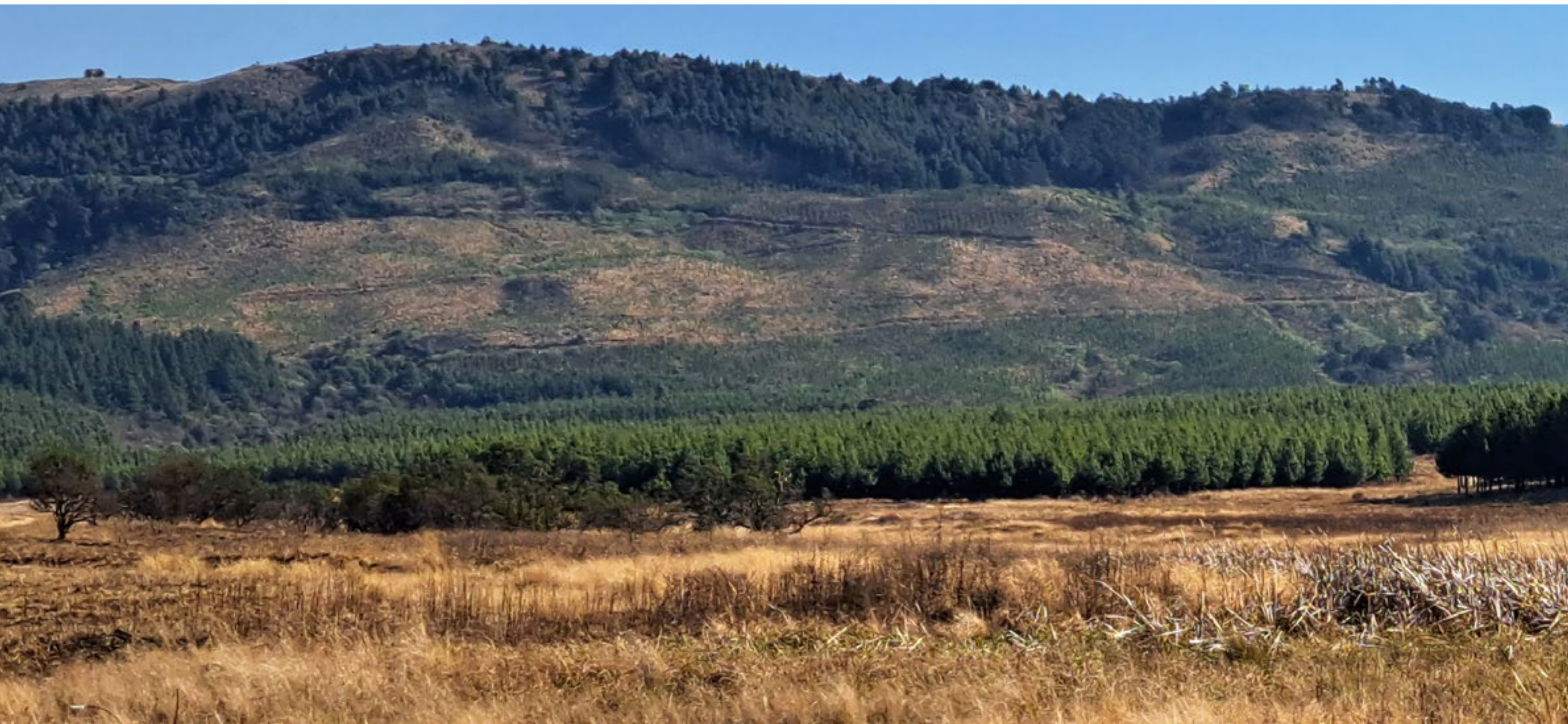
A synopsis of all the issues dealt with by the EMC during the year under review are summarised below.

Water Issues

National Water Act, 36 of 1998

Existing Lawful Water Use and Genus Exchange

The long awaited and much anticipated legal appeals between FSA and the DWS were finally heard in the Supreme Court of Appeal (SCA) in Bloemfontein in August 2023 and judgement (in Industry's favour),



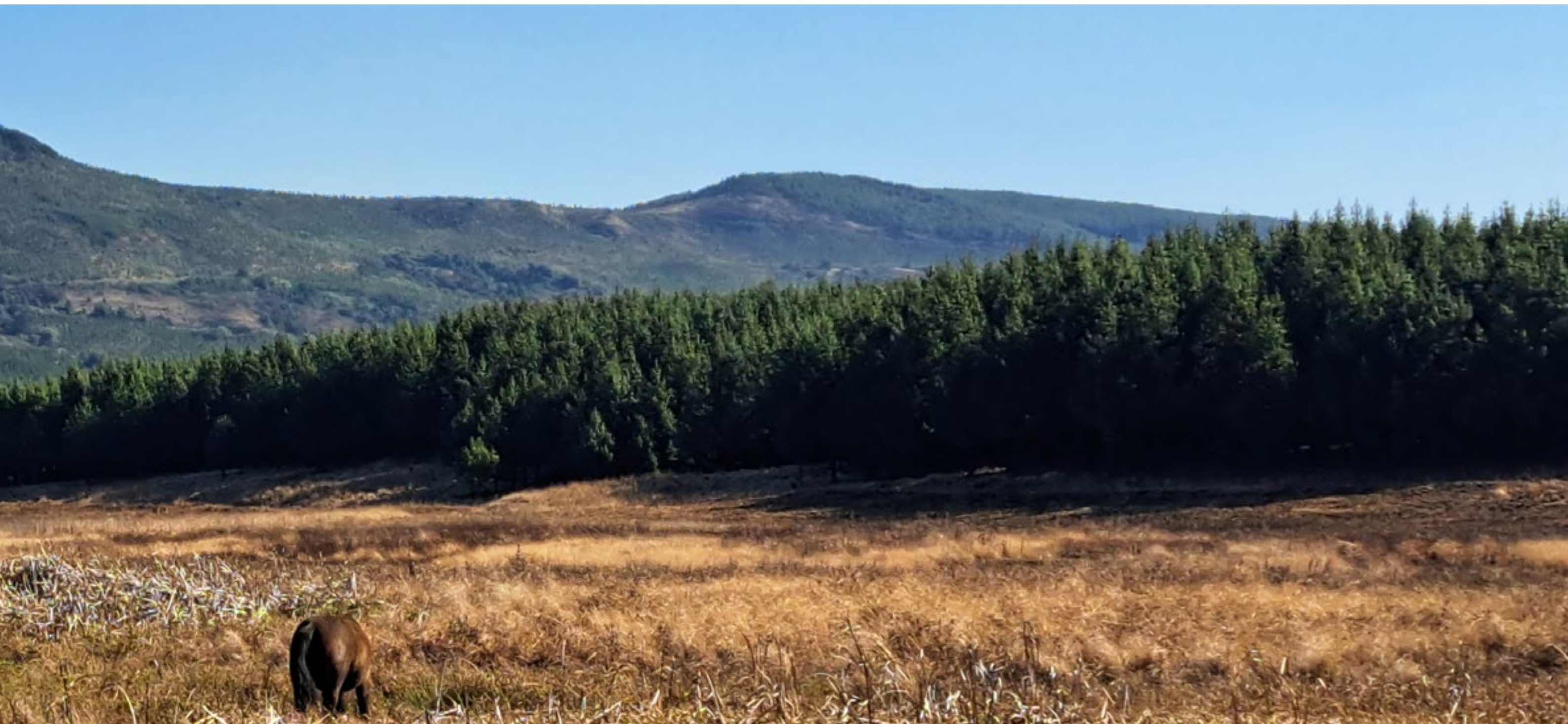
was handed down in November 2023. The judgement brings to conclusion over 15 years of dispute between FSA and the DWS, on the legal interpretation of existing lawful water use (ELU) for a stream flow reduction activity (SFRA) and for the second time (the first being the judgement in our favour in the High Court), confirmed that growers need not seek authorisation, nor reduce area, when switching between commercial tree genera.

FSA was finally forced in 2019, to seek this relief from the Courts in these two areas of dispute, for two reasons. The first was because the DWS had begun to declare large areas of plantations as unlawful and had begun issuing directives for growers to remove such plantations. The second action which forced FSA to seek this relief, was the basic mathematical error made by the DWS officials, which was the basis for their now-defunct regulations. They tried unsuccessfully through these discredited regulations, to force growers to seek authorisation when changing from one genus to another and furthermore to reduce the areas under trees by a massive 30%, when converting from *Eucalyptus* to *Pinus*.

During the verification process in which the DWS or their agents (Catchment Management Agencies or CMAs) verify whether plantations are existing lawful water uses or not, the DWS/CMA should only determine the extent of the existing plantations, to deem them to be lawful. This would be based on the National Registration Certificate completed by owners around 2000/2001. The Court ruled that there is no additional obligation on a landowner to prove that the plantations were either previously authorised by planting permits (issued between 1972 and 1998) or that they were planted prior to 1972, in order to declare the plantations as lawful, as the NWA replaced these previous provisions in law, by recognising that all existing plantations were lawful under the NWA, around the time that it came into effect.

The water use (hectares of land under a commercial forest plantation) cannot be utilised at the time of any particular verification process, as a way to reduce the existing lawful water use, which was taking place during the qualifying period, which was the two years prior to the NWS coming into effect in October of 1998. This would amount to an unlawful expropriation of water use rights.

Any land that was being actively managed as a plantation during the period 1 October 1996 and 30 September 1998, is considered an ELU, whether under trees at that time or not. So, if a plantation had been clear-felled at that time, or was lying fallow for some other reason, it is still an existing lawful water use under the NWA.



The State was again ordered by the SCA to pay FSA's costs in respect of the litigation which we were forced to commence in 2019.

It is a sobering thought that after more than 15 years of discussions between FSA and the DWS, many disagreements, some acrimonious meetings, interference in the internal affairs of FSA by DWS officials, a negative effect on investor confidence and legal costs in the region of R17 million, the original positions of FSA on existing lawful water use and genus exchange were upheld by the Courts.

FSA is extremely pleased that this has come to an end and we look forward to a constructive mutually-beneficial relationship with DWS going forward.

Stream Flow Reduction Activity (SFRA) Water Use Licence Conditions

As reported in the FSA 2022 Annual Report, FSA again successfully concluded discussions with the DWS for the amendment of water use licences issued since 1998 to align these amendments with the agreed format for new water use licences (issued since August 2021). FSA advised its members of the process to be followed when making an application for an amendment to an existing water use licence.

Unfortunately, there appears to have been a communication problem within the DWS and the process proposed by the DWS and agreed upon by both parties, has not been followed by the DWS Regional Offices. This has caused significant delays in the amendment process and members are no longer making applications for such amendments, until clarity has been confirmed by the DWS. Correspondence in this regard remains unanswered by the DWS at the time of preparing this report but FSA will continue to seek resolution through the Masterplan process and if needs be, directly through the DWS at a higher level of authority.

Revision of the Regulations Regarding the Procedural Requirements for Water use Licence Applications and Amendments

At the end of 2022, the DWS published new regulations for public comment, for applications for water use licences, in a misguided attempt to "advance greater black beneficial use of water". The public outcry against these poorly conceived regulations, including FSA's own submission, produced over 10 000 stakeholder comments and caused the DWS to "put on hold any further movement of the proposed revisions".

From the review of the Draft Regulations by FSA and its legal advisors, it is quite apparent that the Minister has acted *ultra vires* by proposing the new draft Regulations. We also pointed out in our submission, that there is an existing legal framework for advancing black economic empowerment and some sectors like ours, have additional instruments like our Sector Codes. It would therefore be most damaging to B-BBEE, if every official in every organ of State, was allowed to use their legal mandates, to try to drive B-BBEE outside of these existing legal instruments.

While the stated purpose of the Draft Regulations is to prescribe procedural requirements, the Draft Regulations also impose new substantive requirements that are not authorised, neither in the National Water Act nor the Constitution to be imposed by way of regulations. In effect the Draft Regulations amend the National Water Act and disregard the Rule of Law – in particular the Principle of Legality as well as the Constitution.

As discussed earlier in this report, this is yet another example of unbridled legislation negatively affecting the country and its economy. The DWS failed to undertake a Socio-Economic Impact Assessment (SEIA) for the revised regulations on the grounds that this was not necessary for amendments to laws and regulations. This is patently incorrect, as Cabinet prescribed the SEIA process for both legislation and regulations and their failure to follow this directive, has led to them having to deal with 10 000 submissions and to have to suspend their regulations in the meantime.

