ANNUAL REPORT

Copperbelt Energy Corporation Plc

Annual Report and Financial Statements
for the year ended 31st December 2020

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OUR MISSION

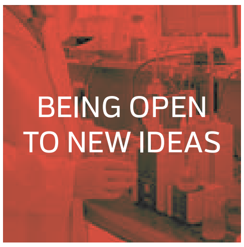
We are committed to:

- Supply reliable energy and high quality services to meet our customers' unique and changing needs efficiently and proactively through robust infrastructure, diverse power sources and professional teams.
- Increase value for our shareholders through responsible and transparent corporate conduct, innovation and investing prudently.

OUR VISION

To be the leading Zambian investor, developer and operator of energy infrastructure in Africa by providing innovative solutions and building strategic partnerships through committed professional teams.

OUR VALUES



OUR JOURNEY

CEC has a rich heritage, spanning more than 60 years and packed with experience in satisfactorily servicing its customers by understanding their needs and working out appropriate solutions. Providing quality and reliable power and other energy solutions to the majority of Zambia's mining companies is our hallmark. Innovative and consistently pioneering, the Company relentlessly breaks new ground in pursuit of sustainably developing an energy industry able to adequately power the growth of the nation and beyond.

1953

1ST POWER UTILITY IN ZAMBIA

CEC's forerunner, Rhodesia-Congo Border Power Corporation, was established to service mining companies in the Copperbelt.

1956

1ST ZAMBIA-DRC INTER CONNECTOR LINE

The first high voltage transmission connection between Zambia and DRC, co-owned and operated by CEC (then Rhodesia-Congo Border Power Corporation) and the DRC's national utility, SNEL, became operational.

1997

1ST PRIVATE POWER UTILITY IN ZAMBIA'S LIBERALISED ELECTRICITY MARKET

Following the unbundling and privatisation of ZCCM, CEC became the first privately owned electricity utility in Zambia.

2002

1ST ZAMBIAN POWER UTILITY TO BECOME FREE OF ENVIRONMENTALLY HARMFUL PCBs

Operations became free of the highly toxic polychlorinated biphenyls (PCBs) by removing all PCB-carrying components from its network.

2008

1ST PRIVATE COMPANY TO OBTAIN DEVELOPMENT RIGHTS FOR A MEDIUM SIZED HYDRO PROJECT IN ZAMBIA

Awarded rights to undertake feasibility studies for the development of the greenfield Kabompo Gorge Hydroelectric Power Project in North-Western Province.

2008

1ST POWER COMPANY TO LIST ON THE LuSE

25% of CEC shares were sold to the public, including the Company's employees, in a successful IPO and the Company became publicly traded.

2009

1ST COMMERCIAL OPERATOR OF OPTIC FIBER TELECOMS IN ZAMBIA

Formed a Joint Venture partnership with Realtime Technology Alliance Africa (now Liquid Telecom Zambia) to provide optic fiber-based ICT services and solutions to corporate and retail customers in Zambia.

2009

1ST PRIVATE UTILITY TO ATTAIN FULL SAPP MEMBERSHIP

First independent and privately-owned power company to become a full member of the Southern African Power Pool (SAPP).

2013

1ST ZAMBIAN POWER UTILITY TO INVEST OUTSIDE ITS OWN COUNTRY

Participated in Nigeria's power sector privatisation and acquired stakes in two operations – in distribution and generation. CEC exited the Nigerian market at the end of 2016.

2017

1ST UTILITY SCALE SOLAR PV PLANT

Developed and commissioned the country's first grid connected solar PV plant with accompanying tertiary level renewable energy development and management curriculum for human capital development.

2019

1ST LOCAL COMPANY TO BE AWARDED A GET FIT ZAMBIA PROJECT

Awarded 2 x 20MW solar PV projects under the GET FiT Zambia solar program to co-develop with its consortium partner, InnoVent SAS.

ABOUT THIS REPORT

The annual report is the principal official communication in the relevant period to our stakeholder groups who include our shareholders, customers, communities and business partners. It concisely and adequately summarises key outcomes covering our people, stakeholders, governance, operations and financial performance.

This report, for the period 1st January to 31st December 2020, reviews the many different aspects of our business from both a strategic and operational perspective; integrating all material aspects of the business and demonstrating sustainable value creation.

The report provides an interconnected performance review of the business, enabling an appreciation of the underpinning strategy, the reasons and the actions driving that strategy. The business model of CEC is explained to show how revenue is created as are the operations forming the heart of the business for an appreciation of the Company's value proposition and longevity. CEC's governance structures support the delivery of its strategic objectives, and implementation of its vision and mission. Hence, a substantial portion of the report is given to matters of governance and leadership.

The report is organized in parts, for ease of reference, starting with notable highlights, led by the our Chairman of the Board of Directors. The strategic and operational performance section opens with a message from the Managing Director and covers our people performance, health and environment, operations, social and stakeholder performance. The Chief Financial Officer's report leads the financial performance section of this report.

All the key terms and abbreviations used in this report are explained in the glossary under supplementary information at the beginning of page 10. Hence, abbreviations and short name versions of terms are not written out in full or repeated in the body of the report.

The financial and non-financial information in this report is compiled in accordance with:

- Companies Act, 2017
- Securities and Exchanges Act No. 41 of 2016
- International Financial Reporting Standards
- LuSE Listings Rules

ASSURANCE

The Audit and Risk Committee of our Board retains the oversight role for this report. The committee has satisfied itself with the completeness and accuracy of this annual report and deems it an accurate reflection of the Company's performance. The Audit and Risk Committee has recommended the report for Board approval.

Our external auditor, PwC, has audited the Company's annual financial statements. The auditor's independent report on the audit of the Company's financial statements is found on pages 108 to 112.

MATERIALITY AND COMPARABILITY

We determined as material any issues that could influence the decisions, actions or performance of the Company and its stakeholders. The determination of materiality has been applied to both quantitative and qualitative disclosures and content in this report. All material matters have been included and management is not aware of any information that was available but excluded or any legal prohibitions to the publication of any information disclosed.

FORWARD-LOOKING INFORMATION

This report contains financial and non-financial forward-looking statements about the Company's performance and position. We believe that while all forward-looking information contained herein is realistic at the time of publishing this report, actual results in future may differ from those anticipated. We take no obligation to revise or update these forward-looking statements to reflect events or circumstances that arise after the statements have been made.

RESPONSIBILITY FOR THIS ANNUAL REPORT

The Board acknowledges its ultimate responsibility for ensuring the integrity of the annual report, assisted by the Audit and Risk Committee and supported further by management. To the best of the Board's knowledge and belief, the 2020 annual report addresses all material issues and fairly presents the integrated performance of the Company and its impacts. The Board, having collectively applied its mind to the preparation and presentation of the information contained in this report, is satisfied that the annual report has been prepared in accordance with best practice and confirms that it has, on 30th March 2021, approved the release of the 2020 annual report for CEC.

OUR STAKEHOLDERS' FEEDBACK

We are committed to continue improving our reporting and to building stronger relationships with all our stakeholders. We believe that our stakeholder relationships are enhanced through communication and have available various communication channels and tools that you can use to speak to us. We encourage our stakeholders to provide feedback on this annual report by using the contact details found on page 175 or by email to: nsabika@cec.com.zm.

London Mwafulilwa
Chairman

Owen Silavwe
Managing Director

SUPPLEMENTARY INFORMATION

Glossary of terms and abbreviations

Throughout this annual report, unless the context indicates otherwise, the words in the column on the left below shall have the meaning stated opposite them in the column on the right below. Reference to the singular shall include the plural and vice versa, words denoting one gender include the other and words and expressions denoting natural persons include juristic persons and associations of persons.

"Act" or "Companies Act"	the Companies Act, 2017
"Adjusted EBITDA	EBITDA adjusted for impairment (loss)/gain, write backs and gain/(loss) on disposal
"AGM"	The annual general meeting of the members or shareholders of CEC or the Company
"Articles"	the Articles of Association of the Company (CEC)
"the Board" or "the Directors"	the Board of Directors of CEC as at the date of this annual report and "Director" shall be construed accordingly
"BSA"	the bulk supply agreement between CEC and ZESCO Limited, from 1997 to 2020
"CA" or "CAs"	Connection Agreement(s) entered into between CEC and its customers
"CBU"	The Copperbelt University
"CEC" or "the Company"	Copperbelt Energy Corporation Plc (Registration number 39070), a public company incorporated in accordance with the laws of Zambia and listed on the LuSE
"CEC-DRC SARL"	CEC DRC Sarl (registration No. CD/LSH/RCCM/18-B-00132), a Limited Liability Company incorporated in accordance with the laws of the Democratic Republic of Congo
"CEC-KHPL"	CEC-Kabompo Hydro Power Limited (Registration number 99488), a company registered in Zambia
"Certificated Shares"	CEC shares which have not yet been dematerialised in terms of the requirements of CSD, title to which is represented by a share certificate or other documents of title
"CGU"	Cash Generating Unit
"Chambishi"	Chambishi Metals Plc, a customer of CEC
"Chibuluma"	Chibuluma Mines Plc, a customer of CEC
"CNMC LCM"	CNMC LCM Luanshya Copper Mines, a customer of CEC
"Copperbelt"	the mining area of Zambia, which is centred around the Copperbelt Province of Zambia
"Corporate Governance Code"	the corporate governance code of the LuSE
"COVID-19"	the novel coronavirus disease, SARS-CoV-2, declared a pandemic by the World Health Organization in March 2020
"CSR"	Corporate social responsibility
"CSI"	Corporate social investment
"CTA"	Common Terms Agreement
"CSD" or "LuSE CSD"	the Central Securities Depository maintained by the LuSE
"Dangote"	Dangote Industries Zambia Limited and the thermal power plant at the Dangote cement manufacturing plant
"Dematerialised Shareholders"	CEC shareholders who hold Dematerialised Shares in CEC
"Dematerialised Shares"	CEC shares which are held through the CSD and are no longer evidenced by a share certificate or other documents of title
"DFI"	Development finance institution
"Dividend"	a distribution of a portion of the Company's earnings, decided by the Board of Directors, paid to shareholders
"Documents of Title"	share certificates, certified transfer deeds, balance receipts, or any other documents of title to CEC shares
"DPS"	dividend per share

“DRC”	Democratic Republic of Congo
“EBITDA”	Earnings Before Interest, Tax, Depreciation and Amortisation
“ECL” or “ECLs”	Expected credit loss(es)
“EPS” or “Earnings Per Share”	earnings attributable to each CEC share, calculated by dividing the Company's profit attributable to shareholders by the weighted average number of issued CEC shares
“ERB”	Energy Regulation Board, Zambia’s energy sector regulatory body established under the Energy Regulation Act Chapter 436 of the Laws of Zambia
“ESAP”	Environmental and Social Action Plan
“ESIA”	Environmental Social Impact Assessment
“ESMP”	Environmental and Social Management Plan
“FFR”	Fatality Frequency Rate
“FY”	the appropriate financial year end reporting date for the defined year
“GET FiT Zambia”	a programme designed to assist the Zambian Government in the implementation of its Global Renewable Energy Feed-In Tariff Strategy and aims to procure and support Independent Power Producer projects of up to 20MW each
“Golden Share”	“Golden Share” or “Special Share” is a share in CEC that may only be issued to, held by and transferred to the Minister responsible for Finance or his successor or a nominee on his behalf or any other Minister or other Person acting on behalf of GRZ, the Special Shareholder
“GRZ”	the Government of the Republic of Zambia
“GRZ Nominated Member”	the Board member appointed by GRZ, pursuant to the Golden Share, usually the Permanent Secretary of the Ministry of Energy as shall be designated as such by the Minister from time to time
GWh	Gigawatt hours, a unit of energy representing one billion (1,000,000,000) watt hours and equivalent to one million kilowatt hours. Gigawatt hours are often used as a measure of the output of large electricity power stations
“HFO”	Heavy Fuel Oil
“HSES”	Health, Safety, Environment and Social
“HSE”	Health, Safety and Environment
“HV”	High Voltage
“IAS”	International Accounting Standards
“IASB”	International Accounting Standards Board
“ICT”	Information and Communication Technologies
“IFRS”	the International Financial Reporting Standards and Interpretations adopted by the International Accounting Standards Board IASB
“IMS”	Integrated Management System
“IPP”	Independent power producer
“IRU”	Indefeasible right of use in relation to the excess capacity on the CEC Telecoms Assets by Liquid Telecom
“ISO”	International Organization for Standardization
“Kabompo”	the Kabompo Gorge Hydroelectric Power Project, located in the North-Western Province of Zambia
“KCM”	Konkola Copper Mines Plc, a customer of CEC
“KM” or “km”	Kilometres, a measure of distance equivalent to 1,000 metres
“kV”	Kilovolts, a unit of electromotive force equal to 1,000 volts
“LHPC” or “Lunsemfwa”	Lunsemfwa Hydro-power Company Limited, a hydro-power power IPP located in the Central Province of Zambia
“Listings Requirements”	the Listings Requirements of the LuSE, as amended from time to time

"LTA"	Lost Time Accident
"LTE"	Long Term Evolution
"LTIFR"	Lost Time Injury Frequency Rate
"LTISR"	Long Term Injury Service Rate
"Lubambe"	Lubambe Copper Mine Limited, a customer of CEC
"LuSE"	the Lusaka Securities Exchange Limited (Registration number 120120030495), a company incorporated in Zambia and licensed to operate as a stock exchange under the Securities Act, No. 41 of 2016
"Maamba"	Maamba Collieries Limited, the largest coal-fired thermal power plant in Zambia at present
"MCM" or "Mopani"	Mopani Copper Mines Plc, a customer of CEC
"MoE"	Ministry of Energy
"Mutende"	Mutende Community Service Group, a voluntary charitable association of CEC employees
"MW"	Megawatt(s), a unit of power equal to one million watts
"NAV"	Net asset value
"Ndola Energy"	Ndola Energy Company Limited, a thermal (HFO) IPP based in Ndola, Copperbelt Province
"NEP"	the National Energy Policy of 2019
"Net Asset Value Per Share" or "NAV per share"	CEC shareholders' equity, as determined by deducting liabilities from assets, divided by the weighted average number of CEC shares in issue
"NFCA"	NFC Africa Mining Plc, a customer of CEC
"TNSP"	Transmission Network Service Provider
"PACRA"	the Patents and Companies Registration Agency of Zambia, established pursuant to section 3 of the Patents and Companies Registration Agency Act No. 15 of 2010, as amended
"PAP"	Project Affected Person
"PAT"	profit after tax
"PBT"	profit before tax
"Person"	a natural individual or body corporate with legal capacity
"Power Dynamos" or "PDFC"	Power Dynamos Football Club, a Zambian super league side fully sponsored by the Company
"PPE"	Personal protective equipment; or Property, plant and equipment
"PSA"	Power Supply Agreement (between CEC and each of its customers)
"Register"	means the register of Certificated Shareholders maintained by CEC and the sub-register of Dematerialised Shareholders maintained by the Transfer Secretary
"ROA"	Return on assets
"ROE"	Return on equity
"RTA"	Road traffic accident
"RTAFR"	Road Traffic Accident Frequency Rate
"RTI"	Road traffic incident
"SADC"	the Southern African Development Community, a 16-member inter-governmental organisation whose goal is the furtherance of socio-economic cooperation and integration, and political and security cooperation
"SAPP"	the Southern African Power Pool, an arrangement for, *inter alia*, co-operation in matters of electricity generation and distribution between member states, including Zambia
"SCADA"	Supervisory Control and Data Acquisition
"SCPE"	Standard Chartered Private Equity, formerly a division of Standard Chartered Plc, which is a bank holding company registered in England (Registration Number 966425)

"SEC"	the Securities and Exchange Commission Zambia, a statutory body established under the Securities Act
"SENS"	the Securities Exchange News Service of the LuSE
"Shareholders"	registered holders of CEC Shares
"Shares"	ordinary shares of CEC with a par value of ZMW0.01 each in the authorised and issued share capital of the Company
"SHE"	Safety, Health and Environment
"SI 57"	Statutory Instrument No. 57 of 2020 issued by the Minister of Energy on 29th May 2020 to declare all of CEC's transmission and distribution lines common carrier
"SNEL"	Société Nationale d'Électricité, the national power utility of the DRC
"Solar PV"	Solar Photovoltaic, a power system designed to supply usable solar power by means of photovoltaics
"Transfer Agent" or "Transfer Secretary"	Corpserve Transfer Agents Limited (Registration number 120080074349), a company registered in Zambia and providing share transfer secretarial services to CEC
"UK"	United Kingdom
"USD" or "US$" or "$"	United States Dollars
"VFL"	Visible Felt Leadership
"Volts"	a standard unit used to measure the force of an electric current
"WHO"	the World Health Organization
"Zambia"	the Republic of Zambia
"ZCCM"	Zambia Consolidated Copper Mines Limited
"ZCCM-IH"	ZCCM Investments Holdings Plc (Registration number 119540000771), a company registered in Zambia
"ZECI"	Zambian Energy Corporation (Ireland) Limited (Registration number 414474) a company registered in Ireland
"ZEMA"	Zambia Environmental Management Agency
"ZESCO"	ZESCO Limited, the national power utility of Zambia
"ZMW"	Zambian Kwacha, the legal tender of Zambia
"ZRA"	the Zambia Revenue Authority, the state revenue collector of Zambia

SHAREHOLDING STRUCTURE

(SHAREHOLDERS WITH >/=5% HOLDING AND THOSE WITH >5% SHOWN UNDER LuSE CSD)

ZCCM-IH	CSD – LUSAKA SECURITIES EXCHANGE	ZECI	STANDARD CHARTERED BANK-PRIVATE EQUITY LIMITED / MARINA IV SINGAPORE PTE LTD	STANDARD CHARTERED ZAMBIA SECURITIES (NOMINEES)
24.11%	21.34%	13.25%	34.64%	6.66%

COPPERBELT energy

UNLOCKING POTENTIAL, POWERING DEVELOPMENT

CEC is a Zambian incorporated power generation, transmission, distribution and supply company. The privately-owned power utility, publicly traded on the LuSE, is a member of the SAPP and a pioneering international power trader in Southern Africa.