Re-registration of Water Use

During 2023, the DWS published a Government Gazette requiring the re-registration of water users where there had been changes to the contact details, business registration number, VAT number, farm name or any other administrative matter, on the National Register of Water Use Registration Record (Registration Certificate). This re-registration process did not apply to landowners who had never previously registered their water use for the storage of water, taking of water from a water resource or for a stream flow reduction activity. The DWS advised that this was, however, still possible, but landowners would be liable for an administrative fine and back payment of raw water use charges to 2000/2001.

Members who failed to register their plantations (water use) during the previous 2000/2001 registration process are urged to do so, as following our success in the SCA, this registration of water use is the only information that the DWS are allowed to use, to determine a grower's existing lawful water use.

Water Resource Pricing Strategy

Commercial forestry is levied a Water Resources Management Charge under the DWS Water Resources Pricing Strategy which contributes to the charges required to manage water resources within the nine water management areas. The current 2017 pricing strategy was revised during 2022 by the DWS to address and correct several challenges that had been identified. However, the final version has yet to be released. The draft has the potential for significant impacts on the economic, social and environmental future of South Africa. In this regard, FSA encouraged the DWS to undertake a Socio-Economic Impact Assessment as provided for by Parliament in their 2015 Version of the Socio-Economic Impact Assessment System (SEIAS).

National Water Resources Strategy 3 (NWRS 3)

The DWS issued a draft National Water Resources Strategy 3 for public comment during 2022 to update the 2013 version. FSA submitted their comments on how the NWRS may impact on the Forestry Industry. The final NWRS 3 was published in September 2023 following a detailed consultation process. The strategy gives a clear picture that the major focus of the NWRS 3 is protection and equitable and sustainable access and use of water by all South Africans while sustaining water resources.

At the centre of FSA's comments on the strategy and as reported earlier, is the fact that FSA supports the imperative for redress of past injustices, but that this has to take place through the national empowerment legislation and structures which exist to oversee empowerment. FSA's position on redress is well articulated through the Forestry Sector Charter which has as its vision, a transformed and sustainable Forest Sector compliant with the Forest Sector Code.

National Water Amendment Bill, 2023

The National Water Amendment Bill, 2023 was published on 17 November 2023 for public consultation. The Bill aims to both redress the inequitable allocation of water in the country and to protect water resources.

Regrettably, and as reported above under the now-suspended regulations for amendment to water use licences and the NWRS, the Bill over-reaches both on the empowerment provisions and the protection provisions, both of which would be damaging to our Sector and several others like agriculture and mining too.

FSA will ensure that our submission on the Bill articulates these concerns.

General Authorisation (GA) in terms of section 21(c) and (i) of the NWA

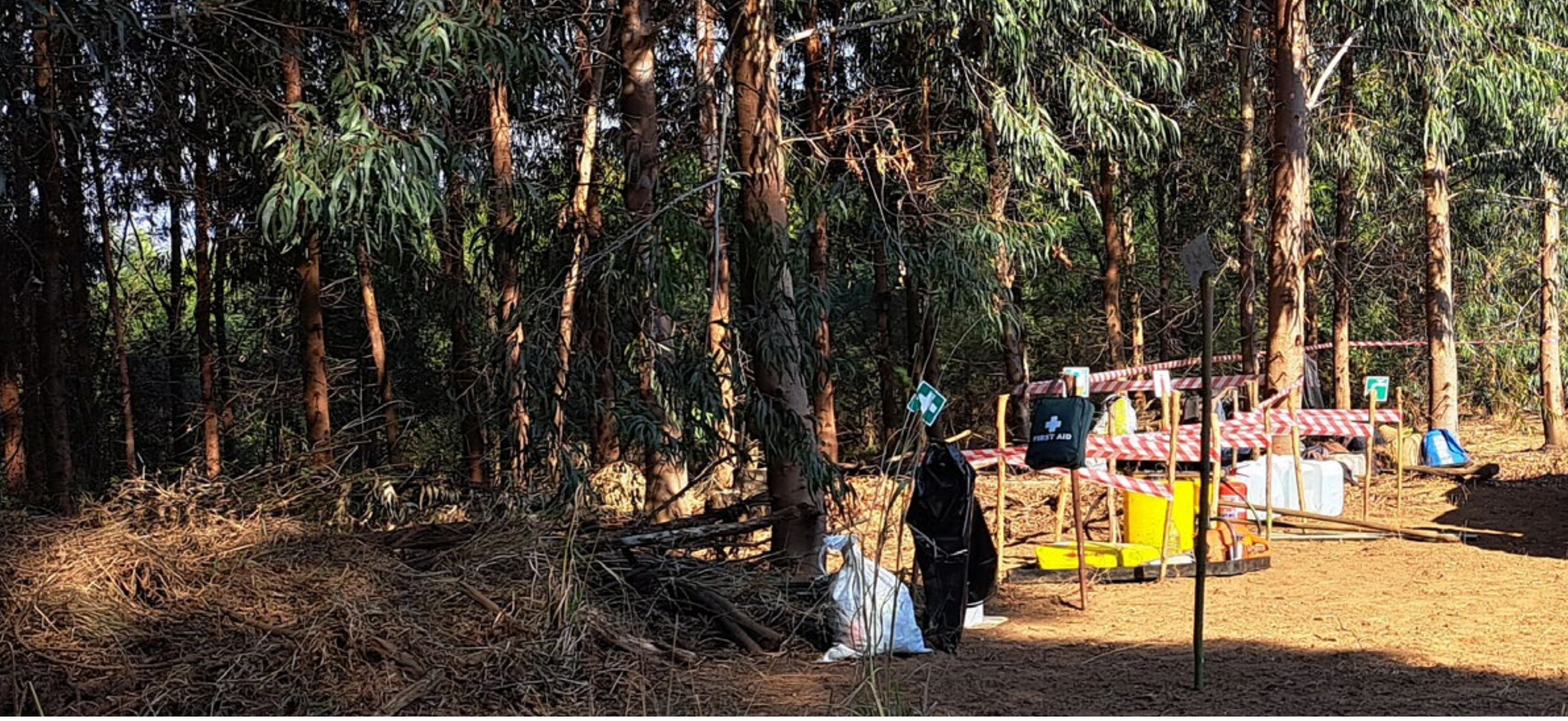
The revised General Authorisation for section 21(c) impeding or diverting the flow of water in a watercourse and section 21(i) altering the bed, banks, course, or characteristic of a watercourse was published on 8 December 2023 and came into effect on the same day. The GA replaces the need for a water user to apply for a licence in terms of section 40 of the National Water Act 36 of 1998 (NWA), provided that the water use is within the limits and conditions of this General Authorisation.

Environmental Issues

National Environmental Management: Biodiversity Act

The National Environmental Management Act: Alien and Invasive Species Regulations (2021)

Alien and Invasive Species Regulations (AIS) require the possession of a permit to carry out what is termed a "restricted activity", viz, the possession, growing, transporting, propagating of specimens of any listed Alien and Invasive Species. However, existing plantations are exempt from the requirement to be in possession of a permit, but only for that "specific species". The implications of this for our Sector is that any change in species of an existing plantation would require a permit as well as a risk assessment. However, the SCA in the DWS/FSA case regarding existing lawful water use and genus exchange as discussed in detail earlier in this report, is of relevance.



Firstly, the AIS regulations are subordinate legislation to the National Water Act (NWA). Secondly, under the NWA, plantations in general are not "authorised to grow a specific listed species" (with a few exceptions) and the AIS regulations will need to be amended. This has been agreed to by the DFFE and now that the Court Case has been concluded, further engagement with the DFFE will be pursued.

The Status of Biological Invasions and their Management in South Africa in 2022 – Second Draft for Public Comment

FSA contributed to the development of the latest report on the Status of Biological Invasions during the year under review. The second draft identifies that South Africa has invested heavily in programmes to control invasions, in the development of new techniques for management, and into research to improve understanding of biological invasions and inform management and policy. Over the past three years, South Africa has invested at least R1.4 billion on interventions and research. About 75% of this funding has been focussed on controlling invasions at priority sites, including strategic water source areas, protected areas and biodiversity hotspots.

FSA's comments have been focussed on the correction of facts and figures and ensuring that proposed legislation and the re-categorisation of certain listed alien commercial forestry species, is based on sound and responsible information and minimises any negative impact on existing commercial plantations.

National Forests Amendment Act 2022

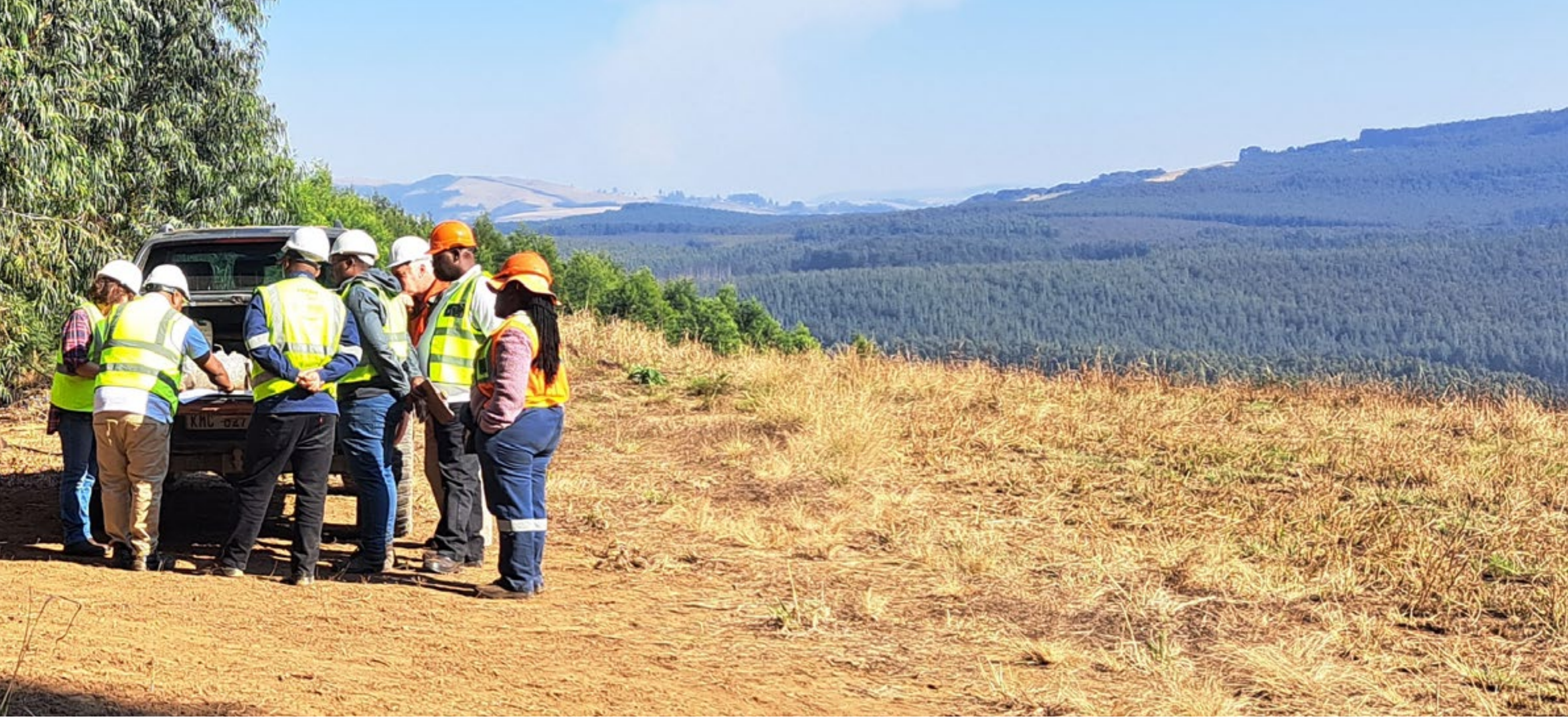
The National Forests Amendment Act 2022 was published on 1 July 2022 and comes into operation on a date to be fixed by the President by proclamation in the Gazette – in other words, the President has assented to the Act, but it has not come into effect. Of particular importance for mining on forestry land and specifically State land, is Section 23 that is amended to state "(4) No person may engage in any prospecting or mining activity in a State forest, except in terms of an existing lease agreement to mine, gravel or sand for road maintenance."