It is an asset-rich business, owning and operating multi-million-dollar power infrastructure and is a major supplier of power to the mining industry in Zambia. CEC also services mining operations in the DRC. Its network comprises more than 1,000 kilometres of transmission lines at 220kV and 66kV, 43 high voltage substations and a transmission interconnection between Zambia and the DRC. The inter connector, co-owned and operated with the DRC national electric utility, SNEL, is integral to the SAPP's central transmission corridor; enabling a competitive international power market in the region. To underscore its commitment to contribute to the growth of the DRC market, CEC has incorporated CEC-DRC SARL, a subsidiary domiciled in the DRC's resource-rich Katanga region.

CEC is an independent power producer with 80MW thermal generating assets, a 1MW grid-connected solar PV plant, and has, under development, a hydroelectric power scheme and 2 by 20MW each of solar PV projects. The Company has other renewable energy generating projects in the pipeline.

CEC's clean energy credentials include a 900,000 litres per annum bio-diesel production plant from which the Company produces a certified bio-diesel product using natural fuel feedstock.

LETTER FROM THE CHAIRMAN

On the back of a challenging business environment compounded by unprecedented market developments which upset the norm and threatened business continuity, I am proud to report that the Company remained focused on its mandate of providing quality energy solutions to our customers led by the mining industry - the anchor of our country's economy.

Despite being assailed by the lingering KCM debt, the declaration of the Company's entire transmission and distribution lines as common carrier and the difficulties in getting back to the negotiating table to agree the contractual matters involving CEC, KCM and ZESCO, we resolutely delivered on our underlying financial and operational objectives. Settling all matters of concern to the business stayed atop of our priorities.

External environment

On the global front, the continued spread of the COVID-19 pandemic, its persistent threat to public health and the resultant economic disruption led to a deep global recession. Global GDP contracted by 3.5%, compared to a growth of over 2% in 2019.

The pandemic combined with other factors in causing notable stress to the Zambian economy, with mining, tourism and trade being among the most hard-hit, manifesting in a default on external debt repayments, high inflation (19% at year-end), currency weakness and a GDP contraction of about 4.2%. Amid the raging COVID-19 pandemic, the government initiated several relief measures intended to prop up the economy. These included the K10 Billion Stimulus Package and the Targeted Medium-Term Refinancing Facility, both administered by the Bank of Zambia, in addition to the issuance of the K2.3 billion COVID-19 bond. Rallying copper prices in the latter part of the year helped shore up economic performance.

COVID-19

In the middle of the first quarter of 2020, it became clear that the business would not escape the impact of the coronavirus disease, as its effects were quickly becoming clear. Working with the Board, our management team devised preparedness and disease control measures, guided by the Company's circumstances and national guidelines issued by the Ministry of Health.

Our existing, well tested HSES and business continuity preparedness made it possible, in part, for the COVID-19 protocols to be quickly adopted and implemented, ensuring that we continued to secure the wellbeing of our human capital. The protocols enforced included sanitation enhancement, personal protection of our employees through provision of equipment and information, stringent access restriction to Company premises for both employees and contractors and rotational work scheduling. Where practical, technology was deployed to re-engineer and reconfigure work processes to facilitate efficient and cost-effective workflows. Modification of workspaces to enhance physical distance between colleagues that share offices, increased use of electronic and non-physical means of interaction and communication and remote working completed the battery of our disease and cross-infection prevention protocols that helped to contain the disease.

Regrettably, even with this solid and proactive approach, we lost two lives during the year to COVID-19 and related health complications. We pay tribute to them and remain empathetic to all individuals, families and communities affected by the pandemic.

Notable business risks and challenges

The effects and risks due to the COVID-19 pandemic permeated through every aspect of the Company's operations but were not the only risks the business faced. Other risks the business encountered included:

i. The expiration of the BSA on 31st March 2020 without agreeing a renewal or a successor agreement with ZESCO. The BSA underpinned key business arrangements among the three companies, namely, the provision of wheeling services by CEC to ZESCO for its customers in the Copperbelt, the supply of power by ZESCO to CEC and the provision of international wheeling to each other.

ii. The declaration of the Company's entire transmission and distribution lines as common carrier by the Minister of Energy through the promulgation of SI 57 on 29th May 2020 and the consequent ERB unilateral setting of a subeconomic transmission tariff.

iii. The USD153.1 million debt owed by KCM and unpaid at year-end.

iv. The expiry of the PSA between KCM and the Company on 31st May 2020 and there being no agreement, following that, to underpin the requirement for KCM to remain connected to the CEC network and to facilitate the provision of transmission services to ZESCO allowing them to supply power to KCM using the CEC network.

Navigating the risks and challenges

Addressing the major risks and challenges the business faced formed the bulk of the work of both the Board and management in the year under review. Foremost, we sought to resolve matters through dialogue and the meeting of the minds of the parties involved. In that regard, and as reported last year, we engaged in negotiations on the BSA with the government and ZESCO from February 2020 until the deadlock just before contract expiry. The negotiations did not yield the result desired but we continued to seek out opportunities for further engagement, including participating in government-convened meetings. Similarly, we have made numerous overtures to KCM for the parties to come to a landing on the unresolved matters, including the need for an agreement to enable their continuing to receive the necessary services from us without disruption as well as their settlement of the debt. Left unresolved, the KCM debt has the potential to erode the CEC balance sheet and reduce its profitability as can be seen from this year's financial performance, which the Chief Financial Officer covers in detail in his report starting at page 96.

In respect of the actions taken by the Minister of Energy and the ERB, having carefully considered their ramifications on our business, the Company instituted proceedings for Judicial Review in the High Court for Zambia. At year-end, a decision had not been returned by the Court. An update of the matter post reporting date is provided later in this report under the appropriate section.

It goes without saying that operating in an environment devoid of key contracts exposes all the parties involved to business risks that can be resolved by concluding negotiated agreements. Hence, the Board has prioritised the pursuit of all possible avenues necessary and available to resolve all the matters hanging, taking account of their complexity and the need for solutions that are of mutual benefit to all parties.

Operational and financial performance overview

By many accounts, COVID-19 was a huge disruptor of planned performance and generally slowed down business activity. The resultant disruptions to the supply chain affected project implementation while the frequency of maintenance work in the year was comparatively much lower.

Despite these palpable threats, our teams commended themselves well to their responsibilities, enabling the Company to deliver on its set operational and financial objectives. I am, therefore, pleased to report our achievement of a stellar record of 8.257 million man-hours without a system-based injury at the end of the year. We managed our network to world-class standards of reliability and delivered to our customers a level of service of the same high quality they are accustomed to.

We saw our power sales begin to claw back some gains in the latter part of the year, signalling some recovery with a 5% improvement over the previous year. The performance in our DRC market was steady at 6.8% revenue growth. Of the many hurdles the business experienced, the KCM payment default, by far, had the most telling effect on the financial performance; leading to a reduction of 54% in profitability over 2019. The business was able to return USD34.1 million to its shareholders in dividend distribution. Our operational and financial performance is covered comprehensively by our Managing Director and the Chief Financial Officer in their respective reports on pages 28 and 96.

Strategic performance and business sustainability

The Company's strategic business plan for the period 2020 – 2023 provides a roadmap for positioning the business for continuity and growth. In taking the business forward, the management team, supported by the Board, continues to focus on successfully implementing the strategic plan, which should see a significant reduction in the risks facing the business and further development of the Company's business model over the period.

DRC market: pursuing growth both at home and in other geographies remains an integral part of our growth strategy. The upward trend in growth in the DRC market was maintained despite suffering artificial transmission path constraints. The reinforced marketing and stakeholder relationship management activities being stirred by our DRC company, CEC-DRC Sarl, continue to gain traction.

Diversified power sourcing: diversifying our supply sources has been top of our agenda as we seek to firm up the supply side. During the year, we started taking power from two IPPs – Lunsemfwa and the Dangote thermal power plant. These sources, while relatively small, are a good addition to our supply portfolio.

Strategic relationships: there are perhaps fewer times than when the business is as challenged as it was in 2020 that the value of strategic relationships comes to the fore. Over the years, we have relentlessly set strategic relationship goals, which we pursue for the benefit of the business and our stakeholders. In our effort to circumvent the various difficulties during the year, we brought to bear in our engagements with our stakeholders, the value built into and borne out of our transparent, dutiful and mutually respecting approach; be it in the disclosures to our shareholders and the market, our creditors or in our audience with communities and governmental authorities. This has stood well for our integrity, credibility and well-meaning motivations.

Enterprise and social support

Contributing to the growth of local enterprise and enabling social emancipation through targeted investments is important in our quest for value creation and sustainability. During the year, we delivered commercial value to local enterprise and invested in community initiatives and causes with potential for transformative outcomes.

We recognised the threat that the COVID-19 pandemic posed to the survival of local businesses and the knock-on effects on the economy. We enabled contracts for goods and services to local suppliers and contractors of up to 43% of the Company's total economic contribution for the year against 30% that was paid to foreign suppliers. We believe that injecting more than USD129 million into local enterprise through the provision of contracts for the supply of goods and services will aid economic recovery, promote growth and support job creation.

With COVID-19, we saw livelihoods deteriorate as the earning power of, especially, the low-income members of our community was adversely affected by restrictions meant to preserve public health. CEC proactively supported disease containment measures at both community and government levels. The Company sourced and donated to the Ministry of Health COVID-19 testing kits and reagents. In addition, PPE and sanitation products were, including reusable face masks and hand sanitizer, donated to charities, public health institutions and community-supported schools in the Copperbelt and rural North-Western Province.

Governance and leadership

The Board continued to execute its mandate judiciously by refining and improving the governance framework in the quest to maintain the highest standards of corporate governance and to ensure that the interests of shareholders and all stakeholders continue to be met. The committees of the Board were streamlined, resulting in a reduction from 7 to 5. Adherence and compliance to regulatory requirements were fully met. Due to the challenges of the business environment and COVID-19, the AGM was for the first time held virtually. Holding the meeting virtually was positively received and enhanced shareholder attendance and participation.

There were changes to the composition of the Board during the year. Mr. Reynolds Bowa, who represented ZCCM-IH and served as Vice-Chairman at the time, retired on 12th June 2020 and Mr. Mabvuto Chipata was appointed in his stead. Dr. Patrick Nkanza was appointed as Vice-Chairman following the departure of Mr. Bowa. The Board is grateful to Mr. Bowa for the immense contribution he made to the business during his time on the Board. As we welcome Mr Chipata, we look forward to his contribution as he brings with him a wealth of experience.

Events post the reporting date

Certain events of significance warranting my brief comment have occurred after 31st December 2020.

In the section on the major risks and challenges to the business in 2020, I reported that the Company pursued legal action before the courts of law to obtain redress against the declaration of its entire power network as common carrier by the Minister of Energy on 29th May 2020 and consequent action of the ERB.

On 26th February 2021, the High Court delivered judgement in the Company's favour on all counts contended. We believe this decision of the court is a potential safeguard for the Company's property and commercial rights, enabling the Company to manage its assets and business, negotiate terms and conditions for the use of its infrastructure and protect its contractual rights. The Company also saw the court ruling as a window of opportunity for all parties to return to the negotiating table to determine mutually acceptable contractual terms for their business relationships going forward. On 5th March 2021, the Government appealed this judgement and applied to the Court to stay its execution. These matters are yet to be decided by the courts.

Obituary

Regrettably, the Company lost Mr. Abel Mkandawire, who had served as a Non-Executive Director on the Board for many years until his death on 6th February 2021. Mr Mkandawire joined the Board in 2005 as an Independent Non-Executive Director. In 2006, he was part of the team that acquired the majority equity stake in the Company, following the divesture of National Grid of the United Kingdom and Cinergy Global Power of the United States. Subsequent to the acquisition, he was in October 2006 appointed as a Non-Executive Director representing the then majority shareholders. Mr Mkandawire's corporate experience contributed to shaping the Company's business growth as it devolved into a listed company and embarked on its ambitious growth and investment strategy into other sectors and geographies. He was the first chairman of the Board's Safety, Health, Environment and Social Committee and was, at the time of his death, chairman of the Remuneration and Employee Development Committee. The Board, management and the Company at large will greatly miss him.

Outlook

Considering that the challenges and risks we experienced in 2020 are still open and the operating environment yet to show tangible signs of significant improvement, it is our expectation that 2021 will not be much different than 2020 in many respects.

We are expectant that even without surety of a coronavirus vaccine becoming available in the country, the public health situation will move from critical in the coming year to support recovery and stability in certain sectors of the economy. That should also enable the Company to pick up pace where we lost ground in the year because of the pandemic. The global copper prices, which have rallied strongly since the second half-year, are already indicative of a potentially good showing from our mine customers in 2021.

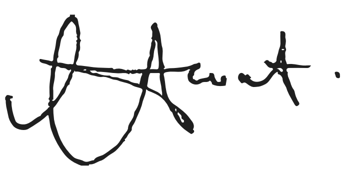
With the relatively good rainfall experienced, the signs are pointing to a better supply-demand balance, hence, much lower load curtailment for the affected power users. That should bode well for business in general and CEC in particular.

We will continue our efforts to engage all involved with the aim of reaching common ground on matters relating to our business relationships with KCM and ZESCO. Resolving all contractual matters remains a top priority for the Company.

One thing we are certain of is that the industry is changing; whether policy and law precede or succeed the transformation borne from the inevitable shift in the nature that the industry will take is a matter to be seen. We do, however, hope that the policy and legal framework will be supportive of the fair uptake of opportunities and discharge of obligations by all players in the sector. On our part, we continue to place ourselves on a path to meet the advancement and shift with readiness; having identified and seized the available opportunities for growth by optimising the deployment of our manufactured capital, developing our human capital, investing in viable partnerships, and cultivating and nurturing relationships with all our stakeholders. In this regard, CEC will forge ahead with efforts to actualise its pipeline renewable energy generation projects going forward.

Gratitude

Undeniably, the success of the business and its ability to navigate a challenging business environment while remaining steadfast in delivering value is driven largely by a hardworking and focused workforce, riding on stakeholder goodwill. As always, I wish to thank all the employees for their contribution to the continuity of the business and their collective resolve to deliver quality service to all our customers at all times even, as we have seen with COVID-19 this year, when the norms within which they discharge their responsibilities are upset, plunging them in unchartered territory.