We are hoping that the President signs this Act, as it will assist Industry in securing similar protection from mining in private commercial timber plantations, as we can cite the strategic importance of plantations, as provided for under the NFA Amendment Act, in respect of State plantations.

Preservation and Development of Agricultural Land Bill (PDALB)

The PDLAB was introduced into the Parliamentary Process in September 2020 and applies to all agricultural land within the Republic, including forestry, logging and fibre production. The Bill is currently under consideration by the National Assembly before being submitted to the National Council of Provinces and then to the President for signature.

FSA has supported the development of this Bill as it is another vehicle through which we can have forest land protected against mining and other detrimental activities.



FSA Environmental Guidelines

In response to requests from members, FSA has also produced an abbreviated version of certain key aspects of the Guidelines in the form of infographics, which are easier to use in-field. These are also available on the FSA website. To date the following guidelines have been produced:

- Forest residue management
- Weed control in plantation compartments
- Alien and invasive plant control in natural areas
- Protection of natural plantations
- Guidelines for grazing and burning of grasslands
- Guidelines for the delineation and protection of watercourses and wetlands from the impacts of forestry operations
- Know your Mining Rights
- Guideline to the FSA Strategy on Prospecting and Mining Applications
- Amendment to an existing water use licence
- Greenhouse Gas Reporting in the Forestry Industry (SAGERS); and
- A "Playbook" for mining applications which guides foresters on the process to object to mining applications on forestry land.

Soil Conservation Working Group

Funding for a three-year project was attained through the Sector Innovation Fund (SIF) and has commenced through the University of Stellenbosch. The first report has been submitted and Ms Kate van Zyl, who is an Engineer in Training with Sappi, will undertake the preliminary data collection.

FSA Climate Resilience Working Group

The South African government has previously agreed to the voluntary alignment and compliance with the United Nations Framework Convention on Climate Change (UNFCCC) countries Reducing Emissions from Deforestation and Forest Degradation (REDD+) and Intergovernmental Panel on Climate Change (IPCC) initiatives through the South African Department of Forestry, Fisheries and the Environment. These initiatives necessitate reduction of greenhouse gas (GHG) emissions, mitigation of the causes and effects of past emissions and adaption to climate changes caused through past emissions.

All matters relating to Climate Change, GHG inventories, reporting, verification, just transition to a low carbon economy and carbon tax are dealt with through the FSA Climate Resilient Working Group chaired by Dr Ronald Heath with Dr John Scotcher representing the Working Group with government, BUSA, NBI and others.

During the year under review, the Working Group identified the lack of weather data to be utilised by our Sector. Based on this, the Technical Task Team of the Working Group initiated a study on the availability and quality of weather data in South Africa. To date a weather data audit was performed and the Task Team will now prepare a submission to the Working Group on the proposed options to obtain weather data and the costing thereof.

COP 28

A report prepared by the UNFCCC on 14 November 2022 published by UN Climate Change showed that national climate action plans (known as nationally determined contributions, or 'NDCs') would collectively lower greenhouse gas emissions to 2% below 2019 levels by 2030, while the science indicates that a 43% reduction is needed.

It is clear that there has again been little meaningful impact on the plans to reduce greenhouse emissions by 1.5 degrees Celsius by 2023. However, the presentation of South Africa's Implementation Plan of the Just Energy Transition (JET) Investment Plan may assist in accelerating the release of the JET Partners commitment to provide up to 8.5 billion US Dollars towards South Africa's efforts in de-carbonising the economy and mitigating the effects of climate change.

At the national level, South Africa's commercial forestry plantations continue to contribute to mitigate the effects of anthropogenic climate change through capture of atmospheric carbon dioxide (CO_2) and storage of carbon (C) in tree biomass, dead organic matter and soil carbon pools. While forestry in South Africa has a significant role to play in carbon storage, it is almost a stand-alone Sector due to its minimal carbon emissions which has been calculated to be less than 2% of the AFOLU carbon emissions which contribute only 10% of total carbon emissions in South Africa. In terms of total carbon sequestration, and despite the small overall land coverage by forests (plantations and natural forests), over 90% of CO_2 is attributed to forestland with the remainder being absorbed by grassland and savannah.

The National Greenhouse Gas Inventory System (NGHGIS) is the responsibility of the Department of Forestry, Fisheries and the Environment to manage the climate change obligations under the UNFCCC. The system serves to track emission levels in relation to international pledges, commitments and other reporting obligations. FSA members are required to report annually to the Department on the extent of their own and managed plantations which exceed 100 ha in extent. The reporting regulations allow processing plants to claim carbon credits from their own or managed plantations of more than 100 ha, so members are encouraged to register their plantations on the South African National Atmospheric Emission Inventory System (NAEIS).

The final guidelines were published on 28 January 2022 as Methodological Guidelines for Quantification of Greenhouse Gas Emission: Carbon Sequestration in the Forestry Industry GG No 45816 No 1700. The Monitoring, Reporting and Verification (MRV) tool can be accessed through the South African Greenhouse Gas Emissions Reporting System (SAGERS) website (http://ghgreporting-public.environment.gov.za/GHGLanding/SAGERSHome.html). Training for the completion of the MRV tool has been provided by PAMSA through two consultancies and has been well attended by FSA members. In addition, FSA has developed a guideline infographic to assist members to navigate their way through this very complex process.

The 8th GHG inventory highlights the role carbon sinks play in lowering the net greenhouse gas emission profile for SA. Over the next two decades, the country will have to increase its carbon sinks to reach the long-term goal of a Net-Zero carbon economy and society by 2050. Afforestation, reversing of land degradation and grassland management are key activities to achieve this long-term objective.

Forestry and forest products in South Africa are thus well positioned to serve as the major carbon sinks and emphasises the need for further afforestation.

The Carbon Tax Act was amended during 2021 but made little impact on the Forest Industry. As predicted by FSA from the outset of the Tax, the agriculture, forestry and other land use (AFOLU) and waste sectors will continue to be excluded from paying a carbon tax, largely due to the administrative difficulties in measuring and verifying emissions from these sectors.

Framework for a Just Transition in South Africa

The Just Transition Framework was adopted by the Presidential Climate Commission on 27 May 2022. As a contribution to the Just Transition, a report "Decarbonising and building climate-resilience for South Africa's Agriculture, Forestry and Other Land Use (AFOLU) sector" was completed by the NBI, BUSA and the Boston Consulting Group with input from FSA.

The report confirms that the South African AFOLU sector is at significant climate risk and requires the development of a climate resilient AFOLU sector. The AFOLU sector accounts for approximately 10% of national emissions, driven by livestock (75%), fertiliser use (18%) and fuel combustion (7%) and adaptation measures in the Sector could drive some remission reductions. Mitigating measures include greater forestry planting diversity and active forest health monitoring to improve forest carbon storage and resilience to pests, diseases and extreme events.

Prospecting and Mining Applications in Commercial Forestry

During 2022, FSA identified the increase in prospecting and mining applications as a serious risk to forest operations, particularly open cast mining which involves the removal of large quantities of topsoil – the life blood of the Industry.

In response to this threat, the FSA EMC developed a consolidated industry approach to prevent prospecting and mining applications on forestry land. The Strategy was approved by the FSA Executive Committee in May 2023. Nine strategic interventions were proposed including the development of a "Playbook" which provides members with methods to respond to applications for reconnaissance permission, prospecting rights, mining rights, mining permits, or Draft Basic Assessment Reports (BAR) and Draft Scoping Reports (EMPr)". This is available to FSA members on our website and members are encouraged to familiarise themselves with the playbook, should they be affected by planned mining activities.

FSA has also leveraged the PPGI and the Masterplan to assist in countering mining activity in plantation areas and as mentioned earlier, we are also hoping that the National Forests Amendment Act and PDALB will be passed as they too will afford additional protection for forestry land.

Forest Certification

South African Forest Stewardship Certification (FSC) Standard

The FSC Standards Development Group (SDG) is actively engaged in reviewing and refining the FSC South African National Standard. This process was initiated through an SDG inception workshop held in November 2023 involving key representatives from economic, social and environmental chambers based in South Africa. The SDG comprises six individuals, two from each of the three chambers, tasked with ensuring a well-rounded and inclusive approach. Environmental Chamber members are Coert Geldenhuys and Jacqui Meyer, Economic Chamber members are Brent Corcoran and Axel Jooste, and Social Chamber members are Makale Ngwenya and Justin Nyakudanga.

Scheduled for review in March 2024, the current standard (FSC-STD-ZAF-01-2017 V1-0) necessitates updates, including considerations for Natural Forests, Non-timber forest products, and additional International Generic Indicators (IGI's) related to the FSC Pesticide Policy. The SDG aims to streamline the standard by revisiting indicators previously dropped by the SDG but which the FSC Policy and Standards Unit PSU refused to exclude and re-introduced. Despite the urgency, the FSC process demands patience. The proposed SDG will be lodged before March 2024, ensuring continuity until the review concludes. The comprehensive process involves two rounds of public consultation, potential forest testing for auditability, and scrutiny by the FSC PSU and Board of Directors (BoD). This thorough review is expected to take 18 to 24 months.

Sustainable African Forestry Assurance Scheme (SAFAS)

SAFAS continues to provide an additional certification standard for South Africa and is often the first choice for medium-scale growers with more and more of the larger growers opting for dual certification. The proportion of FSC and SAFAS certified commercial forests, covers almost 50% of the total area under plantations in South Africa.

Land Matters

Expropriation Bill

As anticipated, there has been no further movement on the Expropriation Bill in over a year and it is still being discussed at the National Council of Provinces. We expect it to remain stalled at the NCOP for as long as those provisions in it, on which FSA (and several other sectors) have objected, remain unchanged.

As a reminder to members, there are two issues which we still object to in the Bill. The definition of expropriation, which could potentially deprive a landowner of beneficial use of their land, while an expropriation is in progress. We remain certain that this is not Constitutional and was in our view, a last-ditch attempt by the State, outside of the NEDLAC process, to try to effect EWC by stealth.

The second issue is the determination of compensation and the potential impact of widespread application of below market rates (even if justified) on property values, the associated cost of capital and the ability of new entrants to leverage their land to fund their forestry and farming businesses. We don't believe that the application of below market rates will ever be widespread, as the conditions for doing so in the Expropriation Bill, do not exist in the case of most commercial properties but it remains an issue of principle and we will continue to raise it.