London Mwafulilwa
Chairman

KEY PERFORMANCE INDICATORS

FINANCIAL INDICATORS AND HIGHLIGHTS

REVENUE
USD371m
▼ 9%
2019: USD408m

EBITDA
USD32m
▼ 11%
2019: USD36m

Adjusted EBITDA
USD108m
▲ 19%
2019: USD91m

PROFIT AFTER TAX
USD5.6m
▼ 54%
2019: USD12.2m

DIVIDEND PER SHARE
USDc2.1
▲ 11%
2019: USDc1.9

GEARING
9%
▼ 42%
2019: 15%

ECL IMPAIRMENT
USD94.9m
▲ 71%
2019: USD55.4m

ADJUSTED CASH CONVERSION
66%
▲ 16%
2019: 55%

CASH COST
USD27m
▼ 21%
2019: USD35m

CASH BALANCE
USD83m
▲ 7%
2019: USD77.9m

RETURN ON ASSETS
0.8%
▼ 57%
2019: 1.8%

CURRENT RATIO
1.08
▼ 26%
2019: 1.46

NON-FINANCIAL INDICATORS

ENVIRONMENT

- 0 serious incidents
- 0 legal contraventions

HUMAN CAPITAL

- 0.3% labour turnover rate
- 100% offer acceptance rate
- 0% new joiner turnover rate

OPERATIONS

- 4,755GWh total network energy import
- 2,487GWh mine customers energy sales
- 873GWh transported to KCM
- 1,395GWh wheeled on behalf of ZESCO
- 436MW average maximum demand
- 85% system load factor

HEALTH AND SAFETY

- 0 Fatalities
- 0.11 LTAFR
- 8.257 million injury-free hours

SOCIAL AND RELATIONSHIPS

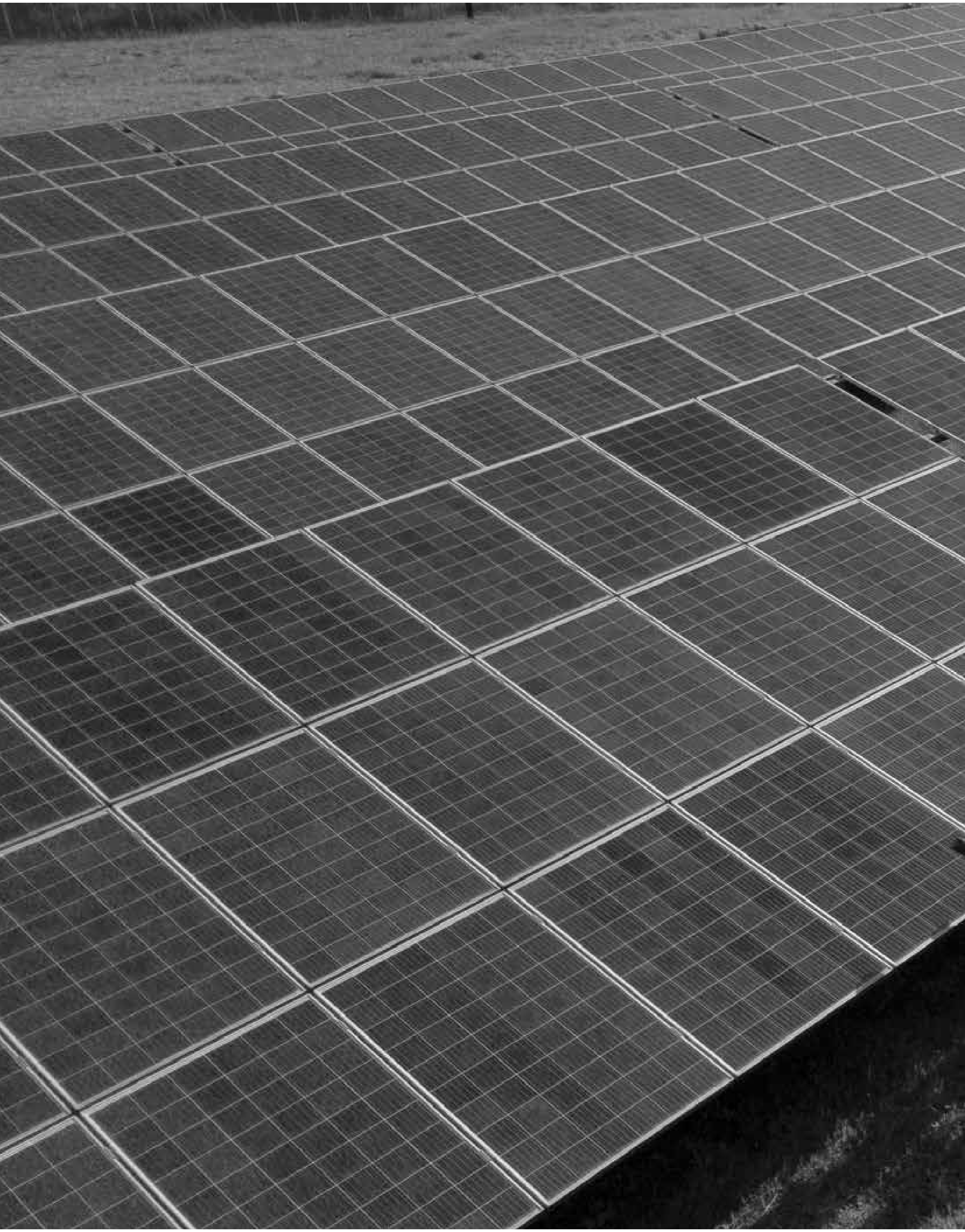
- 0 community grievances
- 2 community sensitisation engagements
- USD1.4 million in social investment

SALIENT STATISTICS

In thousands of USD	**2020**	2019
FINANCIAL PERFORMANCE (adjusted)		
Revenue	370,931	408,272
Adjusted Gross Profit	118,955	101,960
Adjusted EBITDA	108,209	91,200
Operating Expenses	(24,149)	36,574
Adjusted PAT	53,991	48,214
ECONOMIC INDICATORS		
Average ZMW/USD exchange rate	18.292	12.908
Closing ZMW/USD exchange rate	21.17	14.053
SHARE STATISTICS		
Total shares in issue	1,625,000,597	1,625,000,597
Closing share price (ZMW)	1.10	1.25
Average share price (ZMW)	0.96	1.37
Market capitalisation (USDm)	84.4	144.5
EMPLOYEES		
Total number of employees	364	380
Total number of contractors (long-term)	293	293
Total number of seasonal contractors (short-term)	1,480	1,480
Employee training/skills development spending	56	249
HEALTH, SAFETY AND ENVIRONMENT		
LTIFR (per 100,000 man hours)	0.17	0.11
System based lost time injury-free hours (millions)	8.257	6.451
LTISR (per 100,000 man hours)	3.70	0.5
SOCIAL AND TRANSFORMATION		
Corporate social investment (million USD)	1.4	3.3
Community sensitisation engagements	2	12

FIVE YEAR REVIEW

In thousands of USD	**2020**	2019	2018	2017	2016
INCOME STATEMENT					
Revenue	370,931	408,272	421,203	389,532	354,626
Adjusted EBITDA	108,209	91,200	103,464	101,471	92,419
Operating profit/ (loss)	9,947	17,372	92,182	79,579	(80,218)
Net finance costs	(3,272)	(4,850)	(1,878)	(4,451)	(6,987)
Share of profits from joint ventures	-	-	(92)	448	1,841
Profit/ (loss) before tax	6,675	12,522	90,304	75,128	(87,205)
Taxation	(1,066)	(276)	(34,448)	(26,750)	(26,482)
Net profit/ (loss) attributable to equity holders	5,609	12,246	55,856	48,378	(113,687)
Headline earnings attributable to shareholders	0.003	0.008	0.034	0.030	-0.070
	2%	3%	21%	19%	-25%
BALANCE SHEET					
Property, plant and equipment	501,641	457,551	441,967	437,533	418,534
Investments in Subsidiaries	1,672	6	6	19,029	17,635
Total non- current assets	503,313	457,557	441,973	455,619	436,170
Current assets	171,642	182,862	200,097	182,426	149,168
Total assets	674,955	640,419	642,070	638,045	585,338
CASH FLOW					
Net cash inflow/ (outflow) from operating activities	71,411	49,777	75,978	74,112	58,371
Net cash outflow from investing activities	(10,005)	(20,631)	(16,902)	(15,564)	(8,177)
Net cash (outflow)/ inflow from financing activities	(56,269)	(37,035)	(40,520)	(36,020)	(44,904)
Net cash increase / (decrease) for the year	5,137	(7,889)	18,556	22,528	5,290
RATIOS AND STATISTICS					
Earnings					
Earnings per share	0.00345	0.00800	0.03400	0.03000	(0.07000)
Headline earnings per share					
Dividend per share	0.02100	0.01900	0.01600	0.01300	0.01000
Dividend cover	0.16437	0.40000	2.10000	2.30000	(6.90000)
Financial					
Net debt to equity	9%	15%	16%	21%	29%
Current ratio	1.08	1.45	1.88	1.88	1.63
Liquidity ratio	1.06	1.44	1.85	1.85	1.59



MESSAGE FROM THE MANAGING DIRECTOR

Overview

I am pleased that, while our business environment remained largely challenging throughout the year, we stayed resolute to ride the storm and steady the ship in the short term while remaining focused on achieving targeted progress on our strategic priorities in the medium to long term. We did a good job of delivering on our financial and operational objectives in 2020, notwithstanding the high debt by KCM, in accumulated electricity bills, which resulted in the Company taking a considerable impairment loss with its negative impact on the overall financial performance of the business. Refocussing the business on its priorities and taking a full impairment on the KCM debt was important as we seek to reposition the business to deliver consistent positive performance and growth going forward. This requires that we resolve all key outstanding issues and put in place firm commercial agreements and payment mechanisms.

Top issues that continue to affect the business include the inability by KCM to pay its debt, accumulated through the power supplied to them up to the time the PSA expired at the end of May 2020 and agreeing mutually acceptable commercial agreements to underpin business relationships between CEC and ZESCO on one hand, relating to ongoing multiple transactions involving the parties, and between CEC and KCM on the other, relating to redefining the business relationship between the parties. As at year end, these matters remained unresolved, requiring renewed effort and focus in the coming year to find lasting solutions that are not only important in preventing commercial conflicts between the parties but also critical to the long term sustainability of the electricity sector.

The effects of the COVID-19 pandemic have continued to have far-reaching and devastating consequences for businesses and individuals alike. During the year, we devised and implemented COVID-19 pandemic response plans that were critical in assuring the safety and health of our employees and contractors. We fully adopted health guidelines issued by the Ministry of Health, changed the way we work, adopting several protocols such as working from home, reconfiguring our teams and the way they work to prevent potential cross-infections as we ensured network availability and service continuity at all times.

I am pleased to note that we have continued to effectively and efficiently play our role of ensuring reliable and secure power is provided to all our customers seamlessly despite the pandemic. I take this opportunity to thank all employees for their selfless response to this pandemic and special thanks go to the teams working out there in the field and in the control room to ensure electricity continues to flow 24/7 during this very challenging period.

HSES

The principles and practice of health and safety permeate every aspect of our business and its operations. We continue to invest in the implementation and maintenance of the Company's safety and health management systems based on our principles of leadership commitment, risk management, safety awareness culture, compliance to legal regulations and provision of a safe workplace. This year, our performance in this area of the business continued to be satisfactory, capped by the achievement of 8.257 million-man hours without a system based lost-time injury and attaining a continuous 12 years record without a fatality on our power network.

In an unprecedented development, the COVID-19 pandemic posed great threats to the health and wellbeing of our employees and contractors. During the year, the Company, sadly, experienced two fatalities arising from COVID-19 related health complications. The diligent implementation and periodic review of all prescribed health protocols remains a top priority for the Company to ensure the continued safety and health of our employees and contractors. I am also pleased to report that our employees, through their acts of benevolence, contributed 5,000 reusable face masks to resource constrained public health institutions, community run schools, and charities catering to vulnerable groupings in our communities located in the Copperbelt and in rural North-Western Province. The Company donated test kits to the Ministry of Health at the height of the country's first wave of the COVID-19 pandemic.

From an environmental perspective, we continue to integrate our operations in the circular economy, which we believe aids in reducing pollution and strengthening our climate resilience. This year, our initiatives focused on promoting sustainable use of our resources and mitigating and adapting to the adverse effects of climate change. This, we are doing through recycling of waste in various streams of waste and, restoring and planting trees in degraded river sources, water catchment areas and forests in the Copperbelt Province. During the year, we planted 15,000 indigenous tree species at the Hippo Pool as part of the five-year tree planting program that we launched in 2019. The Hippo Pool is a water catchment area for the Kafue River, which is one of the longest and most important rivers from a social and economic perspective for Zambia. This is a multi-year program, with the expectation that it will greatly benefit the local community and the wider economy as the project is rolled out over the next few years.

Power availability and sales

During the year, the balance between supply and demand remained a challenge with demand continuing to outstrip supply mainly as a result of lower than normal water levels at the country's major hydro power stations. At its peak, the nationwide energy shortage was about 40% of the national demand with the situation gradually improving as the year progressed. The load curtailment programmes affecting non-mining customers continued during the year, easing progressively as more and more power became available. The strategy to mitigate the potential wider negative economic impacts remained in place, enabling mining customers to receive their full power requirements. The Company, therefore, was not at any time required to resort to its regional contracts to supplement local sources to meet demand of our mine customers' demand.

Power consumption by mine customers began showing signs of recovery towards year end, overall coming in 5% higher at 3,284GWh compared to 3,137GWh in 2019. The increase in demand comes against the backdrop of a mining environment that is yet to fully stabilize, given the shareholder disputes at KCM are yet to be resolved in addition to the impacts of the COVID-19 pandemic and the contentious non-deductibility of mineral royalty tax implemented by the government at the beginning of 2019. The generally bullish copper price on the global market is expected to spur productivity in the mining sector going forward.

Our business in the DRC market, where we continue to partner with SNEL, has continued to show a steady growth trajectory, posting a 6.8% growth year-on-year. We are continuing to ramp up marketing activities anchored by our local office. The main downside risk to this business segment remains the artificial transmission path constraints in Zambia negatively affecting overall pricing and margins. We remain committed to resolving challenges relating to our power trading business in the DRC.

Asset management and network performance

During the year, we managed our network very well, maintaining world-class reliability and ensuring that our customers continued to enjoy a high quality of service overall. As a customer-centric business, we are highly focussed on delivering a high-quality service to our customers at all times. Our commitment to our customers is to consistently meet all key service quality performance metrics in relation to availability and reliability of our service. Should we come short on any of the metrics, our commitment is to investigate any such occurrences, efficiently communicate with any affected customers on anything that may have gone wrong and all remedial measures we would have taken to fully rectify the situation.

The national power shortages that we saw in the previous year generally continued in 2020. Power shortfalls at national level combined with a similar, if not worse situation, in the DRC meant that the interconnected electricity network remained vulnerable to certain shocks. Despite these challenges, it is commendable that our operations team managed the network effectively and continued to coordinate very well with others on the broader interconnected network.

Theft of copper conductors on our transmission lines remains the number one threat to the operational security of the network. The Company continued to experience persistent thefts of copper conductors especially in Chingola and Chililabombwe towns. As the local market for copper has continued to expand, the majority of our transmission lines carrying copper conductors have been left susceptible to thefts as the unscrupulous copper traders and some mini-copper smelters that have mushroomed across the Copperbelt Province provide a ready market for stolen conductors.

Nonetheless, I am pleased to report that, with close collaboration between the Company and the state police, over the course of the year, some perpetrators of these criminal acts were apprehended and are on trial before the courts of law. We are determined to secure convictions in all cases before the courts to serve as a deterrent to others. We have continued to adopt and improve strategies to redress the situation as we work with the state police and adopt technology-based solutions.

We are improving the overall state of our power asset base through asset renewal, modernisation, and digitisation as we seek to optimise both the individual asset and overall network performance. Though our capital expenditure program was to a large extent affected by COVID-19, causing us to miss the targeted investment, I am pleased nonetheless that we still managed to invest significantly in asset renewal and modernisation during the year. We expect to ramp up the program as the effects of the pandemic scale down. This is a critical program for the business, given its importance in improving operational efficiency and, therefore, contributing to reducing our operating costs.

MESSAGE FROM THE MANAGING DIRECTOR >> CONT >>

Financial performance

The Company experienced a notable reduction in overall financial performance compared to 2019 on the back of the huge debt we are owed by KCM.

The KCM debt, which constituted the largest risk to the Company during the year, remained unpaid and increased by a further USD71.5 million from USD81.6 million at the end of 2019 to USD153.1 million at the end of 2020. The liquidation process affecting KCM that was commenced by ZCCM-IH in the High Court in 2019 remained unresolved. The consequential impairments due to KCM's debt accumulation continued to negatively affect the Company's annual financial results. Post May 2020, the Company discontinued supplying power to KCM and begun to provide the transmission use of system and associated services instead. KCM opted to begin buying its power directly from ZESCO. This has significantly ameliorated the KCM credit risk going forward.

Total revenue decreased by 12% from about USD421.0 million in 2019 to about USD371.0 million in 2020, with a proportionate reduction in the cost of sales, mainly on account of new supply arrangements put in place in respect of KCM. Profit after tax came in at about USD5.5m million compared to USD12.2 million in 2019, representing an annual decrease of 55%. Reduced profitability is mainly as a result of an increase of USD33.4 million in net impairment provision due to KCM's payment default.

Delivering shareholder value is a top priority for the Company. In 2020, we distributed USD34.1 million in dividends to our shareholders, bringing the total amount returned by the Company to its shareholders over the last 5 years to about USD129.0 million. Over the same period, the Company has paid a total of about USD247.0 million in taxes to the government.

Key Market and Commercial Matters

Status of the CEC – ZESCO business relationship: the BSA, which had anchored the business relationship between CEC and ZESCO since 1997, expired on 31st March 2020. The various commercial services exchanged between CEC and ZESCO under the BSA included:

a) Supply of power to CEC by ZESCO

b) transportation of power by CEC through its infrastructure on behalf of ZESCO (for non-mining customers in the Copperbelt) – this is called domestic wheeling

c) Transportation of power designated for cross-border trade through each other's transmission infrastructure – known as international wheeling

Importantly, the BSA also stipulated the technical standards and guidelines for operating and maintaining connection facilities at the interface of the two networks, detailing the associated rights and obligations of the parties. While efforts were made at putting in place a successor agreement to the BSA, negotiations ended in a gridlock as agreement could not be reached on key commercial terms. However, given the importance of the services covered under the BSA and the need to continue to service customers, this situation has meant that services have continued to be provided while parties continue to seek avenues to facilitate a mutually acceptable solution.

The absence of a successor agreement has led to disputed commercial terms of trade between the parties. CEC continues to approach this matter with the urgency that it deserves and with a high resolve to seek out a solution that is acceptable to all parties. The importance of achieving a logical conclusion to this matter cannot be overemphasised. We will continue to engage with both the government and ZESCO as we search for a lasting solution to this important matter.

KCM Debt and other related matters: the unfortunate situation where KCM owes the Company large sums of money remains unresolved as the outstanding debt continues to grow. By year end, KCM debt to CEC was about USD153.1 million, having gone the full year without advancing any amounts towards paying down this debt.

The KCM debt continues to grow, mostly on account of interest charges. The rate of growth of the debt has been limited by the fact that KCM is, at the moment, getting its power supply from ZESCO. Based on this change, the structure requires that two contracts involving CEC be signed namely, the transmission use of system (TUoS), between CEC and ZESCO, and the grid connection agreement (GCA) or network access agreement (NAA) between CEC and KCM. As is standard commercial practice, the TUoS and NAA are required to provide for obligations and rights between the parties in relation to the use of CEC's transmission infrastructure by ZESCO on one hand, and in respect of KCM being connected to the CEC network on the other. In addition to settlement of the debt, finalising these two agreements is critical in ensuring a firm and reliable service to KCM continues going forward. This is important because while KCM is being supplied by ZESCO, CEC is still required to continue dealing with all operational and related matters to ensure the customer gets secure, safe and reliable service. CEC will continue prioritising the need to conclude these two agreements as soon as possible.

Update on SI 57: SI 57, promulgated on 29 May 2020 by the Minister of Energy, declared all of CEC's transmission and distribution lines as common carrier. This action was immediately followed by a decision on 31 May 2020 by the ERB declaring a transmission tariff for use of the CEC network, equivalent to 30% of CEC's standard transmission tariff. These events, which were intended to facilitate continued power supply to KCM by ZESCO through the CEC infrastructure despite the mine not honouring its responsibility to pay amounts long overdue, had the effect of infringing on the Company's property and commercial rights.

With the full understanding of the business risks that these decisions had imposed on the Company, we sought redress through a judicial review process we commenced through the High Court. Post December 2020, I am pleased to report that the High Court delivered a very well-reasoned judgement in favour of the Company, quashing the earlier decision by the Minister of Energy to declare CEC's transmission and distribution lines as common carrier, and setting aside the unilateral tariff decision of the ERB. This decision has in essence restored the Company's property and commercial rights to manage its assets and business, negotiate terms and conditions for the use of its infrastructure and protect its contractual rights. This is an important step that should contribute to continuing efforts to position the Company for continued growth and sustainability. However, I should point out that the government has appealed the decision of the High Court to the Court of Appeal.

I strongly believe that the court ruling also provides an opportunity for the parties to engage in good faith negotiations that should lead to the conclusion of commercial agreements that are based on mutually acceptable terms and conditions to bring to an end the ongoing commercial disputes involving CEC, ZESCO and KCM. The Company is committed to working closely with all stakeholders to resolve all outstanding matters with the ultimate goal of conclusively getting to a future where commercial contracts would be in place to guide business relationships as this is in the best interest of all stakeholders and the electricity sector at large.

CoSS: The ZESCO CoSS spearheaded by the ERB could not conclude in November 2020 as had been initially anticipated. This is mainly because, the work being done by EMRC, the consultant hired to carry out the study, was impacted, like everything else, by the COVID-19 pandemic. It is now expected that this work will be completed by the end of the first half of 2021. Once completed, the CoSS is expected to establish the efficient cost of ZESCO providing electricity to its customers, including CEC, while for other undertakings in the sector such as IPPs and TNSPs, the consultant will only be required to benchmark their costs.

In 2020, based on its five-year cycle, CEC commenced updating its own cost of service study for the period 2021 to 2025. Through this work, we will be reassessing the costs involved in the Company's service provision to its customers. The last CEC CoSS was done in 2016. In line with our policy, it is important that the Company keeps it rate base updated to ensure fair and equitable pricing of its services.

Evolving our business for the future

The Company strategy is designed with an overarching objective of maintaining and further developing our business model. We are focussed on optimising our operations and evolving the business, taking advantage of the ongoing market evolution as well as the energy transition that is quickly gaining traction.

Optimising our operations is an important pathway to the future we seek. It is critical that we maintain a healthy level of investments in our electricity network through renewal and modernisation of our power assets, technology adoption and digitisation of processes. This holds significant benefits for the business by lowering operating costs and enhancing efficiencies, leading to measurable additional value creation for our customers and the sector at large.

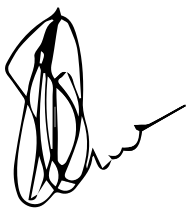
As opposed to adverse actions, such as the unfair declarations of the full scope of our transmission and distribution infrastructure as common carrier coupled with imposition of sub-economic rates, we are aware that there are considerations from a policy perspective to move the market to adopt open access with a view of spurring competition in the market. Open access ensures fair and unhindered access to the full breadth and length of transmission and distribution infrastructure in the country by those seeking to move power from one point of the network to another. Another key characteristic is that infrastructure owners are fairly compensated following standard economic principles. Should such a regime be considered, CEC will be fully supportive as long as fair and equitable access and economic principles are adopted across all networks in the country. We have primed the Company for such a regime and are looking forward to actively participating in processes aimed at moving the market in that direction.

Energy sources in the markets where we operate remain predominantly hydro with its susceptibility to climate change. Adoption of renewable technologies such as solar and wind can greatly help in mitigating weather induced variations in energy availability from hydro sources. The wide adoption of renewables that include solar and wind is creating opportunities for utilities like CEC to motivate investments in distributed generation located in close proximity to load centres and connected directly to a local power network. We continue to work on our ambition to connect more cleaner sources of energy to our power network, enabling our contribution to the energy transition agenda.

Continuously investing in our human capital to equip it with the skills required to manage an electricity network that is in transition is at the centre of our strategy. As we enhance the capabilities of our engineers and all associated professions, we also have to ensure that we continue to provide them with rewarding careers that keep them engaged throughout their time at CEC. We are focussed on creating a strong Company culture that espouses our values and elicits employee engagement, productivity and performance.

A word of gratitude

Allow me to end by saying I owe a huge debt of gratitude to all employees for the hard work they put in to deliver these results, given another very challenging year in which we faced not only the effects of COVID-19, but also unfavourable and discriminatory laws specifically targeted at the Company. This landscape is not expected to change much in the coming year. However, we remain resolute and focussed on our purpose of delivering reliable energy to our customers as our top priority and creating value for our investors and other stakeholders, including the government.



Owen Silavwe
Managing Director

OUR BUSINESS – STRATEGY, MODEL AND VALUE-CREATION

Our operating model creates a stable, reliable and sustainable business for the benefit of our stakeholders

What we rely on (Key internal resources)

1. Our infrastructure (network) for power generation, transmission and distribution.
2. Appropriate funding allows us to invest in our employees and infrastructure.
3. Our talented workforce ensures energy is moved efficiently and reliably.

How we do business

1. Combining the input factors with our technical expertise to achieve our purpose and vision.
2. We do all of this in accordance with our culture and values, which guide everything we do.
3. Our strategy is designed to maintain and develop our business model and is supported by robust governance and risk management processes.

The value we create (for our stakeholders, including customers and shareholders)

1. Providing efficient services that guarantee quality and reliable services
2. Performing well against set contractual obligations and service level to our customers, focused on delivering customer benefits and decent, competitive returns.
3. Managing our cash flow requirements and securing low cost funding.
4. Maintaining a disciplined approach to investing in our network.

OUR BUSINESS – STRATEGY, MODEL AND VALUE-CREATION

INTERNAL RESOURCES ← WE TYPICALLY RELY ON → EXTERNAL RELATIONSHIPS

INFRASTRUCTURE
We have invested in transmission and distribution infrastructure through which provision of quality supply of power is achieved.

Financing and Funding
We fund our business through cash from operations, short and long term debt. Maintaining an appropriate mix of these funding options and prudent management of financial risks are key to our financial strategy.

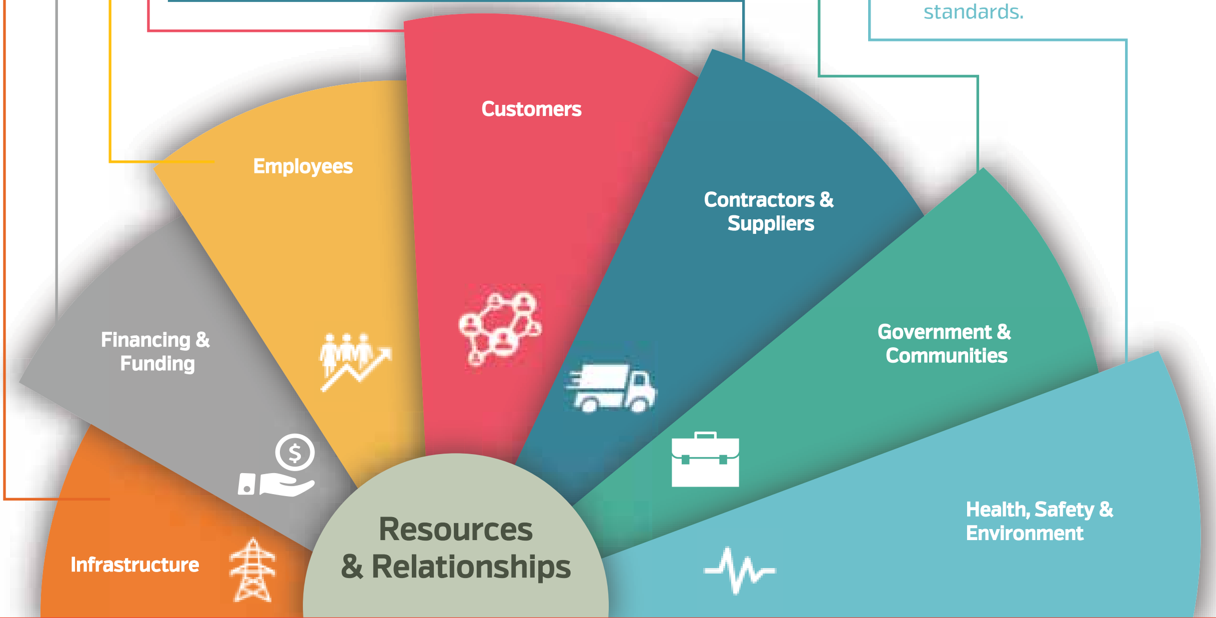
EMPLOYEES
Our highly skilled, dedicated employees have the right values and work ethic. They manage and maintain the network infrastructure. As we improve the network through modernization and growth, we are providing skills improvement, employment diversity and supporting our workforce in building the skills relevant to the evolving business offerings. By attracting and retaining the people capable of driving this journey, we will achieve the desired goal.

CUSTOMERS
For the local power supply business, our customers are primarily mining companies to whom we provide power and value-added services such as emergency power supply, which is critical to their operations; particularly for underground mining and processing units like smelters. ZESCO is the country's main power generator and supplies most of our requirements for the local market. ZESCO is also the main customer for power wheeled through our network. For the regional power supply business, our customers are the mining companies in the DRC. Working with SNEL, for this segment, the power is sourced from regional power utilities. Relationships with all these customers as our partners in service delivery and value creation is cardinal to the realization of our objectives.

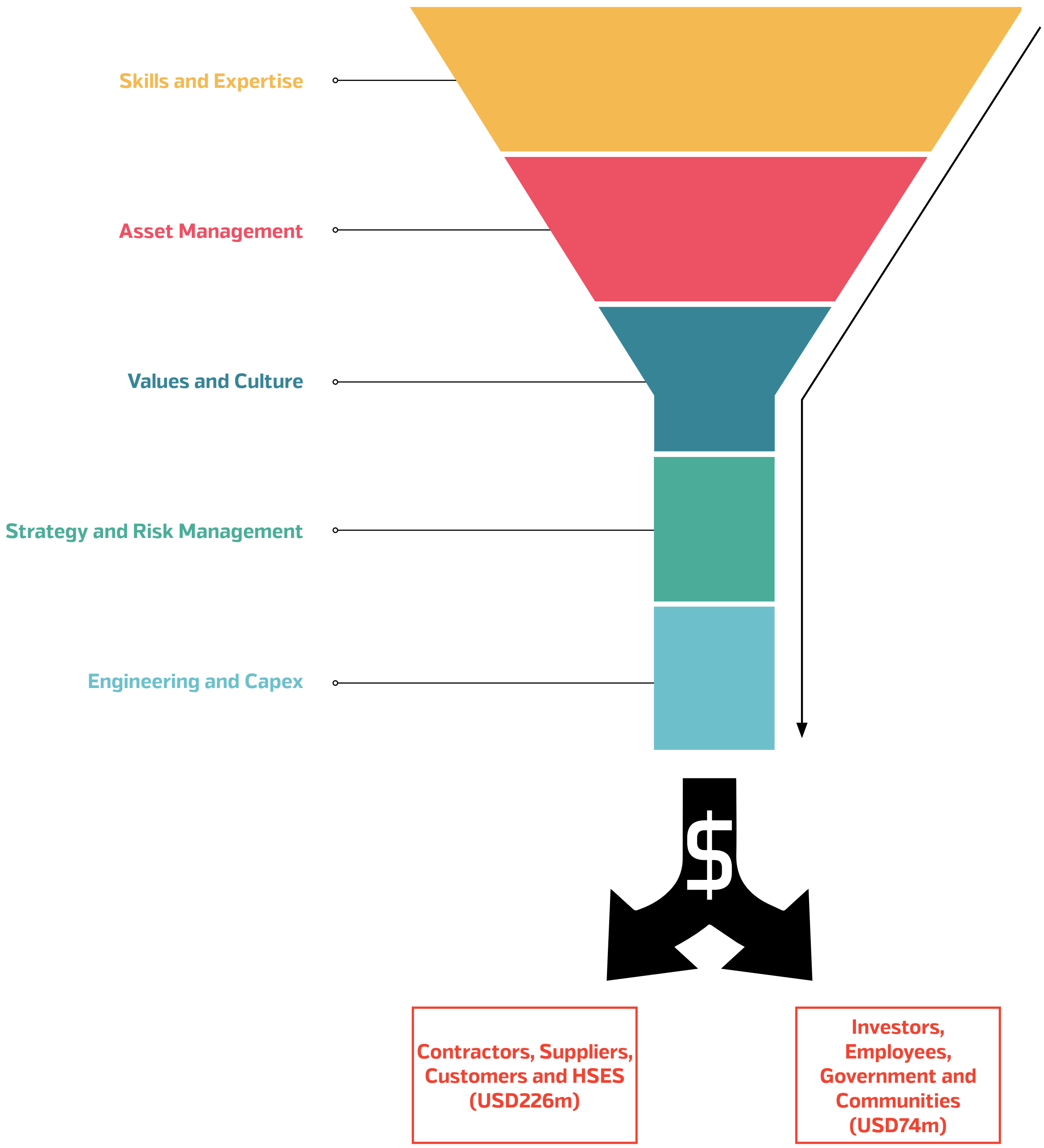
GOVERNMENT AND COMMUNITIES
The societal impact of our activities means that a range of stakeholders have a legitimate interest in and influence on the work we do. These include the government, local municipalities, our supply chain, mining customers, local and regional utilities whose power and services we transport or provide.

FINANCING AND FUNDING
The energy we transmit and distribute, and the activities we undertake are intrinsically dangerous. Therefore, our operations have to be of high standard to ensure, primarily, the safety of our employees, equipment and communities but also to comply with the relevant laws and regulations. In our operations, we have proudly achieved 8.257 million hours of accident-free operations in 12 years, which goes to confirm our very high safety operating standards.

CONTRACTORS AND SUPPLIERS
We work in partnership with our supply chain, which has complementary experience, skill sets and resources. We agree mutually beneficial contractual arrangements and, whenever possible, leverage economies of scale and use sustainable service provision and partnership arrangements.



HOW WE DO BUSINESS



HOW WE DO BUSINESS

Our Engineering

1. Our engineering skills are vital in delivering a safe, efficient, reliable and sustainable performance.
2. Our workforce strives to find practical and innovative solutions to complex problems, employs risk-based decision making, adopt common approaches and is continuously improving.
3. Our engineering supports delivery of a reliable network.

Our technical expertise

1. Used to provide efficient, reliable services and develop a respected and trusted reputation for engineering excellence.
2. Our extensive skills, knowledge and capabilities are combined with innovation to ensure continuous value creation for our stakeholders.

Asset management (asset growth 3.5%)

- We invest in and maintain our assets across their life as cost effectively as possible.

Capital delivery (USD8.8m; 2019: USD20.3m)

We add value to our stakeholders by ensuring safe and effective delivery of large and complex projects.

Our values and culture

- Our culture consists of the values, beliefs and behaviors that characterize our Company and guide our practices.
- We maintain high standards of ethical business and promote the right behaviors that are aligned with our culture by recognizing our employees through a reward system that both supports what they achieve and how they deliver their achievement.

Strategy and risk management

- Our strategy places the customer at the heart of our decision-making and consists of the following priorities:
  - Optimizing our operational performance,
  - A focus on organic growth achieved through growing the core business. This is extended to non-organic growth;
  - Power sourcing and pricing; and
  - Enhanced relationships and shareholder value creation.
- We have well established governance structures that include comprehensive risk management, strong controls and financial discipline.

VALUE CREATION FOR OUR STAKEHOLDERS

Value for customers

Our business model allows us to partner with our customers in trusted and mutually beneficial relationships in our delivery of quality services to them. Our service quality over the past years has been within acceptable range

Reward for shareholders

For our shareholders, our business model allows us to deliver sustainable shareholder value creation. Our underlying philosophy to create value for shareholders puts a focus on customer satisfaction, cash profitability, earnings growth and free cash flow.

Value for colleagues

The expertise of our colleagues drives every part of our business model and, for this reason, we strive to create an enabling environment which allows our employees to make positive contributions, develop their careers and reach their full potential, with safety being at the core of our service delivery.

Government and communities

Our business is partly centered on our partnerships with the communities in which we operate as well as collaborating with the local municipalities and the central government through developmental priorities, tax compliance and contributions.