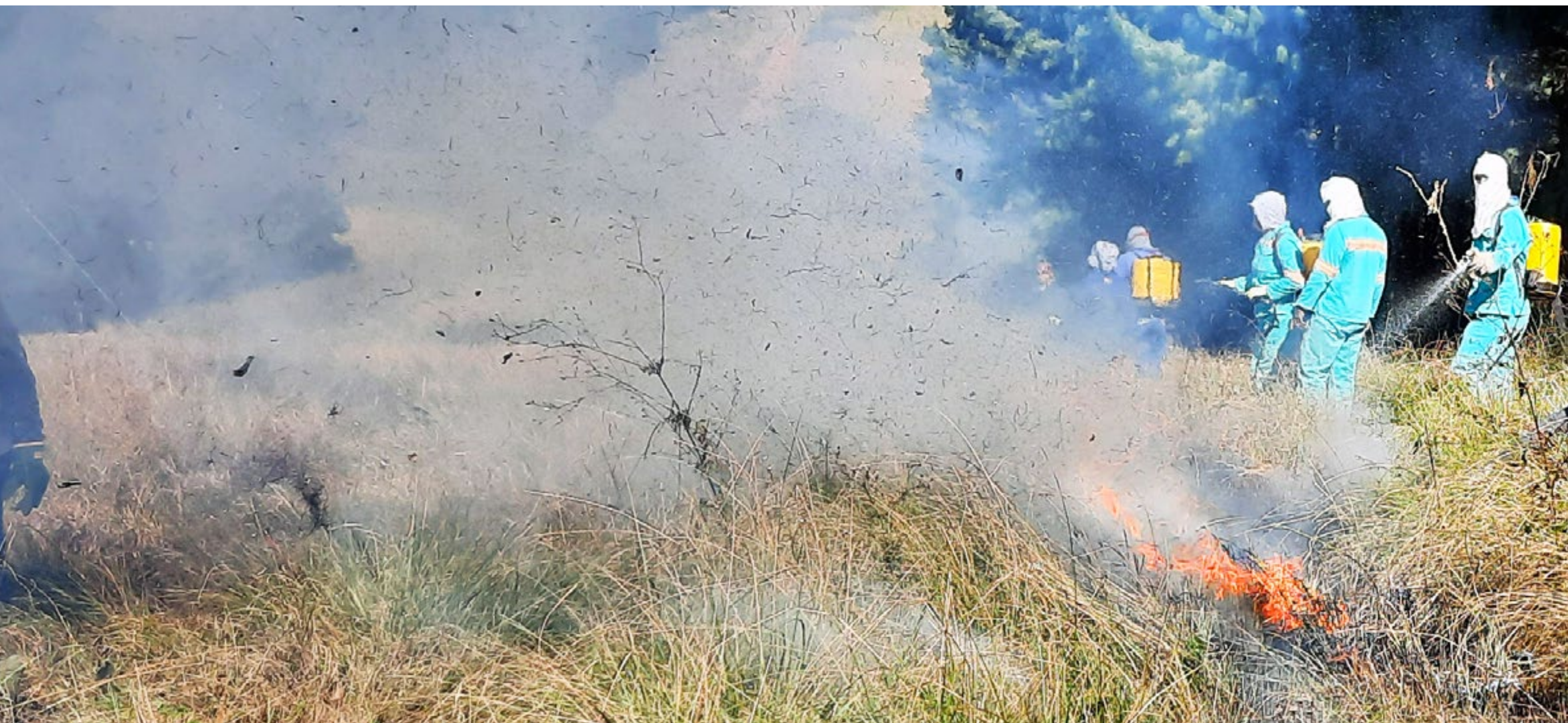
FSA Land Committee

In the year under review, the FSA Land Committee's focus was consulting key stakeholders regarding the industry's position on land reform which was approved by the EXCO in November 2022. The position seeks to influence successful land reforms to ensure fibre sustainability by concentrating on pre-settlement, settlement and post-settlement processes. The industry position to drive sustainable production under land reforms can be summarised in the 5 points below:

- Inclusion of a feasibility study phase in the land restitution process to better inform settlement models and negotiations.
- Documentation of the land restitution process to avoid the huge variations and incoherence in the implementation of the claims settlement process.
- A suite of models accepted as appropriate for the Forestry Sector that can be implemented where applicable.
- A crop ownership transfer model that can be used to assist new landowners to eventually own a portion or the entire crop on their land in cases where the State did not purchase the trees together with the land at settlement.
- A mandate holder for post-settlement support in the Forestry Sector considering the gap that has been created by the Commission of the Restitution of Land Rights (CRLR), formerly known as the Land Claims Commission by withdrawing from post-settlement support while neither DFFE nor DALRRD is playing the role.

The Task Team of the Land Committee successfully consulted the Chief Land Claims Commissioner in July 2023. One of the important achievements was the alignment of understanding that there is a need for a focussed approach to post-settlement support and a mandated Department to lead it. The Commission on Restitution of Land Rights (CRLR) also revealed that there are post-settlement funds (Section 42C Grants) that were allocated to certain settled land claims that are kept at banking institutions. An example of that is the iThala Bank which is keeping funds for some KZN farms. The Committee is currently discussing ways to access these funds with the Commission and DALRRD. The FSA Land Committee's Task Team is yet to consult with the DFFE Deputy Minister on the Industry's position on land reform. The Minister has promised to meet the FSA team in February 2024.

As part of the deliverables of the Forestry Masterplan, the National Forum on Forestry Land Claims was established and has held three meetings. However,



there are huge teething challenges resulting from disagreement on the Terms of Reference as they relate to the responsibilities of the members and matters of post-settlement support. In the last meeting held in October 2023, it was resolved that DFFE, DALRRD, and CRLR will have a meeting to attempt to resolve some of these issues before the next meeting is convened in February 2024.

Labour Issues

National Minimum Wage

The Department of Employment and Labour (DEL) increased the National Minimum Wage by CPI + 2% from R23.19 to R25.42 at the beginning of the year under review. Most commissioners proposed a CPI +2% increase, while the minority proposed CPI. In its submissions to DEL, FSA requested a CPI increase over the next 3 years, to provide some certainty to employers on this important element of their cost structures and requested that a CPI be calculated as an annual average, and not only of the month preceding the determination. FSA made a follow-up submission, reiterating that an above inflation wage increase will lead to job losses.

Later in the year under review, the Department of Employment and Labour published an invitation for written representations, to which FSA responded. To make an informed submission to the Department of Employment and Labour (DEL), FSA conducted a survey among its members to determine the impact of increased wages on the Industry, as well as the possible impacts that a continued above inflation increase could have on the Industry. The responses were captured in a submission to DEL, requesting that the minimum wage for forestry workers increases by a maximum of CPI in 2024 to stop the process of attrition. We also requested that the Commission considers CPI-based increases for the following two years (2025 and 2026) to reduce uncertainty regarding this important element of business cost structures.

Employment Equity Amendment Bill

The Employment Equity Amendment Bill came into effect in April of the year under review. The Bill seeks to advance transformation of South Africa's workforce by setting equity targets for economic sectors and geographical regions and requiring enterprises to develop transformation plans. The Bill amends the Employment Equity Act 55 of 1988 with new measures to promote diversity and equality in the workplace. Among its key provisions, the Amendment Bill:

- Empowers the Minister of Employment and Labour to set employment equity targets for economic sectors, as well as regions where transformation is lagging.
- Empowers the Minister of Employment and Labour to regulate compliance criteria to issue Compliance Certificates as per Section 53 of the Employment Equity Act.
- Allows the Minister of Employment and Labour to set regional targets given that racial diversity in South Africa often has regional differences.

The law now:

- Requires employers with more than 50 employees to submit employment equity plans for their companies, spelling out how they will achieve these targets. Employers are then required to submit annual reports to the Department of Employment and Labour (DEL).
- Requires employers to pay workers equal pay for equal work. The Bill provides clear definitions of discrimination and sets out what workers can do when facing such discrimination – including lodging grievances with the Commission for Conciliation, Mediation and Arbitration, or the Labour Courts.
- Requires companies seeking to do business with the State to submit a certificate from the DEL, confirming that they are in compliance with the Employment Equity Act and its objectives, and that they do not pay their employees less than the national minimum wage.

Draft sectoral numerical targets have been published, focussing on top and senior management, professional and skilled levels, and people with disabilities.

Infield Sanitation

FSA made a re-submission to DEL, requesting that the Forestry Sector be exempted from infield sanitation requirements as stipulated by DEL. We propose the implementation of a sanitation policy that is practical, respects human dignity, and that would not pose environmental as well as health and safety risks. At the time of writing this report FSA was still awaiting a response from DEL and we have escalated the matter through the PPGI. FSA will also engage with the certification bodies, to flag this inequitable treatment by the State, so as to limit the issuing of corrective action requests, pending a substantive response by the DEL to FSA's submissions.

Business Development Matters

Independent Development Corporation's (IDC) Blended Finance

FSA and the IDC, later joined by the Department of Small Business Development, are discussing ways to expand the reach of the Agri-industrial Fund to assist growers that own and manage smaller plantations. Currently, the IDC's Agri-industrial Fund caters for applicants who own and manage plantation areas of more than 200 ha and require financial support above R1 million.

In spite of FSA having been instrumental in the creation of this mega-fund for forestry development, throughout the year, FSA struggled to identify which members had benefitted from the IDC's Agri-industrial Fund. We require this information to assist the IDC in their bid for additional funds into the blended finance instrument.

Presidential Employment Stimulus (PES)

After submitting a proposal on the industry-led intervention to curb the unemployment of forestry graduates to the Presidential Employment Stimulus (PES), FSA waited most of the year for a call for applications. Unfortunately, this never materialised. FSA had been hopeful that the project proposal lodged in the previous year would be entertained, because of the positive feedback received from the Project Management Office in the Presidency, but the PES once again prioritised social employment this time around, as there are political benefits from the State using this fund for social employment in public works programmes.

The Jobs Fund

The Jobs Fund's 11th funding window, "Breaking Barriers – Future Proofing South Africa's Employment Options" was closed in July 2023. Although it has not been confirmed if any FSA members applied, we believe FSA is a better vehicle for the Industry to lodge its Jobs Fund applications as NGOs are only required to match the funding at 1: 0.5 as opposed to Private Companies who are required to match at a ratio of 1: 1.

The Landbank's Blended Finance

The Landbank seems to be gaining strength again. Following its achievements in 2022 which include the establishment of a R3.2 billion blended finance instrument, a reduction of its debt by 43%, and achieving a clean audit for 2021/22, the bank has once again achieved another clean audit. The Landbank appointed a new Chief Executive Officer in March 2023 and launched the Agro-Energy Fund in August in partnership with the Department of Agriculture, Land Reform and Rural Development (DALRRD). The fund is aimed at alleviating the impact of loadshedding on farms with energy-intensive operations. This support might be useful for small-scale timber processing plants and mixed farmers are encouraged to take advantage of the Landbank's blended finance scheme.

Grower Consultation

The first series of grower consultative meetings in 2023 was dedicated to reviewing grower representation at the different structures and improving the reporting skills of representatives, especially backward reporting to the members at local municipality level. All district committee reviews in Limpopo and KZN were completed with several changes to the representatives.

From our engagements with our small-scale growers (SSGs), there were requests for more field days focussed on development and capacity-building. We have thus reduced the number of normal consultative meetings and used the time and resources instead for such field days which have been greatly welcomed by growers.

Mr Nathi Ndlela continues to capacitate the new SSG representatives on FSA structures in the use of various communication platforms, mainly MS Teams and Zoom. The new SGG representatives at GENCOM and EXCO are Messrs Buhle Msweli, Fathuwani Netsianda and Musa Gcwensa.

Key issues raised by growers include:

- timber labels that were being issued by hauliers without the knowledge and permission of the growers,
- timber transporters were demanding payment in addition to the contractually agreed rates from growers,
- the need for seedlings in places where there are no commercial nurseries,
- the increase in seedling theft in the plantations by non-aligned growers stealing from those that have strategic partners and access to superior growing material,
- the need for a formal statement (from DWS or any other competent authority) outlining the exemption from water use charges for specified growers (i.e. those that own less than 10 ha; resource-poor farmers),
- the long-standing frustration at the lack of government-sponsored extension support,
- The need for Forestry to be declared a Provincial Competence or to request the DFFE Minister to have formal agreements with Provinces that have the capacity and resources to address various challenges both from finances and extension support services, and
- Growers raised concern about the marketing of their timber following the devastating fire that occurred at NCT Richards Bay. It is important to note the growers commended NCT for honouring payment commitments for timber that had crossed the weighbridge just before the damaging fire.

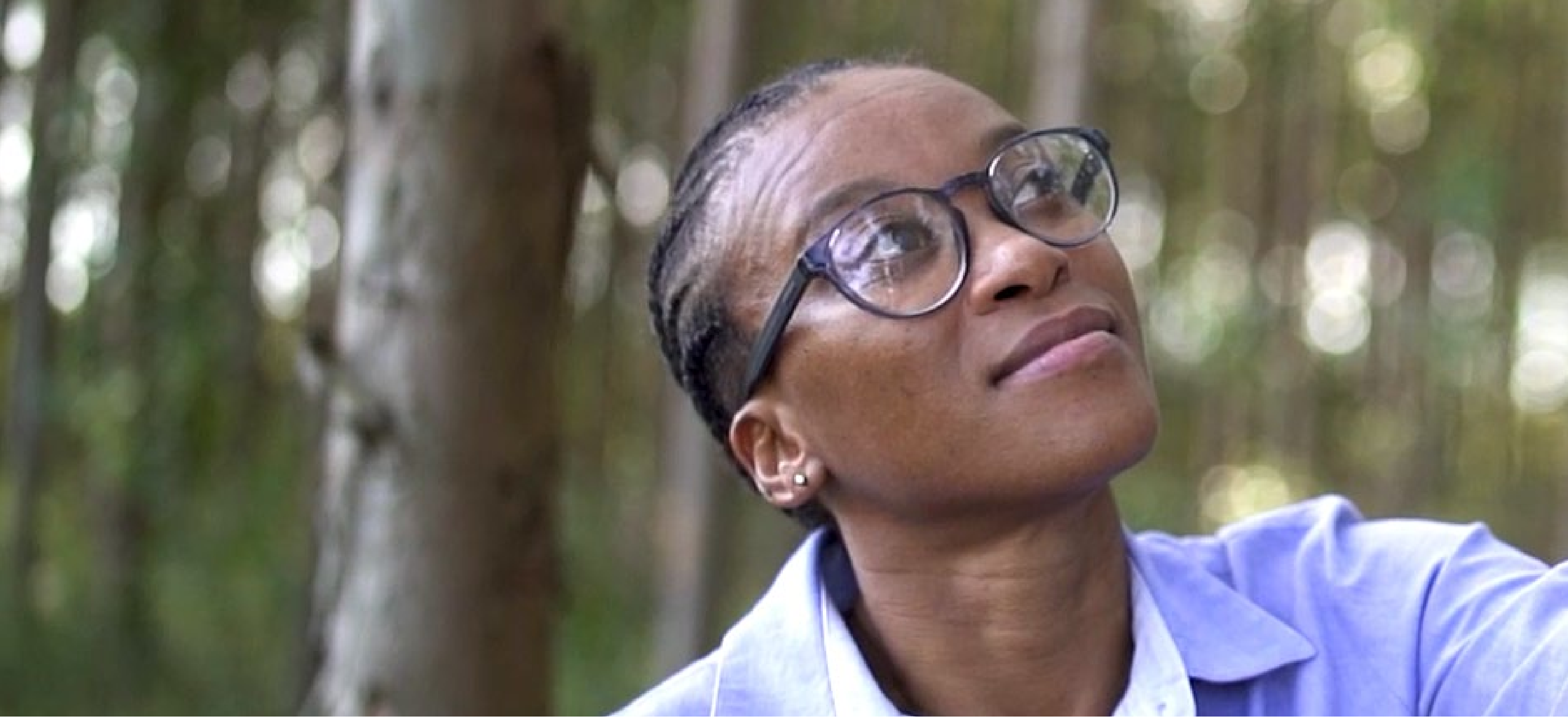
Forestry Masterplan Progress

In its third year of implementation, the Masterplan achieved some of its key deliverables. Some of the important focus areas for growers include the expansion, protection and maintenance of the timber resource, development finance, support for new entrants and land reform beneficiaries, and the certification of small-scale forestry operations to open and sustain good markets.

A tender requesting bids to lease, manage and control the Western Cape plantations was opened on 14 December 2022 and closed on 3 February 2023. Three out of the five parcels of the Western Cape DFFE plantations [i.e. Jonkersberg (4106 ha), Homtini (757 ha) and Buffelsnek (4507 ha)], making about 44% of the total area earmarked for transfers in the Western Cape Province, have been successfully awarded to preferred bidders, pending the negotiation of the service level agreement and final vetting.

After this milestone, a call for proposals from investors willing to form strategic partnerships with communities in managing the State's Category B & C plantations in the Eastern Cape, KwaZulu-Natal, Mpumalanga and Limpopo, was issued in November 2023.

This has been a decade-long battle with the DFFE, and it is good for the Sector, as it supports the new investments already made in processing and it will encourage further investment. The recapitalisation programme also offers employment and transformation opportunities in rural areas.



Education and Training

FSA-led Training Interventions

As committed to in November 2022, the FP&M SETA re-assessed its funding situation in February 2023 and allocated R300 000 to FSA. Although the quantum was far less than what was applied for, it went a long way in areas where FSA has not recently supported community-based timber farming with training interventions. During these interventions, 30 learners at Ingquza Hill Local Municipality were trained in basic firefighting skills. The training of 30 learners in firefighting was temporarily delayed due to the required documents not arriving at the FP&M SETA offices in time as the courier vehicle transporting the documents was hi-jacked. Fortunately, FSA had duplicates archived and these were subsequently submitted to have the funds released.

Industry-led Interventions to Curb the Unemployment of Forestry Graduates

As reported previously, several forestry graduates have been experiencing challenges in finding employment. In 2022, FSA launched an initiative to assist these unemployed graduates to secure employment.
In May 2023, about one year after the start of the interventions, 68 of the original 190 graduates had been offered some form of employment, thanks to the Industry's efforts. This was facilitated by collating the details of the graduates into a database. Furthermore, a WhatsApp group was established for unemployed graduates on which relevant capacity-building material for work seekers and advertised job opportunities are shared with the Forestry Graduates. Many graduates who are continuing with their education also chose to remain in the group. The group is currently also assisting undergraduates to set themselves up for employment opportunities on completion of their studies.

Additional initiatives to support unemployed graduates included SAFCOL conducting an online capacity-building session for youth, in general, to help them better prepare for interviews, and write better job application letters, and CVs. The event held on Facebook Live attracted over 900 young people and was well attended by Forestry Graduates.

Zimbili Sibiya conducted a Skills Selfie Webinar designed to enable the graduates to accurately evaluate their skills and better communicate them on a CV and during an interview. This well attended initiative was made possible by the Forest Sector Charter Council (FSCC) who sponsored data for individuals who could not afford their own data to participate online.

In addition to assisting graduates to secure employment, FSA conducted three surveys to find the root cause of graduate unemployment and identify possible interventions to address the unemployment. The first one was directed to the unemployed as respondents, while the second was directed to the

academic teaching staff in the different Higher Education Institutions (HEI's) offering forestry qualifications, and the last one was directed to prospective employers.

FSA requested the FP&M SETA to financially support the industry on strategic interventions aimed at assisting the unemployed forestry graduates with training for employment and entrepreneurship to the value of R6.1 million. Unfortunately, this initiative falls outside the mandate of the FP&M SETA as it focusses on post-university qualifications. FSA has subsequently thus applied with the UK-SA Skills for Work Programme.

Capacity Building for Higher Education in South African Forestry (FOREST21)

The Forest21 programme, for which FSA secured around R20 million in EU funding for capacity building in higher education, continues to have a meaningful impact on forestry education and training.

The climate-smart forestry workshop and student challenge at the University of Venda (UNIVEN) were very successful. Industry role players in Limpopo are thanked for their support in making this event a success. It was inspiring to see the participation of a community farming enterprise, Ratombo CPA in Vhembe. After this event, it was reported that there is a good chance of continued partnerships between Ratombo CPA with the University of Venda and the European Union going forward.

Similarly, the FOREST21's climate-smart forestry workshop and student challenge hosted by Fort Cox Agriculture and Forestry Training Institute were very successful. Industry role players in the Eastern Cape are sincerely thanked for all their support for this event.

The call remains open for the Industry to contact Prof Jos Louw (NMU) to contribute more student challenges in the final year of the project in 2024.

Mr Norman Dlamini had a moment to introduce himself and the FOREST21 project to President Sauli Niinistö of Finland who was visiting South Africa, at a State reception held in Pretoria in April of the year under review. Again, our members are applauded for partnering with Finnish education institutions, as the President of Finland is an ardent supporter of education and was delighted to hear from Norman, of the successes of the FOREST21 programme.

FSA is coordinating a new application to the EU Erasmus+ Grant to build on the gains of FOREST21. The project will design a framework for collaborations between the South African Forestry Industry, Academia, Government and Society. A pilot of this project has been sponsored by the United Nations Industrial Development Organisation (UNIDO) in the amount of 500 000 EUR (around R10 million).

We are in the meantime pleased to report that the application for the extension of the project period by 12 months submitted by FSA was successful, as most of the partnering universities had not been able to spend most of the funds due to a number of reasons, with COVID-19 being the main cause, of delays of implementation.

Fibre Processing and Manufacturing (FP&M) SETA

The FP&M SETA performed well during the year under review. This was supported by the unqualified audit by the Auditor-General of South Africa. In support of the Forestry Sector Masterplan, FSA and the FP&M SETA commissioned a skills audit for the Forestry sub-sector to enhance growth and sustainability. The report was published in November 2023, and FSA will action the recommendations in the report in 2024.

During the SETA's Annual Strategic Workshop, board members had the opportunity to meaningfully engage with the SETA Executive. FSA used this opportunity to bring five of the Forestry Industry's top priorities under the attention of the SETA and secured their commitment to addressing these.

Forest Operations Matters

Rail and Ports

Timber volumes on rail reached a new low in 2023, dropping to under one million tons in 2023 from 3.5 million tons in 2005. This was accelerated firstly by operational inefficiencies during COVID-19 and the Transnet strike of 2022, from which all freight suffered, and which volumes were never recovered by rail.

FSA and several other PPGI sectors lobbied hard for intervention by the Presidency and Minister of DPE and as a result of FSA's inputs during the Transnet strike, FSA was invited to participate in a Presidency-led initiative to try to address the logistics crisis. Throughout 2023, our Executive Director (along with two other private sector individuals) held fortnightly meetings with the Operation Vulindlela team in the Presidency, to shape the logistics reforms. In April, our Executive Director, supported by several CEOs from our members, gave a presentation to the President, Minister of DPE and the Minister of Transport. During that engagement, the President committed to establishing a National Logistics Crisis Committee (as had been done for the energy sector) and to the development of a freight logistics roadmap. Both of those commitments were honoured and in October 2023, Cabinet approved the Freight Logistics Road Map. This has already been effective in cleaning house, by getting rid of the obstructionist C-suite executives in Transnet, restructuring the entity with the establishment of the Infrastructure Manager, Economic Regulator, Transnet Freight Rail Operating Company and TNPA, as separate entities with independent mandates.

While these legislative, structural and operational reforms are to be greatly welcomed as they will in time, see much greater participation by the private sector in rail and ports, there is going to be a challenging transitional period.

Wood-Owl Pilot Project

Mondi funded a desk-top diesel locomotive suitability evaluation, including route design, sidings layout, shunting and train speeds. Electric locomotives are a scarce commodity, and therefore a shadow costing exercise for diesel versus electric locomotives was done to see if the business case makes sense with diesel locos. This was followed by diesel locomotive route simulations to determine diesel exhaust emissions in tunnels, en route gradients, train speeds, etc. A request for proposals was published to determine the availability of diesel locomotives in the market, and to obtain an understanding of the operational, contractual and commercial proposals. A trial run was performed with diesel locomotives from Vryheid to Richards Bay to confirm the desk-top simulation results.

A separate study was conducted to investigate the international rail regulatory space, and how this informs instances of Government Support through capital injection and subsidies. A comparison was drawn with the local environment, and how these international learnings applied to the South African rail regulatory environment considering our socio-economic goals.

The project is in the process of securing final approval from Transnet to use private diesel locomotives on the Wood-Owl line. Once approval is obtained, a decision must be made on wagon ownership, with an industry position in mind. Industry awaits the Interim Rail Economic Regulatory Capacity (IRERC) and DoT positions regarding timelines, roles, responsibilities, oversight and access protocols to the network.

At the time of writing this report the IRERC had released the Network Statement and proposed line access fees for private rail operators. These are prohibitive and will not only discourage a return of general freight from road to rail but in fact, will see even greater volumes moving from rail onto road. Fortunately, the Wood-Owl pilot is being used to test the effectiveness of the roadmap and so we expect that following FSA's submissions and interventions in the NLCC and Operation Vulindlela processes, along with those of other rail users, we will see more sensible pricing.

FSA is also exploring carbon offset projects, considering the move from road to rail and the resultant saving in carbon emissions.

Branch Line Pilot Project and the Illovo Bridge, South Coast Line

FSA's consultants presented a proposal to FSA members, detailing the work required to do a feasibility study on the Greytown branch line. Nearly 40% of the timber emanating from the Umvoti basin is destined for Saiccor, and the completion of the Illovo Bridge on the South Coast line, is therefore critical to the viability of the Greytown branch line. We've received support from the Mayor of Greytown and the KZN Growth Coalition who sees this project as key to the prosperity of rural economies.

The Illovo Bridge remains a key challenge in restoring the South Coast line service. FSA pursued a parallel process to Transnet and requested ARIA's assistance to facilitate monthly engagements between FSA, ARIA, TFR, PRASA, DTIC and NPC that served as a platform for engagements on future repairs of the bridge. The bridge is near the end of its design life and will have to be replaced in the next 5 years. The current plan is to replace the bridge, and it is expected to be completed at the earliest in December 2025. Unfortunately, an initial estimate from PRASA is that the project will take at least 6 months longer.