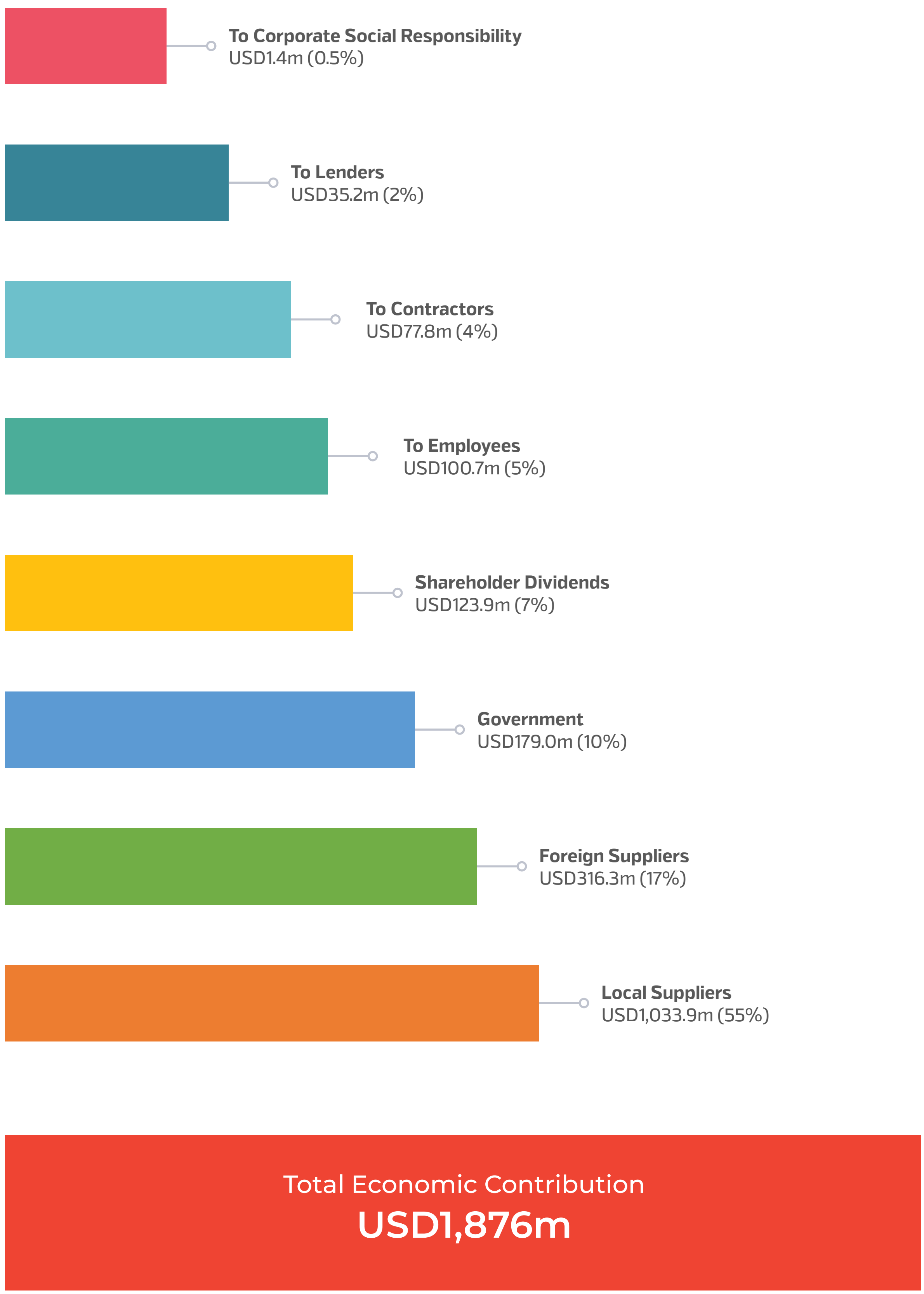
Health, safety and environment

Electricity is dangerous to both people and equipment if mishandled. Hence, safety is core to our operations. This is achieved through disciplined work ethic and expertise, constructive, transparent and reliable systems and processes.

Value for suppliers

Our agreements underpinning supplier service delivery focus on provision of great value, excellent service provision and efficient supply chains.

HOW WE INVESTED AND SHARED THE WEALTH WE CREATED FROM 2016 TO 2020



INVESTOR - VALUE PROPOSITION

Reward to shareholders

Dividends : USD34.1M; 2019: USD30.9M

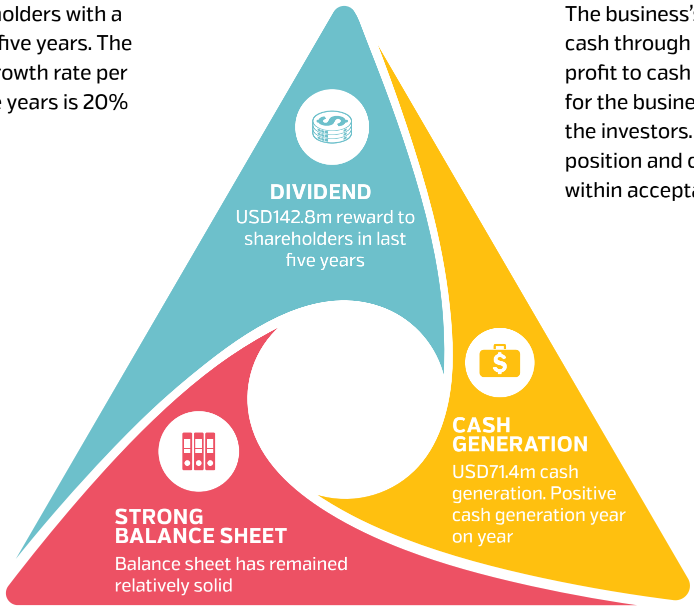
The business has consistently rewarded its shareholders with a dividend in the last five years. The average dividend growth rate per annum over the five years is 20%

Cash generation

Cash from Ops: USD71.4M; 2019: USD49.8M

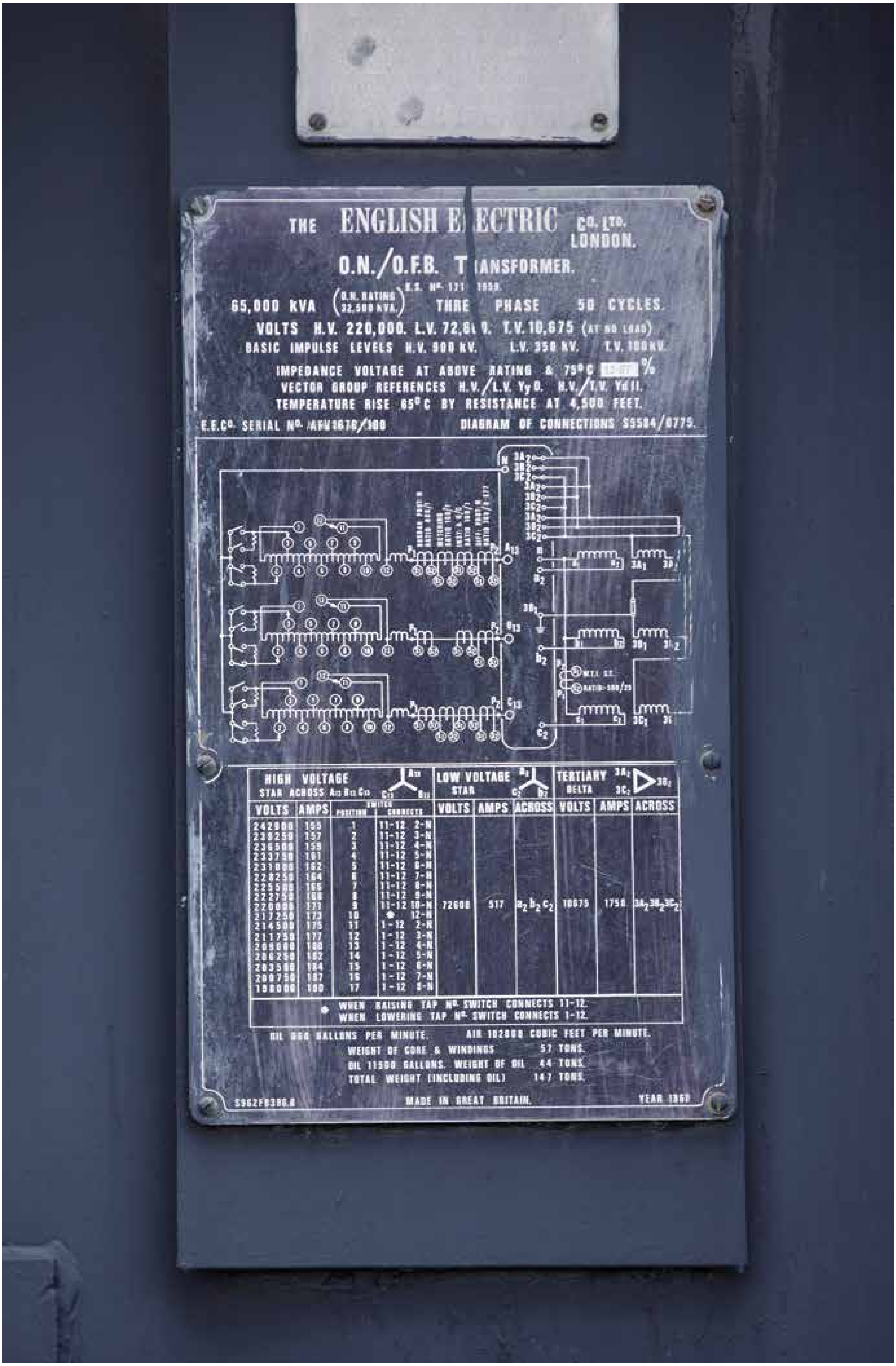
Cash conversion: 66%; 2019: 55%

The business's ability to generate cash through the conversion of profit to cash has yielded results for the business and, therefore, for the investors. Consistently, the cash position and cash generation has been within acceptable range.



Investable balance sheet

Despite all the challenges engulfed by the business, the balance sheet has remained relatively solid and the business continues to position itself as a resilient private power utility in Zambia and the Southern African region.


THE ENGLISH ELECTRIC CO. LTD. LONDON.
O.N./O.F.B. TRANSFORMER.
65,000 KVA
THREE PHASE 50 CYCLES.
BASIC IMPULSE LEVELS
IMPEDANCE VOLTAGE AT ABOVE RATING
TEMPERATURE RISE 65°C BY RESISTANCE AT 4,500 FEET.
DIAGRAM OF CONNECTIONS
HIGH VOLTAGE
LOW VOLTAGE
TERTIARY
VOLTS AMPS
WEIGHT OF CORE & WINDINGS
MADE IN GREAT BRITAIN.

ELECTRICITY INDUSTRY OVERVIEW

The power sector in 2020 had the same structure as the previous year. The sector operated largely on a single buyer model. The vertically integrated national power utility, ZESCO, which owns and controls most of the country's generation, transmission, distribution and supply assets is the designated buyer of all the power produced by most of the IPP's except for Lunsemfwa and Dangote, who sell some of their power directly to CEC since 2020.

New entrant, Dangote, joined Ngonye, Bangweulu, North-Western Energy Corporation, CEC, Lunsemfwa, Ndola Energy, Maamba, Itezhi-Tezhi, Kariba North Bank Extension and ZESCO as some of the key players in the sector.

More than 80% of the country's 2,981MW installed generation capacity is hydro-power based; making it prone to the increased uncertainty linked to cyclic adverse hydrology. The recent droughts the country experienced led to reduced power output at the various hydro-power stations and brought to the fore the impact of climate change on hydro-power generation; further underlining the need to diversify the national power generation mix. The NEP is partly focussed on this in the manner it guides the development of renewable energy and that of the supply and demand of the various energy sources in the country. This is especially important in view of the liberalised macro-economic environment, which includes various private sector participants. Current renewable energy programs include the IFC/World Bank's Scaling Solar and Government's GET FiT Zambia. Up to 120MW of solar capacity was tendered under round one of the GET FiT Zambia solar program. CEC and its partner InnoVent SAS were among six consortia awarded rights to develop two by 20MW solar PV projects. CEC was also awarded feasibility study rights for two of the sites submitted under the GET FiT small hydro power program under which GRZ intends to develop 100MW of hydro power in line with the Renewable Energy Feed in Tariff strategy.

There are other projects in the pipeline being undertaken by both private and public players, including UPEPO Holding's 150MW renewable hybrid project in which CEC is participating. The project involves a combination of solar, wind and battery storage. At the close of the year, it was at feasibility stage.

On the regulatory front, the ERB recommenced the CoSS with a different consultant. The outcome is expected to provide actionable information on the least-cost generation opportunities for meeting the national peak demand, currently estimated at 2,400MW and projected to grow at 3% annually. Other expected outcomes of the CoSS relate to the development of efficient systems and tariff levels.

HSES SUSTAINABILITY

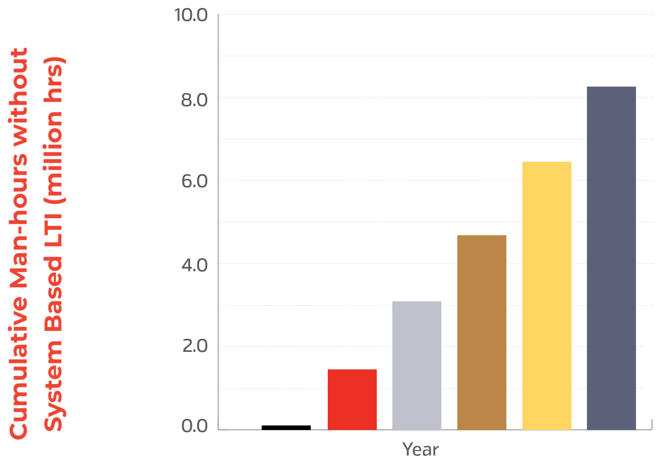
Occupational Health and Safety

The principles and practice of health and safety permeate every aspect of our business and its operations. The safety and well-being of our staff, contractors and the public remain a key business priority. We believe that all incidents and risks of work-related safety and health are preventable. We, therefore, concentrate on identifying, managing and, where possible, eliminating those risks. We closely monitor the progress of our leading health and safety indicators against set targets, examining the causes of incidents and identifying ways in which we can address issues across the Company. It is management's desire for the Company to continue to improve its health and safety performance and remain vigilant to retain progress in terms of the number of health and safety incidents.

We are committed to continuously improve on our health and safety and have developed standards and systems to achieve this. Our health and safety strategy is anchored on six principles, all of which contribute to our vision of no harm and no occupational ill-health.

Implementing our strategy, we attained 8.257 million man-hours without a system based lost-time injury at the end of 2020. However, we recorded an increase in the LTA frequency rate for non-system based lost-time injuries from 0.11 in 2019 to 0.17 in 2020. The Company was free from fatalities and reportable incidents throughout the year. Road traffic related incidents remained an area of concern as the record shows 7 incidents in the year, 2 more than the previous year. That translates into a road traffic accident incidence frequency rate of 0.27 per 100,000km covered against 0.16 recorded in 2019. From an environmental perspective, there were no serious environmental incidents or legal contraventions. We continued pursuing various initiatives to foster improvement in our HSES performance. These include aligning our occupational health, safety, environment and quality management to ISO standards, enhancing our occupational health programme and implementation of our safety culture improvement programme. Accordingly, our HSES and quality management system addresses and supports our strategies to:

- Achieve competitive excellence and provide our customers with products and services that are safe and designed and maintained to meet or exceed their expectations.
- Provide a safe work environment to our employees and contractors in order to prevent injury and work-related ill health.
- Support conservation of the physical environment and the prevention of pollution at all places of work.



	Hours
2015	0.1
2016	1.457
2017	3.094
2018	4.678
2019	6.451
2020	8.257

Environment

Environment Preservation

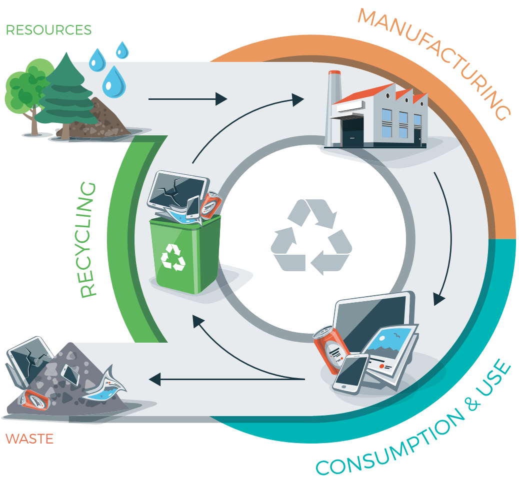
We are committed to understanding the environment in which we operate and to mitigate the impact our operations may have on it, from the very beginning to the end of an operation's life. This means that we not only take care to mitigate any adverse impacts, but also ensure we work alongside the local communities, whose lives and livelihoods rely upon the shared environment, through programmes and actions that include wayleave road maintenance, prevention of waste dumping in wayleaves, revegetation and high voltage sensitisation.

Preventing pollution and protecting the environment

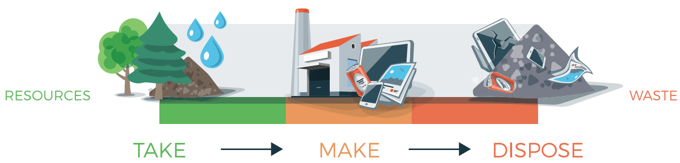
We continue to take initiatives aimed at preventing and protecting the environment. We are fully committed to participating in the circular economy, which we believe aids in reducing pollution and increasing climate resilience. We promote the sustainable use of resources that include raw material for processing units, waste generated from operations and obsolete equipment at the end of its usefulness. The circular economy, from our perspective, is an alternative and more sustainable model compared to the traditional linear economy. In embracing the circular economy, we have adopted recycling initiatives which include regeneration of transformer oil, containment of oil spills through bunding of transformers, waste recycling of plastic bottles, electronic waste and paper. We work with local recycling companies to keep materials in use for as long as possible, thus reducing the burden on the environment to both dispose of the out-of-use material and to create new items.

In 2020, we disposed of 412kg of plastic waste and 15,760kg of electronic waste. In addition, 2,240kg of waste paper was recycled. The tangible impact of this is CEC's contribution to reducing stress on the global natural resources, which are fast depleting.

CIRCULAR ECONOMY



LINEAR ECONOMY



Integrating into the circular economy makes CEC one of the few companies in Zambia practising decarbonisation. With material recovery from paper, e-waste and plastic, our contribution to reducing carbon emissions is an offset against the emissions produced during extraction of raw materials, manufacturing and transportation of paper, plastic and electronic equipment. We avoided the emission of 25,508.40kg of carbon into the atmosphere, as shown below, through decarbonisation initiatives such as waste recycling.

Type of Material	Carbon Footprint Calculator	CEC Waste Quantities (kg)	Carbon Emissions Offset (kg)
Paper	1kg saves 0.9kg CO_2	2,440	2,196
Plastic	1kg saves 1.5kg CO_2	412	618
Electronic Waste	1kg saves 1.44kg CO_2	15,760	22,694.40
Total			25,508.40

We continue to undertake initiatives aimed at mitigating and adapting to the adverse effects of climate change. These include enhancement of natural sinks through our revegetation programme, maintaining fauna and flora, carbon reduction in operations where carbon emissions are potentially high, such as phasing out air conditioning units with ozone-depleting substances, and replacement of incandescent bulbs with chlorofluoro lamps and solar bulbs for security lighting in our substations. Since 2018, we have removed and replaced more than 37% of the air conditioning units with ozone-depleting refrigerant and 100% of incandescent bulbs from our workspaces.

Our partnership with the Department of Forestry to regenerate river sources and reforest depleted areas continued in the year under review. This is in line with our strategy to offset vegetation loss arising from transmission line expansion projects. Our plan is to plant 60,000 trees over a period of 4 years at a total cost of USD35,000. In 2020, we planted 15,000 indigenous species trees at the Kafue River water catchment area in Chililabombwe, bringing to 19,000 trees planted to date. The location was deliberately chosen so as to regenerate the degraded river catchment area. We have continued to monitor the growth of 4,000 indigenous species trees planted at the Mwekera River source in the previous year.

Outlook

Our HSE performance was, overall, satisfactory. Hence, we will continue with full implementation of the existing interventions; including implementation of an integrated management system for safety, health, environment and quality. We will also continue to execute both our occupational health and safety culture improvement programmes.

The challenges of increased incidents of encroachment in our wayleaves continued. We are confident that the problem will be resolved as we continue to implement our 5-year program of placing wayleave boundary markers. Finalizing the process of entering Memoranda of Understanding with local authorities to clearly demarcate CEC boundaries from residential areas is underway and should, as well, assist in resolving these incidents.

2020 HSES Scorecard

Indicator	YTD 2020
Man-hours without system based Lost-Time Injury *(million hours worked)*	1.806
Lost-Time Accident Frequency Rate *(Injuries/100,000 hours worked)*	0.17
System Breaches - *No. of system breaches recorded over a given period*	0
Road Traffic Accidents Incidence Rate *(Road traffic accidents/100,000km)*	0.27
Social Sustainability	
Public HV sensitisations *(As a percentage of planned sensitisation programs)*	50%
Environmental Sustainability	
Legal Compliance - licensing and permits *(No. of contraventions recorded over a period of time)*	0
Serious environmental incidents *(No. of incidents recorded over a given period of time)*	0

HUMAN CAPITAL SUSTAINABILITY

Corporate Level Risks

The Company's continuing success hinges on sustained human capital contribution, which was severely tested by both business challenges and impacts of the COVID-19 pandemic during the year under review. The business risks that emerged during 2019, which were centred around the expiry of the commercial contract with ZESCO, crystalised during the year. These conditions caused a marked degree of uncertainty amongst staff.

The human capital initiatives that were implemented during the year to mitigate the business continuity risks that the business faced and to maintain sustained performance are discussed below.

i. Employee e-townhall meetings provided a channel for management to communicate pertinent information related to developments in the business and sector, and the Company's performance. Ad hoc e-mail communications were also sent out, providing information and updates on critical events, supported by Heads of Department's engagement of staff;

ii. To effectively combat COVID-19, a number of well-considered measures were implemented; covering response effort communication and management, effective prevention, transmission control, convenient testing with short turnaround time, support for affected staff and family members, and situation monitoring through a COVID-19 dashboard. Staff evaluated their satisfaction with the Company's prevention and control measures at 87% during the annual survey. They, however, evaluated compliance to the measures at a comparatively lower 77%. Despite the implementation of these preventive measures, the Company suffered two COVID-19 related deaths, bringing to the fore the need to strengthen measures to protect staff with chronic underlying conditions, and some measures to achieve this were put in place towards the end of the year. Whilst the implementation of measures to prevent and contain COVID-19 threatened to negatively impact productivity, measures, including remote working and leave management, were put in place to mitigate any possible loss of productivity;

iii. In order to restrict expenditure, the Company was compelled to adopt a number of measures, *inter alia*, the reining in of human capital investment including training and development. Only priority level 1 and strategic interventions were implemented. The downside of this measure was a downturn in our human capital investment indicators (Development/Employability score declined from 35% to 33% against a standard of 65%). This engendered increased talent risk, given the changing business conditions that require new human capital capabilities to be built amid impending talent wastage due to the high number of retirements in the next few years. The aforesaid was noted for consideration during the 2021 strategic planning session;

iv. The Company put in place measures aimed at achieving efficiency gains through the strategic reduction of headcount. Leavers were only replaced when a business case for the replacement had been established. This measure resulted in the reduction of headcount from 382 at the beginning of the year, to 364 at its close, constituting a reduction of 5%;

v. The Company implemented SI No. 48, The Employment Code Act (Exemptions) Regulations, passed in May 2020, providing exemptions from certain clauses in the Employment Code Act No. 3 of 2019, including automatic commutation of leave on an annual basis, an increase in gratuity to 25%, increased leave pay and payment of overtime to staff in the management category. The implementation of SI No. 48 resulted in significant savings for the Company.

Cultivating a High-performance Organisation

To drive the sustainability of our human capital contribution, initiatives are implemented premised on three pillars - leadership talent development, talent pipeline and high-performance culture. Leadership talent development aims to enhance leadership and supervisory effectiveness and to mitigate any risks that may be associated with succession and readiness to lead. The talent pipeline works to ensure the Company has a ready and available pool of talent with the requisite qualities to gain and maintain their employment in the business. High-performance culture seeks to enhance performance at individual, unit and organisation levels.

Pillar 1: Leadership Talent Development

Leadership Talent Profiling

The Company conducted personal talent profiling which established gaps in potential successors against target leadership jobs at managerial levels CEC4, CEC3 and CEC2, for purposes of development and succession planning. Development planning for 2021, addressing priority gaps commenced during quarter 4 and was planned to be completed early in quarter 1 of 2021.

Leader Development

An "Essentials of People Management" Workshop was held in quarter 1 and was attended by 45 managerial staff (CEC3 to CEC5). The workshop, an integral part of the Leadership Development Framework, is an in-house workshop delivered by the Human Resources Directorate to enhance supervisory and performance management competences.

Executive MBA

During the year, two managers were enrolled in the two-year executive MBA with the University of Cape Town. This is the Company's premier leader management development initiative under the leadership talent development programme.

Pillar 2: Talent Pipeline

Talent Profiling

Due to the uncertainty surrounding the Company's business model, and, as a corollary, the Company's operating/organisational model, the profiling of jobs was placed on hold pending the completion of an operating/organisational design review.

Pillar 3: High-Performance Culture

Recognition and Development KPIs in Manager Performance Agreements

Managers play a critical role as supervisors in ensuring that employees are engaged and performing at desired levels. To foster good recognition and development practices by managers on a day-to-day basis, the 2020 performance agreements for the managers included an objective measured by the average score for recognition and development derived from the annual people survey.

Human Resources Directorate Manager Engagements

The HR Directorate held engagements with managers on a regular basis to discuss and clarify people policies and programmes and people-related challenges that managers could have been facing, as well as to receive any suggestions from them to improve people practices and employee engagement. These engagements were very well received and will continue into the future.

Employee Wellness

In response to the global outbreak of the COVID-19 pandemic, the Company formulated guidelines and rules for the pro-active prevention and containment of the disease at the workplace, as well as support of affected staff and family members. Anti-pandemic measures were implemented which, amongst others, included remote working and rotational working for staff in shared offices and workshops.

Annual Employee Survey

Results from the 2020 employee survey show that the Company improved its cultural operating environment, evidenced by improved performance in the areas of corporate values, 80% (2019: 77%), communication and information sharing, 86% (2019: 77%), gender sensitivity at 73% (2019: 64%), recognition at 52% (2019: 46%) and reward at 44% (2019: 42%). Understandably, employee engagement/motivation declined, albeit marginally, from 76% to 72%, explained by the level of uncertainty and disruption staff experienced during the year. The employee value proposition also declined marginally from 60% to 59%, driven by a low employability/development score of 33%, which declined from 35% in 2019. During the year, the Company achieved an average learning hours per employee of 16 hours against a standard of 60 hours and target of 50 hours. Development/employability, reward and recognition remain the areas for improvement, with scores of 33%, 52% and 44%, respectively. Further initiatives to improve in these lagging areas will be rolled out during 2021.

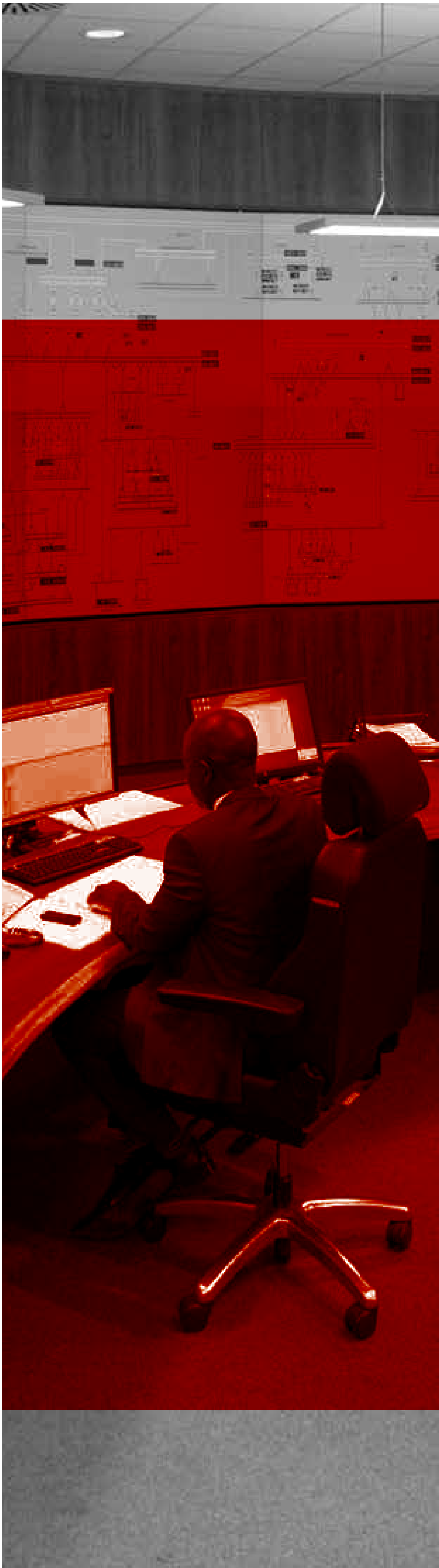
The dashboard to the right indicates the Company's performance for 2017, 2018, 2019 and 2020 in respect of the three pillars discussed above.

Outlook for 2021

Human capital contribution plays a critical role in buttressing business performance on an ongoing basis. The Company's cultural operating environment improved during the year, although staff motivation suffered mildly due to the uncertainty and disruption that characterised 2020, attributable to both COVID-19 impacts and an adverse business environment.

Forecasting 2021, economic factors such as rising inflation and the attendant rise in the cost of living are likely to put pressure on staff income, thereby affecting motivation levels. There is potential for reduction in productivity due to COVID-19 and its related expenditures. The uncertainty surrounding its commercial arrangements with other market players may continue for a significant part of the year. In light of these conditions, the human capital strategic agenda for 2021 includes maintaining a lean organisational structure, continuing to diligently rein in labour-related costs, maintaining the focus on the employee value proposition and staff engagements and communication, enhancing COVID-19 prevention and containment and general wellness, and investing effort in building our talent pipeline and improving leadership talent and succession in the business.

Given that the current unfavourable business conditions and attendant operational management measures may continue to prevail into 2021, we expect that headline leadership, talent, culture and employee relations indicators may either hold their 2020 levels or decline marginally.



Leadership, Talent and Culture

	Indicator	Std	2017	2018	2019	2020	RAG	2020 Target
	Pillar 1: Leadership Talent Development							
1	Leadership Score	65%	70%	79%	78%	78%		76%
2	Supervisor Score	65%	71%	83%	81%	81%		81%
	Pillar 2: Talent Pipeline							
3	Training Hours Per Employee	60	37	41	41	16		50
4	Development Score	65%	26%	31%	35%	33%		40%
5	Labour Turnover Rate	2.5%	0.28%	0.34%	0.15%	0.3%		0.25%
	Pillar 3: High Performance Culture							
6	Recognition Score	65%	35%	43%	46%	52%		55%
7	Values Score	65%	71%	69%	77%	80%		75%
8	Employee Motivation (ENPS)	50%	52%	60%	75%	72%		59%
9	Gender Sensitivity Score	65%	45%	48%	64%	73%		65%
10	Remuneration Score	65%	25%	31%	42%	44%		50%

ENPS= Employee Net Promoter Score

The dashboard below indicates the Company's performance for 2020 in respect of general talent management and employee relations indicators.

2020 Talent Management Indicators

Indicator	Std	Q1	Q2	Q3	Q4	Avg 2020	Avg 2019	RAG vs Std
Offer Acceptance Rate	100%	100%	100%	100%	100%	100%	100%	
New Hire Probation Success Rate	100%	-	100%	100%	100%	100%	88%	
Joiner Turnover Rate	0%	0%	0%	0%	0%	0%	0%	
Learning Hours/Employee	15	5.16	3.37	3.41	3.76	3.0	5.5	
Training Penetration Rate	20%	28%	6%	7%	8%	12%	13%	
Internal Recruitment Rate	20%	25%	-	0%	0%	0%	0%	
Turnover Rate	2.5%	0.6%	0.4%	0.9%	0.8%	0.7%	0.2%	

Dashboard: 2020 Employee Relations Indicators

Indicator	Std	Q1	Q2	Q3	Q4	Avg 2020	Avg 2019	RAG vs Std
Labour Relations Incidents	0	0	0	0	0	0	0	
Disciplinary Enquiry	5	3	1	5	6	3.8	3.8	
Grievances	1	0	0	0	0	0	0.5	
Sick Leave Hours	2,500	2,160	1,304	1,760	2,280	1,876	2,114	
Mortality (No.)	1	0	1	3	1	1.25	0.3	

SOCIAL AND RELATIONSHIP CAPITAL

We integrate, in our ethos, our inalienable obligation to build value and resilience into our relationships with stakeholders. As we collaborate, support and uplift, we see what is accomplished through our investment in engagement, material and financial aid; which also renews and validates our social licence to operate.

Stakeholder engagement

At the delegation of the Board, management employs a deliberate plan of engaging with individuals, groups of individuals and institutions on wide ranging issues synergistic to the interests and concerns of the business. The mutually beneficial process ensures that the Company neither dominates nor ignores the views, concerns and interests of its different stakeholders and groups that may hold interests that may be unknown to us or may be found incongruent to the business.

2020 was different in many things and especially in the way traditional engagement is undertaken because of the behavioural changes necessary for the maintenance of public health. Despite these unavoidable changes, the rate of engagement increased significantly over prior year, necessitated by the business operating environment. The commercial, legal and communication needs of the business during the year meant increased engagement in these areas and generally in relationships.

Materially, the Company pro-actively and in response to developments tackled with both its internal and external stakeholders matters related to corporate strategy and planning, retention of commercial value in existing contracts, business continuity in the evolving landscape, quality of service delivery and customer satisfaction, asserting the rights of the Company, workplace and worker safety, new working methods and practices, reassurance of shareholders, lenders, customers and employees, and many other matters.

While much of the strategic, commercial, financial, legal and regulatory engagement with representatives of GRZ, customers, providers of credit, ZESCO and ERB took place away from the glare of public scrutiny, there was increased visibility and public-facing engagement through various types of media, enabling the Company to disseminate information in its cause, give assurance (particularly to shareholders) and sharing any information deemed beneficial for public knowledge and discourse.

Understandably, customers had reason for worry both from the perspective of industry-wide challenges induced by COVID-19 as well as from the more peculiar situation the business found itself in, arising from the expired BSA and the developments that followed, including the common carrier declaration imposed on the Company's transmission and distribution lines. Similarly, employees were anxious for the security of their jobs and shareholders about the security and future of their investment. Overall, each class of stakeholders had valid concerns that required to be addressed in the manner most appropriate and effective.