The possibility has arisen of a PSP project to restore this service within 8 months (possibly shorter), through an undertaking of industry members who utilise this infrastructure. This solution involves the private sector funding the reinstatement of the Illovo Bridge, managing the project, and being reimbursed through decreased access fees to the infrastructure. FSA and ARIA met with DoT and PRASA, with parties showing strong support for a PSP/PPP model, which can be fast-tracked through Section 79 of the PFMA with support from the National Logistics Crisis Committee, who are already aware of the project. This would be a first for PRASA, and possibly DoT as well. The one provision PRASA has made is that the bridge be rebuilt to their design specifications, which is understandable as PRASA remains the infrastructure owner, and they have a strategic direction for the line. This project will be partially or wholly funded by the private sector, with a claw back mechanism to recoup their investment over, e.g. a 30-year period. Furthermore, any capital released for PRASA through this project can be put toward the reinstatement of the Permanent Way beyond the bridge.

NDA on Ports

As with the Mondi Wood-Owl Pilot, a nondisclosure agreement which FSA facilitated, has been signed between Transnet Port Terminal (TPT), NCT and TWK. TPT started sharing information regarding their equipment, spares on hand, and other information relevant to understanding their capacity to conduct maintenance and affect repairs. The NCT / TWK maintenance crews are shadowing TPT technical staff, providing guidance and technical expertise. They also assist with spares where feasible.

The next milestone is to sign a service level agreement with commercial agreements between the various parties. This will allow NCT / TWK to conduct formal maintenance assessment of the entire route. To affect such an industry solution, allowing a dedicated team to be deployed, TPT must commit to a joint industry solution and not company specific solutions. This will pave the way for industry to put a dedicated team in place.

Road Transport

Performance Based Standards (PBS)

The CSIR submitted the results of the PBS Evaluation Report to the KZN DoT in October 2020, and presented the results to the DG in March 2021. FSA has promoted PBS at every level of government and other structures in the last 3 years. Despite all these efforts, the Minister of Transport issued a letter to the relevant Members of the Executive Council (MEC's) of the provinces in September, lauding the results of the PBS Pilot Project, but also bringing the pilot project to an end. This was done without a strategy to either continue or exit the project.

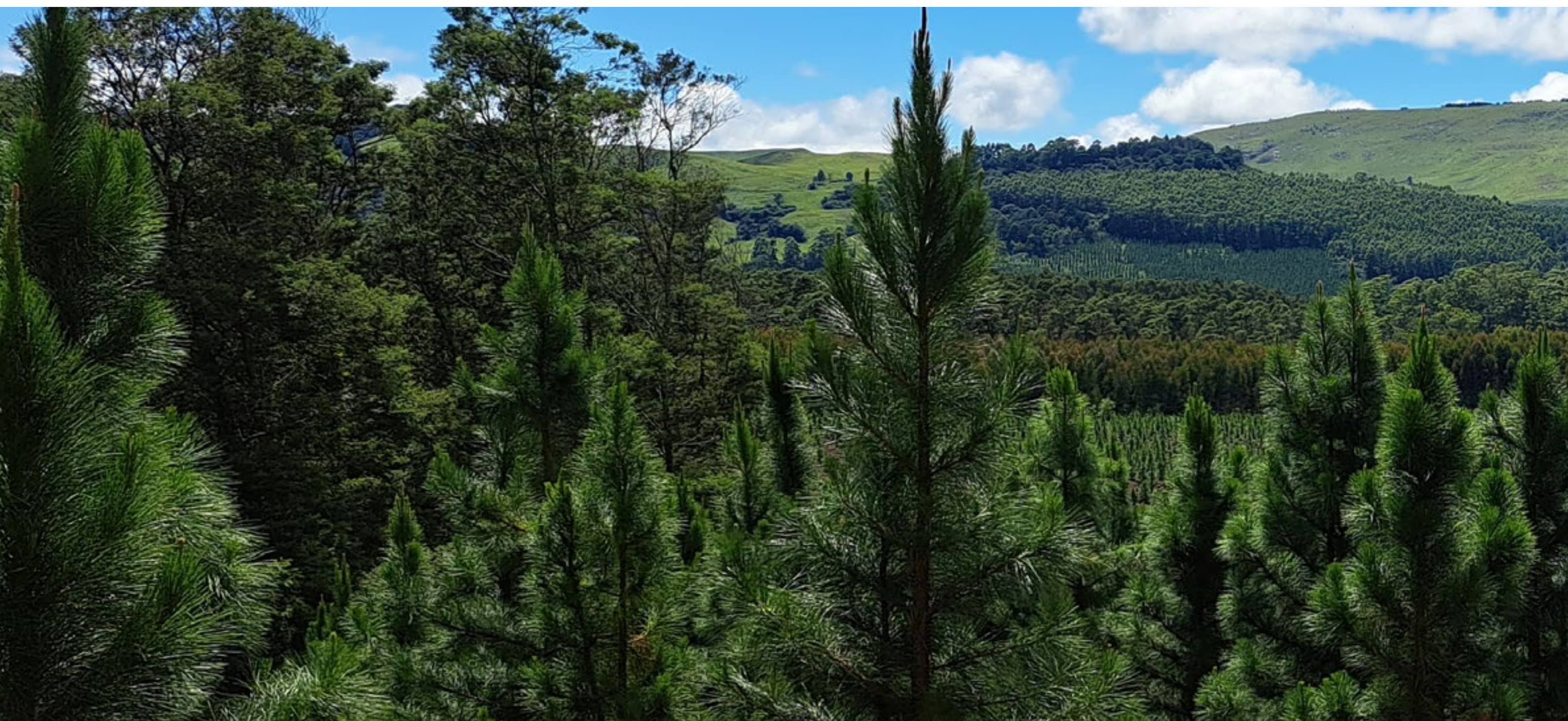
FSA attended a meeting with the Deputy-Director General: Road Transport with other interested and affected parties in October of the year under review where the 120 people in attendance left with more questions than answers. The fate of the PBS Pilot Project was to be discussed at the Committee of Transport Officials (COTO) and The Minister and Members of Executive Council (MINMEC) that was scheduled for 10 November, which was unfortunately postponed at the last minute. FSA exercised immense pressure at every possible opportunity to get PBS accepted into the National Transport Framework. This included a direct plea to President Ramaphosa and Minister Chikunga during FSA's meeting with them in April, as well as submissions to Operation Vulindlela and the NLCC, discussions with the Provincial MEC's, lobbying with other stakeholders (AgriSA, Mining, etc) and finally a letter to Minister Chikunga in September. This resulted in the Minister sending out a follow-up letter on 10 November, withdrawing her letter of 2 September with immediate effect, and allowing the PBS Pilot project to continue until such time as the PBS Evaluation Report can be presented to the COTO and MINMEC meetings, which will in all probability be in the first quarter of 2024.

Amendment of Regulations 330A to 330D

The consignee and consignor legislation contained in sections 74A and 74B of the National Road Traffic Act, 1996 (Act No. 93 of 1996) (NRTA), were introduced in November 2010. Regulations 330A to 330D and the definitions of consignee and consignor were introduced into the National Road Traffic Regulations, 2000 (NRTR) in 2015. The aim of the legislation was to stop overloading at the source by controlling the consignors from overloading a vehicle before it is dispatched and preventing consignees from allowing overloaded vehicles to be accepted for offloading, to discourage operators from overloading vehicles and causing road damage and unsafe road conditions.

The application of the regulations resulted in mills rejecting overloaded vehicles, which resulted in timber being offloaded outside the mills to correct the loads. The unintended consequence of this practice resulted in illegal enterprises trading in this timber. FSA requested Alta Swanepoel and Associates to investigate possible amendments to the legislation in relation to the consignees of goods, due to unintended consequences emanating from the application of the legislation and are awaiting their inputs.

Our Transport Committee is also exploring other Industry-led self-regulation mechanisms, within the existing legislation. These could include undertakings to prohibit a rejected vehicle from delivering to any processing plant for a period of 48 hours or longer. In this way, consignors will be further disincentivised from dispatching over-loaded trucks, as they cannot simply offload excess timber near the mill to meet the required weight limitation. This would reduce the illegal trading in this timber and help to prevent overloading.



Diesel Rebate

Following the departure of key contact people in National Treasury, FSA resubmitted a proposal for the diesel rebate to apply for the transportation of labourers between sites in our Sector. FSA is still awaiting feedback from Treasury.

The envisaged consultations with SARS regarding the new diesel rebate scheme was scheduled to take place in the second half of 2023 but was unfortunately postponed to an undetermined date in 2024. This has to happen before the new system can be implemented and we have raised the delays with the Deputy Minister of DFFE to escalate.

Unfortunately given the decline in the economy and the associated drop in fiscal revenues, they are unlikely to fast-track the implementation of the new system, but FSA will continue to put as much pressure on SARS as possible to finalise the new rebate during 2024.

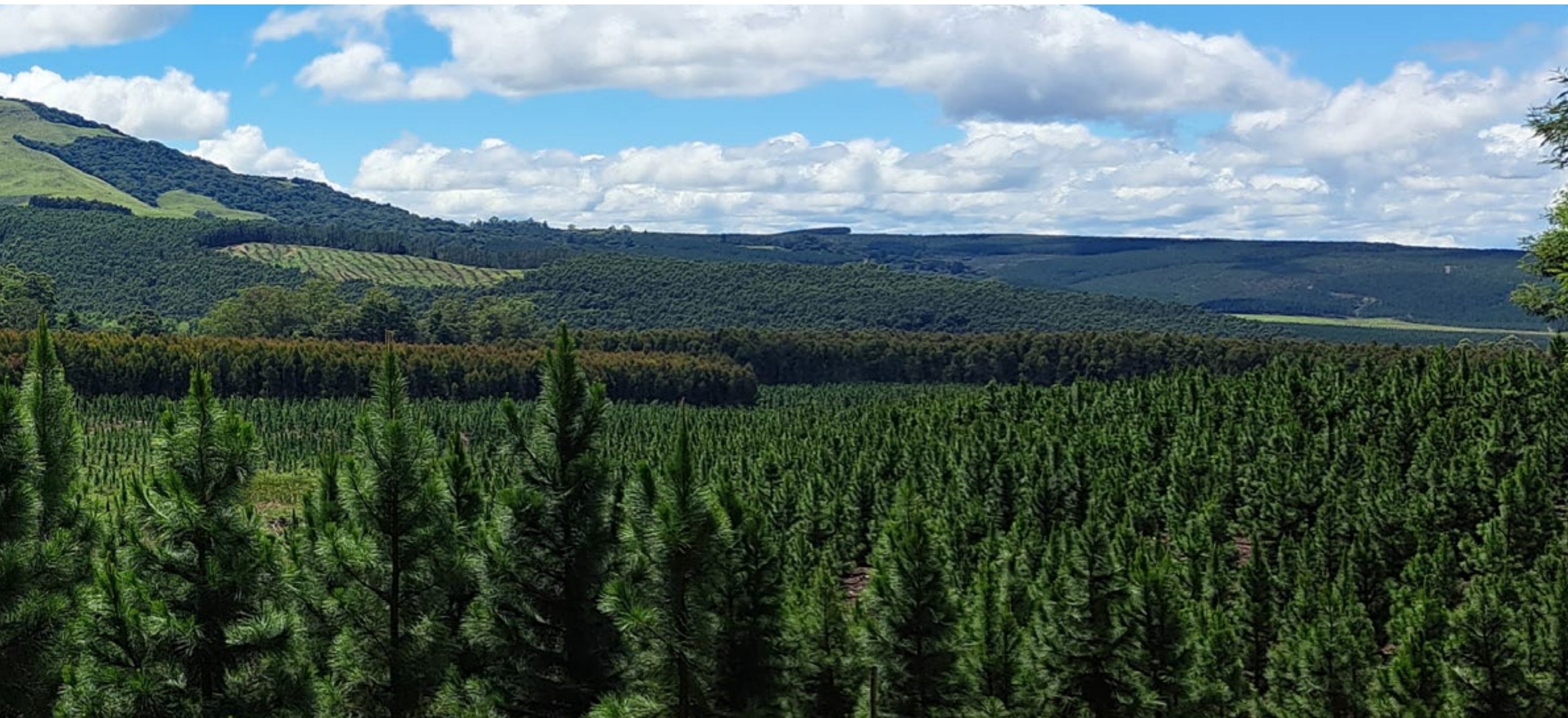
Forest Valuation Guidelines

Significant progress has been made in compiling Forest Valuation Guidelines. The members of the working group are working on final amendments and the group will meet early in 2024 to report on progress. FSA plans to have the guidelines published mid-2024.