Digital communication channels were aggressively utilized for the diffusion of public-facing and public interest information. As a result, the Company's message penetration increased by more than 1,000% over the previous period and its online community size grew 27% to 87,015 (2019: 68,588).

The Company continued to participate in the resumed CoSS on the revised timetable and in other industry efforts needing its involvement.

Social investment

By reason of the public health challenges arising from the coronavirus and the financial considerations emanating out of the commercial uncertainty that attended the business for the most part of the year, social investment was significantly scaled down in comparison to the prior year. However, where scale was reduced, relevance and quality were maintained; ensuring that investment dollars went to respond to some of the most urgent needs of the time. Overall, the Company's social investment in 2020 reduced by 58%.

i. Public health

It became apparent soon after the first positive case of the coronavirus was diagnosed in the country that effectively managing the disease required the cooperation of everybody. CEC supported the public response via the procurement and donation of COVID-19 test kits and reagents to the Ministry of Health, valued at more than USD0.1 million. The Company also donated hygiene products such as hand sanitizers to Lumwana West Clinic in North-Western Province. Disease prevention items, particularly 5,000 reusable face masks were given to various health, education and charitable institutions in different Copperbelt towns; among them a children's hospital, a home for the physically challenged and a centre for orphaned and vulnerable children.

We also financially supported the commissioning of the first-ever health post in a remote area of North-Western Province. Kanyikezhi Village is located in the Kabompo gorge hydro-power project catchment area and had never before had a health facility. Prior to this development, CEC organised frequent health outreach sessions to cater to the health needs of the community. Total expenditure on public health during the year came to USD0.11 million.

ii. The environment

The river source reforestation and regeneration program is a five-year initiative to plant no less than 60,000 trees at depleted river sources in the Copperbelt Province. During the year, 15,000 trees were planted at the Kafue River source at a cost of USD3,000 .

Financial and material support to the annual World Environment Day program was rendered through ZEMA.

iii. Educational infrastructure

Muchinshi Secondary School is a project that has been going on since 2018. The school is the first secondary school serving a community in the outskirts of Chingola in the Copperbelt Province and attracts learners from Solwezi in North-Western Province and other areas in the vicinity. In 2020, completion of phase 2 was undertaken, involving furnishing of the 90-bed space dormitory, putting up and completion of ablution facilities, common rooms, laundry area, borehole and water reticulation system at USD25,700 (2019: USD0.2 million).

Nayamba Community School in Chisamba, Central Province, is a facility funded by community initiative and some donor support. Currently serving a population of more than 350 pupils, the school has long struggled with water as all the boreholes sunk would dry up. With the emergence of COVID-19, having clean, reliable water became a huge hygiene and public health concern. CEC financially supported the sinking of borehole after water availability was professionally cited by another supporting partner. A total of USD4,400 was spent on the borehole and accessories.

iv. Power Dynamos Football Club

The Company's financial and material support to football continued uninterrupted through the year. Power Dynamos Football Club receives an annual grant from the Company, which covers allowances, salaries, medical and other benefits. USD1.25 million was granted to the club (2019: USD1.6 million).

v. Sponsorships

Through the employee philanthropic association, Mutende, we sponsored a physically challenged young man to pursue a 4-year accountancy degree program at a local university. This is the second time Mutende is taking up tertiary education sponsorship of a young person from a disadvantaged background.

Various institutions also received sponsorship for different causes. Total sponsorships during the year totalled USD14,600.

Forecast

Remaining a valuable member of the community and investing in people will continue during 2021. While we can expect activity at a relatively muted scale, any loss in quantum will be adequately made up for by relevance and impact. We should expect to see more investment going into STEM and technical support in the area of education. Ongoing environmental protection initiatives to which we are already committed will carry on as will our support to sport, particularly football. With health continuing to be pivotal in the era of COVID-19, it is the expectation that a significant proportion of the Company's social investment budget will be applied to disease prevention, control and management.

COMMERCIAL SUSTAINABILITY

Our commercial sustainability meshes our various capital inputs and aspires for a balanced output in terms of value created, ensuring that our commercial strategy propositions economic benefits and profitability as essential resources to delivering that balance.

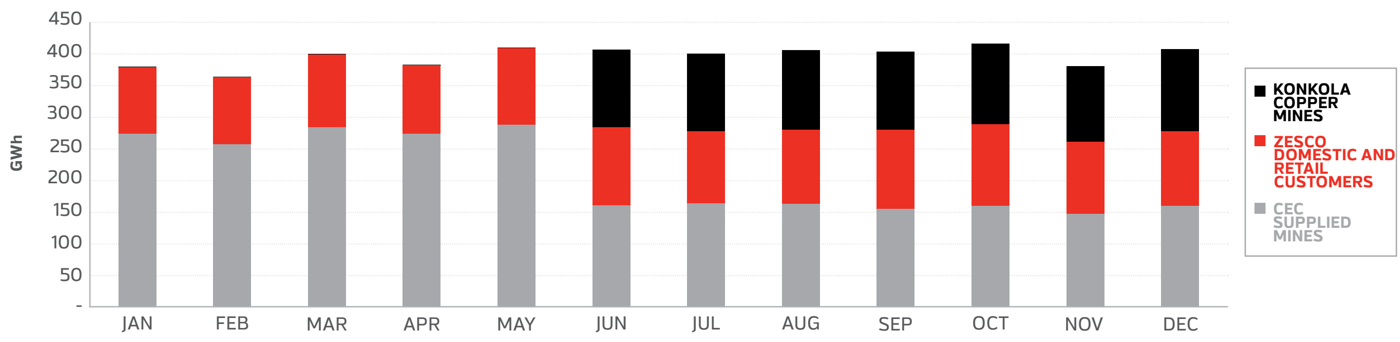
Capacity and energy sales

In the changing electricity supply landscape, the availability of reliable energy delivery infrastructure takes centre stage but energy sourcing and planning remains an important function that is necessary to meet our customers' unique needs and is a key driver in our activities. The 2019/20 rain season was characterised by strong water inflows at most reservoirs resulting in an improvement in energy availability at national level. While load management activities continued for domestic and retail customers, we managed to secure all our energy requirements for our local mining customers from a combination of ZESCO supplies on the most part, and from Lunsemfwa and from Dangote.

The total energy import into our network in 2020 increased by 3.5% to 4,755GWh from 4,594GWh in 2019. The total energy import comprised 2,489GWh purchased for CEC supplied mines, 873GWh transported to KCM on behalf of ZESCO and 1,395GWh wheeled for ZESCO. The bulk of the energy was purchased from ZESCO while 89.6GWh was purchased from Lunsemfwa and Dangote.

Total energy sales to CEC customers were 2,433GWh, which is 2.2% less than that purchased after accounting for inherent technical losses in the power system.

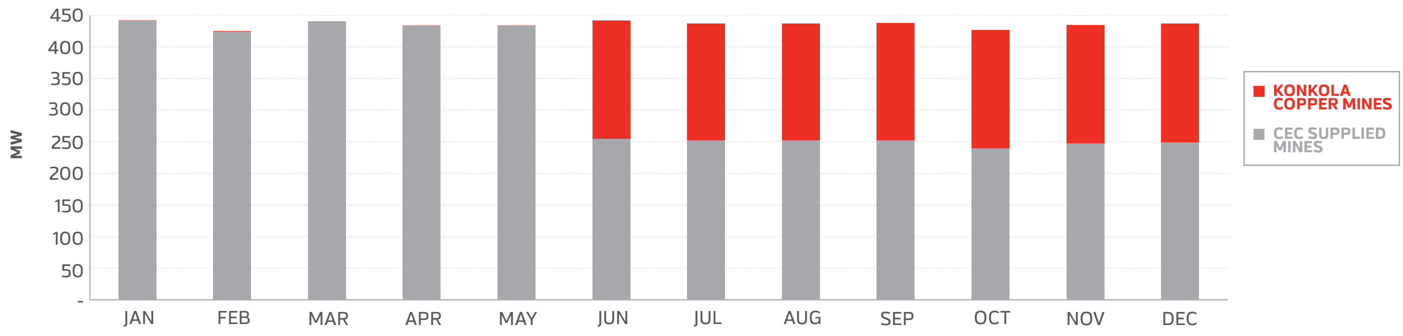
2020 CEC Energy Flows and Sales



Mine customer average demand increased from 427MW in 2019 to 436MW in 2020 and the system load factor increased to 85% in 2020 from 78% in 2019 due to increased network utilization.

The following graph shows the breakdown of the annual average capacity sales of 327MW to the CEC supplied mines under the various PSAs and 186MW to KCM under the Network Access segment. From 1st June 2020, CEC does not sell power to KCM but sells network capacity for transporting power to the latter.

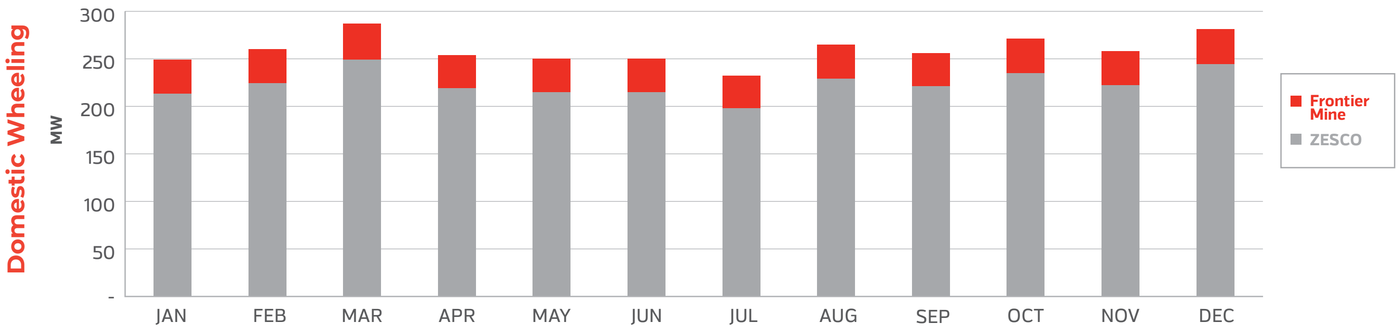
2020 Capacity Sales



Domestic Wheeling

CEC carries out domestic wheeling, which is the transportation of power on behalf of other entities within the country. The largest portion of this business is on behalf of ZESCO and involves the movement of power from the main points of interconnection between the ZESCO and CEC high voltage networks in Kitwe and Luano to the medium voltage ZESCO substations across the Copperbelt.

Frontier Mine, located in the DRC about 500 meters from the Zambian border, is connected to the CEC power network, as such all its power requirements are transported through our network.

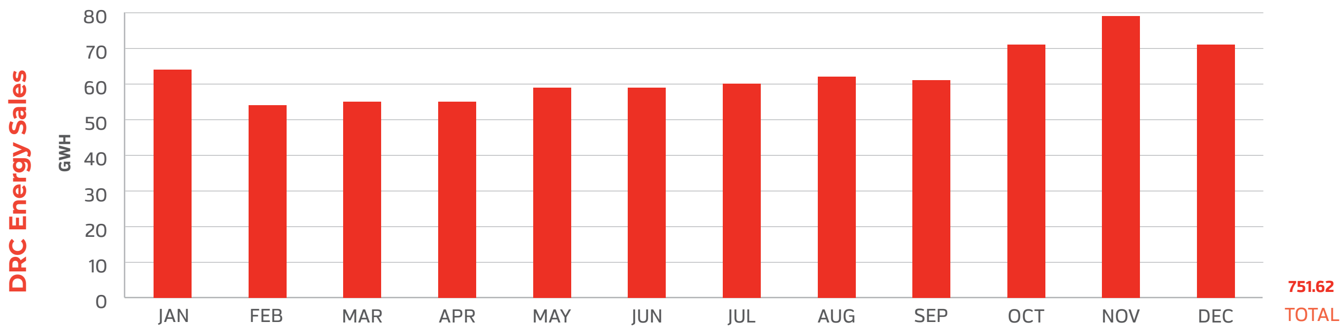


The average demand wheeled for ZESCO remained largely unchanged at 224MW in 2020 compared to an average of 226MW in 2019.

The average power wheeled for Frontier Mine in 2020 increased by circa 6% to 36MW from an average of 34MW in 2019.

Power Trading

Energy sales into the DRC marginally increased to 752GWh in 2020 from 744GWh in 2019. The volatility around transmission path availability on the Zambian network, that started in 2019, continued throughout 2020.



Demand Distribution

CEC supplies power to most of the copper mining companies in Zambia, with our largest customer being Mopani. Others are CNMC-CLM, NFCA, Chambishi Metals, Cosak, Lubambe, CCM and Chibuluma. Other smaller customer categories relate to supply to small metallurgical processing companies and to the CPC Village domestic customers.

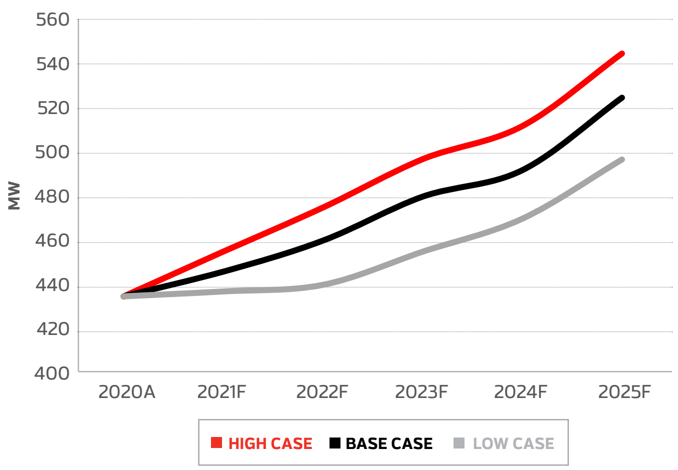
Load Forecasting

Capacity sales are projected to remain stable through 2021, after which modest growth is projected on the basis of our customers' committed projects. Most of the growth is expected to come from Mopani's Synclinorium Project, the Mindola Expansion Project, NFCA South East Ore Body and Macrolink Resources Project.

Securing power using power sourcing and generation projects that will deliver sufficient energy to meet the increasing requirements of our customers sits at the core of our strategy. We are looking to work with our customers mooting co-generation solutions for both base load and emergency power and we continue looking to local IPP's to improve the energy mix for our customers.

Our eagerness to contribute to the national effort of increasing access to clean energy for all remains steadfast, as does our readiness to seize viable business expansion projects aligned to our core.

Mines Demand Forecast




ENGLISH ELECTRIC

OPERATIONAL SUSTAINABILITY

Power Network Quality

The performance of the Company's high voltage transmission and distribution system was maintained to a satisfactory standard during the review period. There was no incident of total power blackout recorded during this period.

A total of 167 faults were recorded on the CEC network compared with 152 faults in 2019. The increase of 10% was attributed to increased faults experienced on the 66kV transmission lines due to copper conductor thefts.

The performance of the three 220kV tie lines to the DRC continued to be satisfactory although a number of trip outs, attributed the instability of the SNEL network, were recorded. The network instability arose out of trip outs of converters there and the theft of copper conductors on the SNEL 220kV lines. Compared to 2019, however, the total number of trip outs, at 64, had reduced from 71.

In previous years, we have reported on the need to address the negative impact of system disturbances on our network. The disturbances arise mainly from faults in the external interconnected power system and appear as high frequency voltage dips on our network. Sometimes this results in undesirable loss of load by our customers. The need to install some form of dynamic compensation equipment on the network in order to stabilize it has been recognized. Once adequately compensated, the local network and its associated interconnection to the DRC are expected to carry significantly higher loads while assuring network stability. This led to the commissioning of a dynamic compensation study awarded to Energy System Planning of South Africa in 2020. The study is now expected to close out by the end of the first quarter of 2021 after some delays necessitated by COVID-19 travel restrictions.

Network Safety and Security

System breach

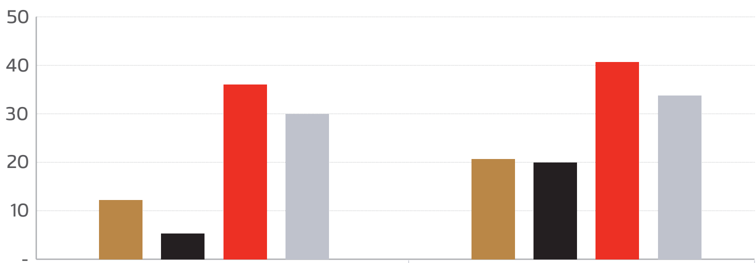
No incident of system breach due to human error was recorded during the year. Following a review of the Company's system regulations, which guide safe operations on our high voltage network, we shall in 2021 implement the regulations and guidelines that have been revised to conform to international best practice.

Vandalism and theft of CEC assets

Theft and vandalism of the Company's installations continued to be a major source of concern as the year 2020 saw a significant increase in vandalism and theft of copper conductors on line infrastructure, including earthing conductors and cables in substations. A total of 44 incidents were reported during the review period compared with 22 in 2019. Of these incidents, 24 were theft of overhead copper conductors on our 66kV transmission lines particularly in the Northern and Central areas.