Energy

FSA participated in the AgriSA engagement with Minister Didiza in January of the year under review to discuss the impact of loadshedding on the Forestry Sector. FSA communicated that our Sector is affected as are all sectors, but that it is important to note that the Sawmilling Sector is specifically affected. With the current depressed markets and a 10% drop in production due to loadshedding, it will without a doubt have a knock-on effect on consumers, such as affordable housing and in extreme cases, closure of mills as has been reported. We also requested that Government should play a role in putting farmers / companies etc in contact with various financing instruments to make conversion to alternative energy sources affordable.

Through the PPGI, FSA was included as a member of the Essential Sector Energy Forum and had an opportunity to make a submission to the forum, highlighting how the Forestry Sector is impacted through loadshedding. This allowed FSA the opportunity to constructively contribute with recommendations on what can be done in the short term to alleviate the effects of loadshedding on our Sector. The impacts identified were similar across sectors and included additional input costs, loss of production capacity, losing market share, and slowing or suspending investments among others. The recommendations presented were like other sectors and included loadshedding to stay on one level allowing



for better contingency planning, more consistent timing of interruptions, implementation of business-friendly regulations, and better communication from Eskom regarding their future plans and schedules.

FSA is working with various members, the ICFR and other parties on a Decentralised Steam and Power generation initiative and specific projects. The aim is to determine the availability of Biomass and Renewable Energy Fuel in the greater Msunduzi area as a pilot for the rest of the country,

Roads

FSA continues to engage with the KZN Department of Transport (DoT) on the completion of road works on the R74, and the removal / reconstruction of speedhumps on the R603. In addition to past efforts, FSA brought the matter to the attention of the KZN Growth Coalition, who subsequently raised it with the MEC for Transport. FSA collaborated with Beaumont Eston Farmer's Association to ensure the KZN DoT amended the incorrect speedhumps.

FSA members subsequently met with the DoT, where they were given an undertaking that the speedhumps on the R603 will be altered by April 2024, which will allow PBS vehicles to resume service on that route

At the time of writing this report, FSA had confirmed that all irregular speedhumps on the R603 had been successfully removed, saving R36 million per year in perpetuity for our Industry alone.

PMB Municipal Plantations

FSA engaged with the office of the premier of KZN as well as the PMB Chamber of Commerce to intervene in the PMB City Forests, one of the last intact municipal plantations. SAFCOL was awarded the contract to manage the Municipal Plantations for a period of 3 years, which is a positive move to ensure responsible management of these assets.

Focus on Forestry 2023

FSA again partnered with CMO and Nelson Mandela University in hosting the Focus on Forestry 2023, which was held at the Karkloof Country Club from the 7th to the 9th of November. The event was exceptionally well attended, confirming the need of the event in our Industry. The 2-day conference was attended by 300 people, and the field day attended by 400 people. The next Focus on Forestry will be held in Mpumalanga in 2025.

Transformation and the Forest Sector Charter Council

The Industry achieved a level 3 B-BBEE status score for the first time since the introduction of the Act in 2008. In our view, this is a highly commendable achievement given the great number of major structural challenges which the country faces, and which are even higher for rurally based sectors like ours. These include stubbornly high unemployment levels, poor education outcomes and the scarcity and high levels of mobility of skilled people from designated groups, especially in rural areas. The number of reporting entities improved over 300% from the previous year, from 37 to 113 in the latest report, with all MLEs submitting both the B-BBEE certificates and underlying reports.

FSA wishes to congratulate the Council on its excellent work and especially Ms Mavimbela and her team. We also express our gratitude to our members who serve on the Council namely, Mr Penwell Lunga of PG BISON and Ms Erika Donker of PG BISON who is the secondus to FSA's Executive Director.

FSA encourages our members to continue to report on B-BBEE and to share their certificates and underlying reports with the Charter Council, for the compilation of the annual status report of transformation of the Sector. This is the only truly objective means of assessing transformation in our Sector and it is critical to prevent selective and biased reports or generalisations being made about the Sector.

FSA has also initiated a process to assist our small-scale growers to submit their affidavits.

Industry Communication & Promotion

FSA continues to work hard in proactively promoting our Sector. We continue to see this portfolio grow from strength to strength and Dr Ronald Heath, FSA's Research and Protection Director, who has taken on the Industry Promotion portfolio, together with Dr Katy Johnson, as well as FSA Staff must be commended for the excellent job that they have done in improving the Sector's media and communication profile.

Promotions

In the year under review, FSA published several articles and infographics in national media. These included an article and infographic in the March/April edition of the Green Economic Journal which focussed on sustainability. The article spoke to the role forestry (especially in South Africa) will play in any green economic recovery, with the infographic showcasing the economic, social and environmental sustainability of the South African Forestry Sector. As we continue to focus on a more proactive approach to promote our Sector, following a request from the FSA Environmental Committee to promote our Sector's contribution to biodiversity and natural areas, we used the International Day for Biological Diversity as a platform to promote the biodiversity found within the forestry landscape and commissioned a 3-minute video clip illustrating both the need to protect biodiversity, and the role the forestry landscape plays in doing this. The video premiered at FSA's AGM on 18 May, ahead of being released on the International Day of Biological Diversity.

Issue Six, a Special Edition of TIP-Mag was released at the end of January 2023 focussing on the Forestry Science Symposium hosted by FSA in collaboration with South African Institute for Forestry (SAIF). All the articles were by presenters from the Forestry Science Symposium and covered the key research themes discussed in their talks. The objective of this issue was to identify and lay out the key research areas that will impact the Sector over the next decade, what the challenges are and where we currently stand in terms of our knowledge and understanding.

In response to interest by sugar cane growers to convert to timber production, FSA produced an advert promoting timber production. Accompanying the advertisement, an infographic was produced detailing how individuals considering converting land to plantations can enquire about water use licences and catchment availability.

To celebrate International Day of Forests, FSA teamed up with PAMSA to produce a kids pull-out published in the Daily Maverick. FSA's advert included a QR code that readers could use to download FSA's 'Dare to take on 30 Forest Challenges' booklet aimed at kids. The booklet included 30 bucket list challenges that families can do together within the forestry landscape, from building dens and flying kites, to creating bug books and swapping screentime for sunshine. The campaign proved to be very successful, generating a huge spike in FSA website traffic to download the booklet. While the accompanying editorial content was not dictated by the sponsors, FSA suggested potential content to the editors and most of this was used, including an FSA infographic, generating even more positive awareness.

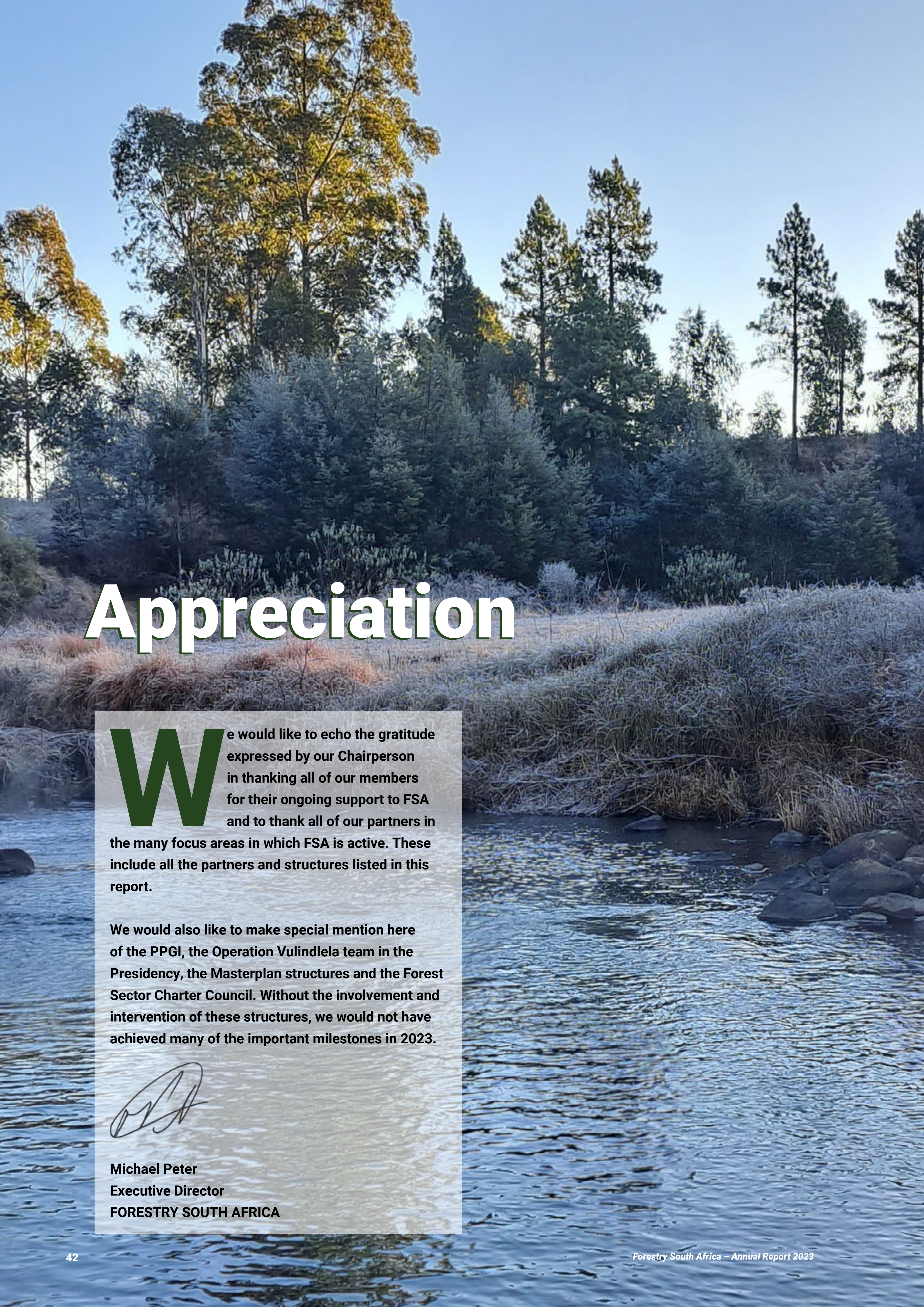
In staying with our commitment to promote women and gender equality on our Sector, FSA asked 10 women who are leaders in their respective fields to write thought leadership articles on specific aspects of Forestry. The articles were collated for a special edition of FSA's Forestry in Focus magazine. The magazine received a lot of attention and was one of the most clicked through media releases published by FSA in 2023. In addition to this noteworthy initiative, FSA was featured in the International Council of Forest and Paper Associations (ICFPA) newsletters. The "She Is Forestry SA – Forestry a Sector filled with powerful role models and brilliant careers" was published in the international newsletter and generated significant international attention.

As we do annually in celebrating Arbor Week, FSA's promotion of this important event focussed on connecting commercial forestry with the benefits of both forestry and forestry products. We selected four simple messages namely:

- Forestry creates amazing living spaces for humans and biodiversity,
- Forest products surround you,
- The forestry landscape protects indigenous forests; and
- The forestry sector supports community and conservation initiatives.

Website

Although the first quarter of 2023 may have started slowly, with less unique visitors accessing the Forestry South Africa website during January and February than in 2022, since then unique visitor numbers have been far higher. There is a definite correlation between visitor numbers and new content, with the Daily Maverick kids' pull-out promotion, Biodiversity video and Women's Month promotions, all resulting in increased unique visitor numbers. We are very proud to report that year on year unique visits to the FSA website has increased almost 33%.

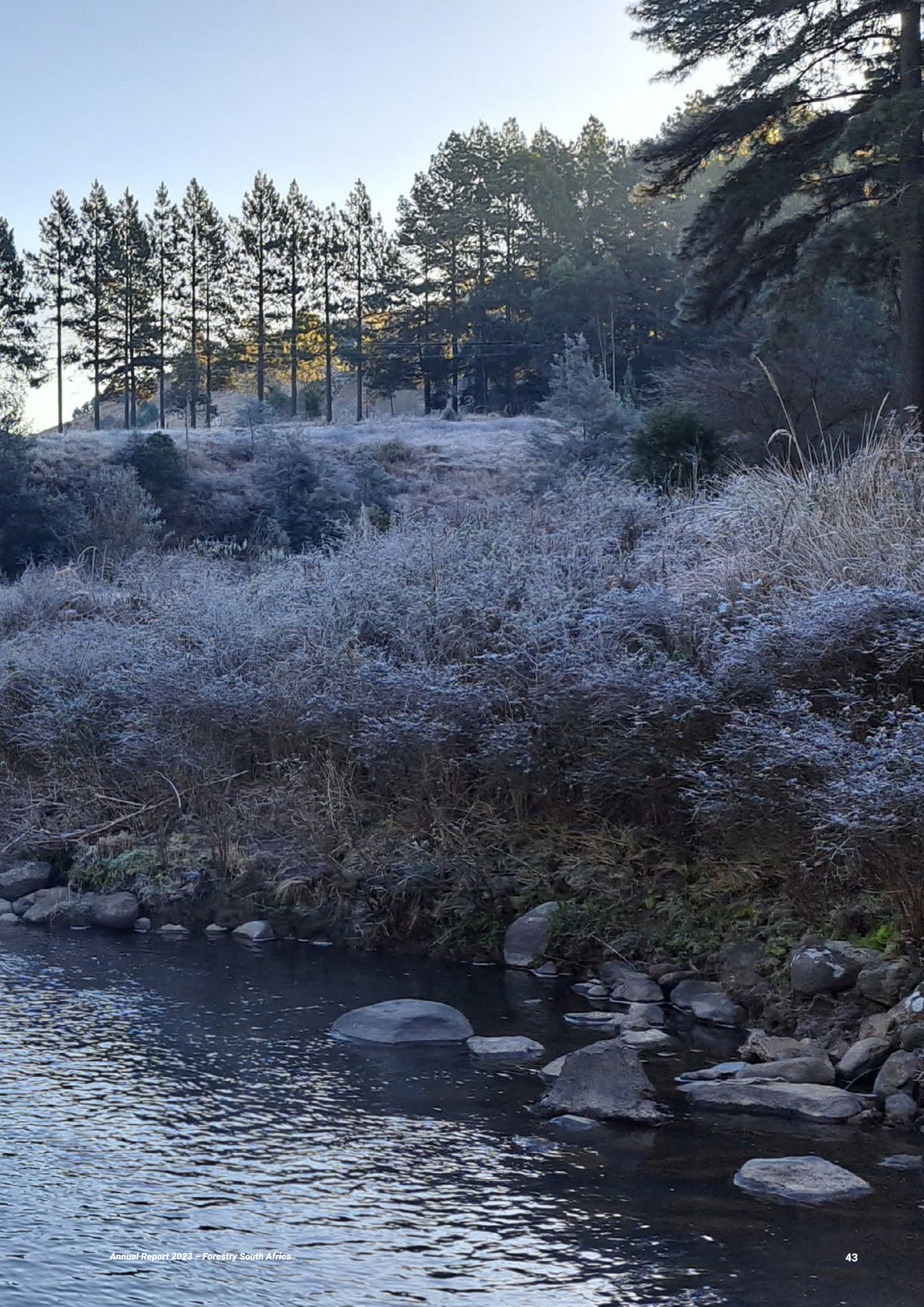


Appreciation

We would like to echo the gratitude expressed by our Chairperson in thanking all of our members for their ongoing support to FSA and to thank all of our partners in the many focus areas in which FSA is active. These include all the partners and structures listed in this report.

We would also like to make special mention here of the PPGI, the Operation Vulindlela team in the Presidency, the Masterplan structures and the Forest Sector Charter Council. Without the involvement and intervention of these structures, we would not have achieved many of the important milestones in 2023.

Michael Peter
Executive Director
FORESTRY SOUTH AFRICA

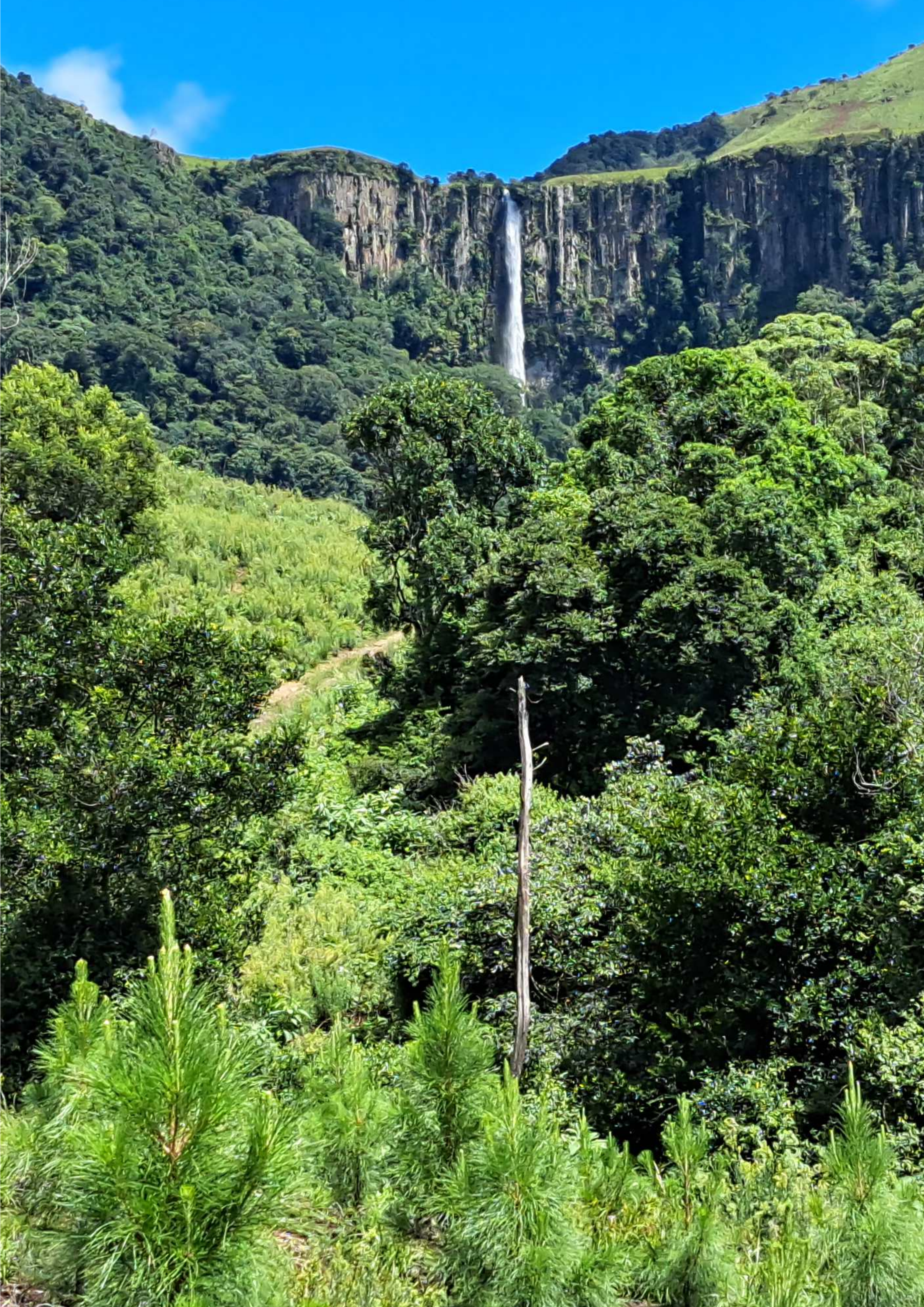


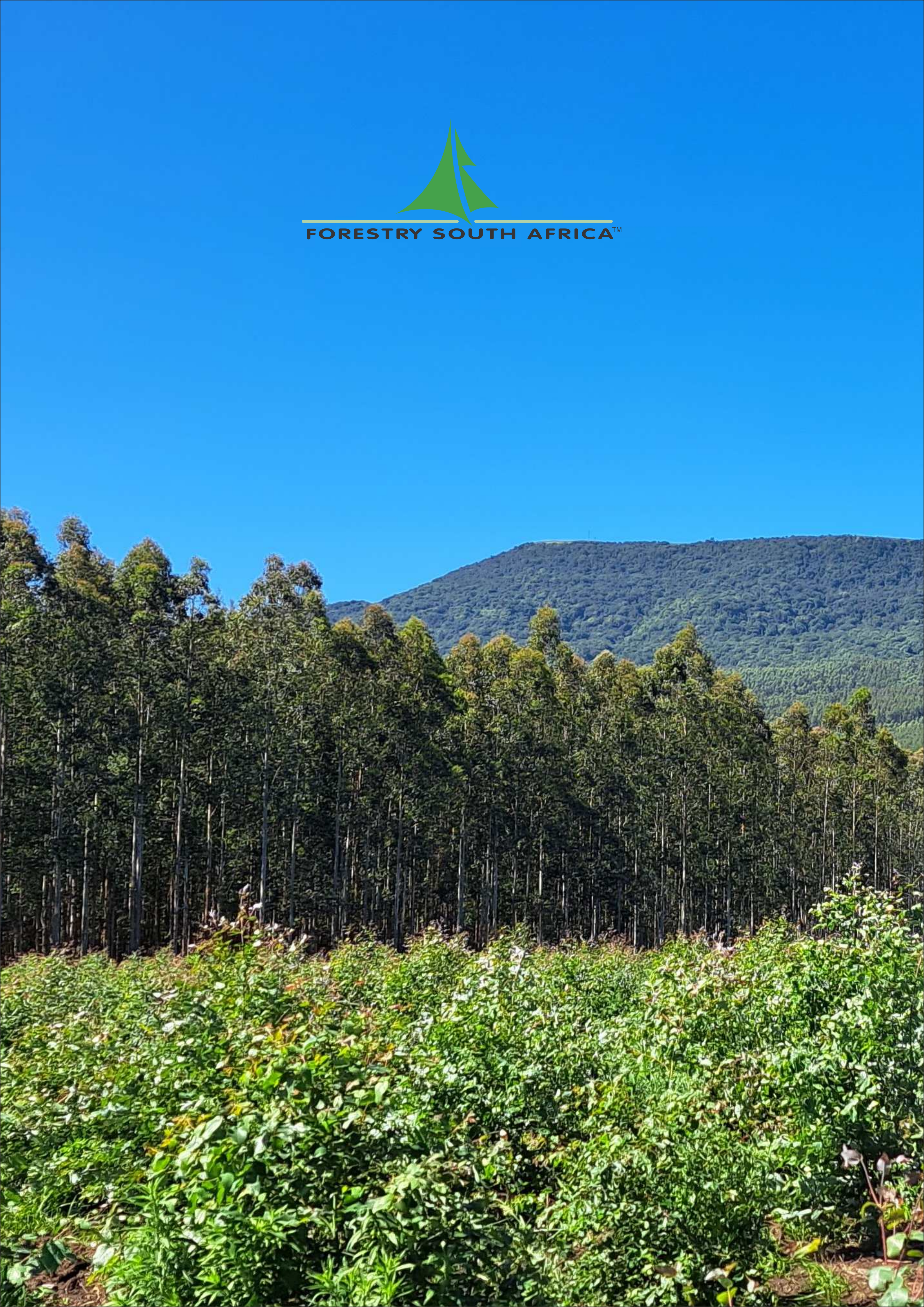
FSA Contributors

Small Growers Group

(SGG Co-operatives)

Amakhaya	Fhuluphelo	Mhlongomvula	Tshitongwe
Amahlathiwethu	Green Valley	Mkhondo	Ukhalokamsithi
Brooklyn	Imizamoyethu	Msibi	Umzimkhulu GA
Clare	Ingogo	Ntithane	Vezimpilo
Craigburn	Jabulane	Ozwathini	Vhembe Mbofhano
Driehoek	Konanani	Ratombo	Zamokunzima
Donderhoek	Libhaba	Sizabantu	Zaaihoek
Emaphepheni	Mahongwane	Sukumani	
Ezakheni	Masibambaneni	Suzzanahof	
Ezimakade	MATMT	Thathakonke	

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