In mitigating the situation, security measures, including cooperation with state police, mine security and other stakeholders were enhanced. A number of arrests were made and suspects are appearing in the courts of law. This crime carries a penalty of up to 20 years imprisonment and it is our fervent hope that convicting and imprisoning these offenders will send a good warning to discourage others. Community sensitisation programmes also continued to be propagated.

2019/2020 Annual Crime Analysis



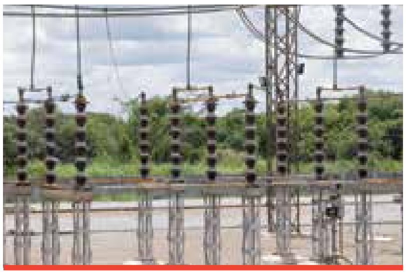
	2019	2020
Overhead Copper Conductors	15	24
Cables	7	20
Encroachments	41	44
Others	30	36

Asset management and capital expenditure

CEC operates a robust and enviable power supply network comprising 43 substations (2019: 42) with 186 transformers (2019: 185) each of capacity largely in the range of 15 – 80MVA with a total transformation capacity of 4,715MVA (2019: 4,685MVA). As part of the asset modernisation, renewal and upgrade programme to adequately serve existing and upcoming customers, the last few years have seen the introduction of 120MVA transformers at our bulk supply points at Central Switching Station at Kitwe and at Luano in Chingola through which ZESCO delivers bulk power to the Copperbelt via the CEC network. The 43 substations are served by a backbone of circa 1,038km of mainly 220kV and 66kV transmission lines traversing virtually the entire Copperbelt. Over the many years of CEC's existence from the 1950s, the network has grown from serving exclusively mining customers to also serve the requirements of a growing Copperbelt economy including industry, commerce, agriculture and residential through the last mile ZESCO Copperbelt distribution network. Throughout this growth and expansion, the Company has maintained the same high level of commitment to quality and reliable service. In addition to the above core power assets, CEC boasts of a unique serving of GTAs. These are used to provide critical emergency power support to its mining customers in order to ensure safety of personnel and preservation of mining assets during times of total power blackout from the interconnected supply network. Other secondary assets which support the Company's commercial and technical operations include protection, metering, control, telecommunications and IT equipment, as well as a sizable fleet of light and heavy-duty motor vehicles and mobile equipment.

TRANSFORMERS

TRANSMISSION LINES



SWITCHGEAR

MOBILE FLEET

METERING AND PROTECTION

TELECOMMUNICATION

GAS TURBINE ALTERNATORS

OPERATIONAL SUSTAINABILITY >> CONT >>

We continue to focus on ensuring that the business and the quality of its offering to its customers is sustained through continuous investment of a substantial amount of resources through our 10-year rolling asset replacement programme. This robust investment programme is guided by the six strategic pillars. Much of the focus of the 10-year rolling asset replacement programme has been on transformers and circuit breakers which, together, form a critical aspect of the Company's transmission system. Others are system protection, IT and telecommunications, control and monitoring equipment.

Through a combination of transformer replacement and life extension strategies, we have achieved the target of ensuring that by the end of 2021, there will be no transformers falling in the category of "Extensive Wear" and "End of Life". We are more vigorously addressing the threat of obsolescence and environmental considerations in the area of high voltage switchgear. A major component of this accelerated programme is the replacement of obsolete 66kV oil circuit breakers beginning in 2019, with a target completion period of 12 years. Other programmes include refurbishment of emergency GTAs to sustain reliable operation pending strategic decisions on their replacement. In November, Bancroft GTA No. 2 had been taken out of service in order to facilitate the refurbishment of some critical components at the contractor's workshops in Dubai. This resulted in the lower than target availability in November and December.

Despite the negative impact of the COVID-19 pandemic and a constrained business environment during 2020, the Company made a determined effort to achieve its programs to a high degree of success by devising appropriate strategic interventions, which also ensured the safety of its personnel and business continuity.

TRANSFORMERS AND CIRCUIT BREAKERS

186 TRANSFORMERS
487 CIRCUIT BREAKERS

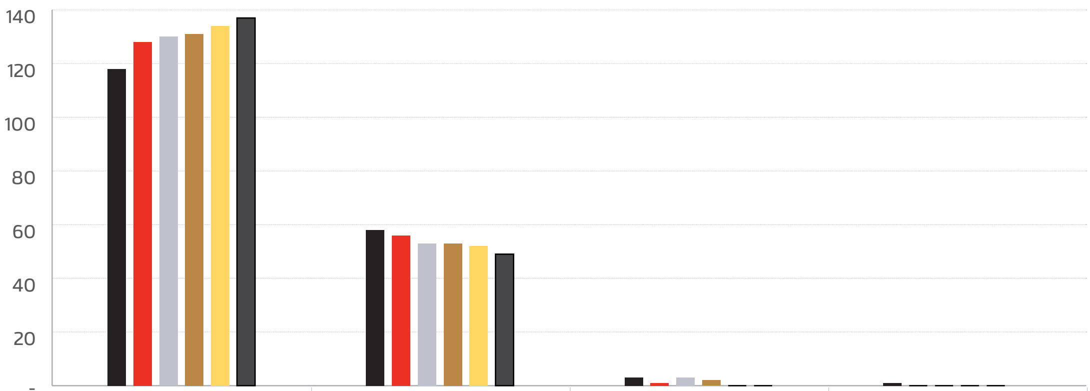
TRANSMISSION LINES

346.18KM OF 220KV
670KM OF 66KV
21.6KM OFF 11KV

GENERATION PLANTS

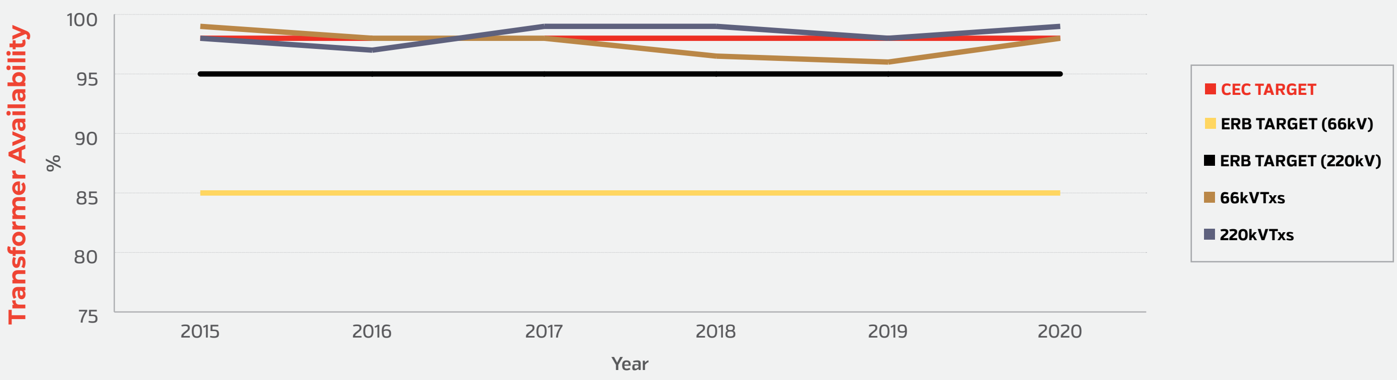
2X20MW AT LUANO
10MW AT MACLAREN
20MW AT BANCROFT
10MW AT KANKOYO
1MW AT SOLAR PLANT

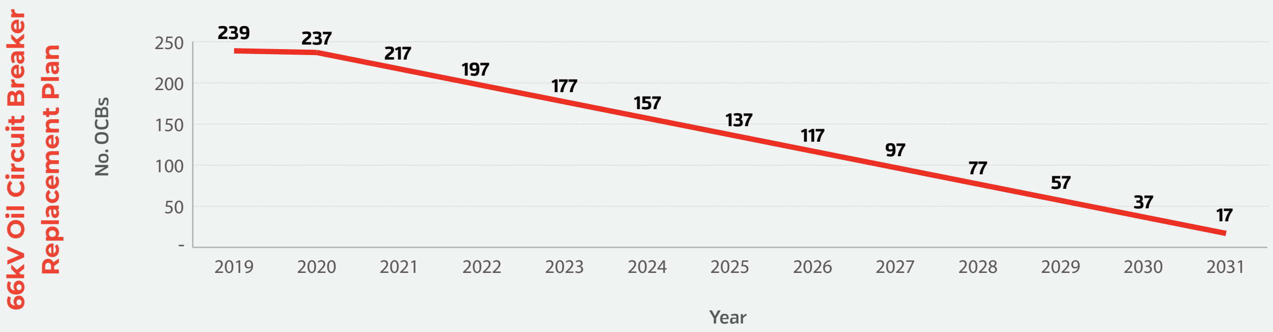
Transformer Replacements and Life Extension Strategies



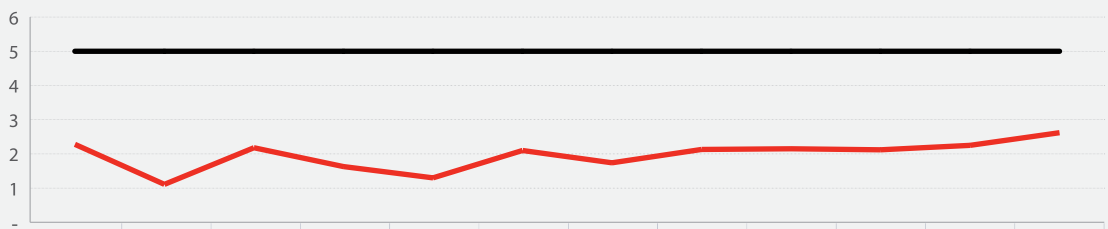
	HEALTHY	MODERATE	EXTENSIVE	END OF LIFE
2018	118	58	3	1
2019	128	56	1	0
2020	130	53	3	0
2021	131	53	2	0
2022	134	52	0	0
2023	137	49	0	0

OPERATIONAL SUSTAINABILITY >> CONT >>



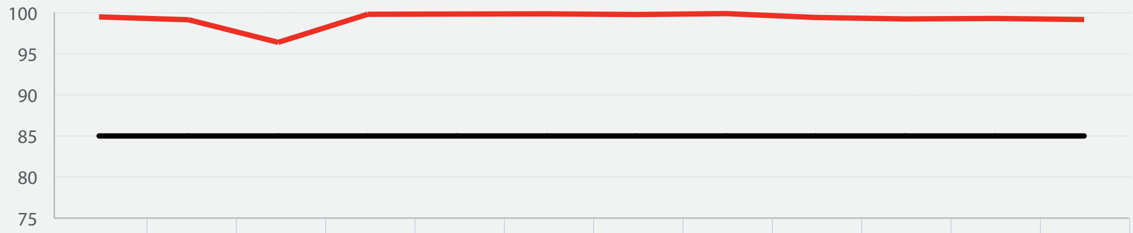


2020 Transmission and Distribution System Losses



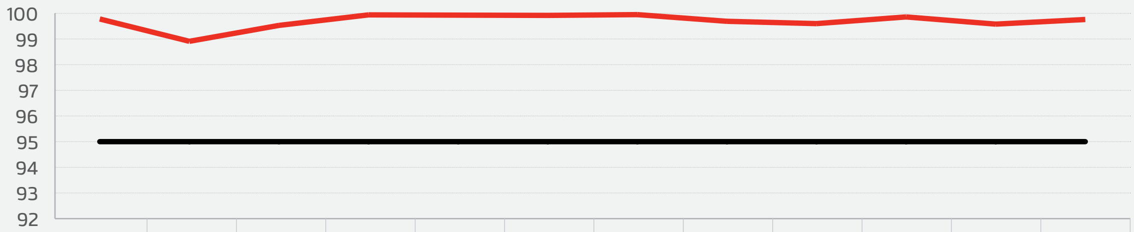
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Actual Losses (%)	2.28	1.11	2.18	1.63	1.3	2.1	1.74	2.13	2.15	2.12	2.25	2.62
KPI Target (%)	5	5	5	5	5	5	5	5	5	5	5	5

2020 Network Availability (NA) - Systems less than or equal to 66kV



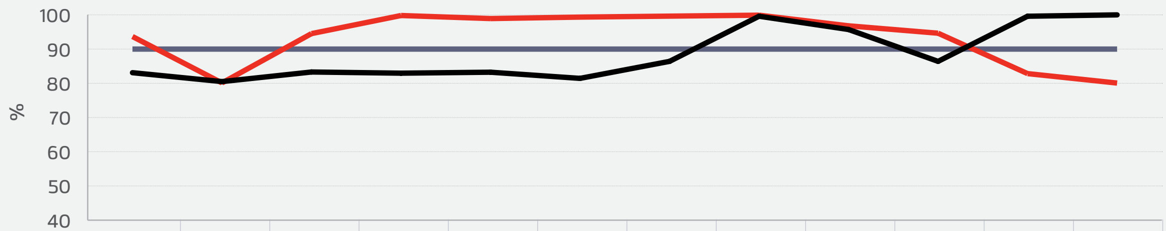
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
NA Actual (%)	99.5	99.15	96.4	99.82	99.85	99.87	99.79	99.9	99.43	99.25	99.31	99.18
KPI Target (%)	85.00	85.00	85.00	85.00	85.00	85.00	85.00	85.00	85.00	85.00	85.00	85.00

2020 Network Availability (NA) - Systems greater than 66kV



	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
NA Actual (%)	99.78	98.91	99.53	99.94	99.93	99.92	99.95	99.69	99.60	99.86	99.58	99.76
KPI Target (%)	95.00	95.00	95.00	95.00	95.00	95.00	95.00	95.00	95.00	95.00	95.00	95.00

GTA Plant Availability



	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2019	83.10	80.50	83.30	82.96	83.24	81.44	86.41	99.60	95.72	86.41	99.6	100.00
2020	93.67	80.11	94.52	99.81	98.92	99.35	99.63	99.91	96.8	94.64	82.83	80.07
Target	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00

A New Modus Operandi

The COVID-19 pandemic has, as a consequence, forced us to evaluate the way we work, and whether a paradigm shift to a low-interaction work culture is inevitable for the survival of the Company. Fortunately, the Company's ICT assets are geared to handle the shift to a largely "online-based" operation for all those whose job profiles allow for remote work.

Digital Transformation

Every industry, including energy, is currently undergoing digital transformation. In the energy sector, this transformation is synonymous with the migration towards smart grids. CEC recognizes that this transformation presents several opportunities that include optimisation of internal operations in order to continue meeting customer demands. CEC completed the mapping of 95% of all its processes, as the first step towards digitisation and as a precursor to the process-optimisation and automation that should follow.

The use of Artificial Intelligence (AI) at CEC is increasing, with the promise of increased efficiency particularly for routine and structured tasks, releasing the human resource to attend to tasks that actually require human intervention. One particular area where AI is likely to positively impact our processes is with CCTV monitoring, where research is currently ongoing to harness the power of AI over collected video footage from 32 of the 200 cameras already installed. AI is being tested to see if it can be used for proactive intrusion detection and HSE compliance monitoring in the respective locations.

SCADA/EMS System Upgrade

The Company has decades of experience in power system planning and operation of its substations from a centralized location, even in the face of a continuously growing network. This is made possible on the backplane of the SCADA/EMS system, which was recently upgraded from the obsolete BECOS system to the contemporary ABB Network Manager. The upgrade provided CEC with a single, unified view of its electric grid. The upgraded SCADA/EMS system was clearly designed with the operator's situational awareness as a top priority. This will invariably improve the operators' performance.

In the period it has been in use, the new system delivered on the expectation of enhanced monitoring and also facilitated an improved understanding of the network's behaviour across different voltage levels under a range of conditions. It also addressed some inherent limitations of the obsolete BECOS system, including but not limited to switch order activity control, operator training simulator and playback functionality.

Cyber Security SOC

CEC is cognisant of the fact that the security of the SCADA and EMS systems, in addition to traditional security of IT assets, has become increasingly critical. The recently built Industrial Control System Security Operations Centre (SOC) is continuously upgrading in order to proactively address this increased risk to the electric grid. The SOC, during the year, continued to provide detection and reaction services to cybersecurity incidents by using a combination of people, processes and technology, including AI. The SOC continues to reposition itself to appropriately address the ever-changing security landscape.


BUSBAR PROTECTION

CORPORATE GOVERNANCE AND LEADERSHIP

Corporate Governance Framework

The Company's guiding principles of excellence, reliability, responsibility, building committed professional teams and integrity support its vision, underpin its values and define its approach to all aspects of the business. The Company believes in having the highest standards of corporate governance, which it considers of paramount importance to achieving agreed goals, controlling results and assuring compliance. These are critical to business integrity and maintaining shareholder confidence.

The Board oversees and promotes guidance on corporate governance policy, monitors overall corporate performance, the integrity of the financial controls, the effectiveness of legal compliance and risk management programmes.

CEC is listed on the LuSE and, to ensure the highest standards of corporate governance are achieved and maintained, the Company complies with the LuSE Listings Regulations that include the LuSE Corporate Code of Governance, the regulations under the Securities Act and international best practices. During the year, disclosures were made in compliance with governance regulations on all material business developments to shareholders and other stakeholders.

Code of Ethics and Conduct

The Company continues to strive to improve its performance and to act in good practice and with high standards of corporate governance. The Company's Code of Ethics and Conduct is an integral part of its culture to ensure responsible and ethical business practice. CEC employs an active approach to its Code of Ethics and Conduct and promotes its implementation by effectively communicating its contents to the Board of Directors, employees and stakeholders. To ensure the highest standards of integrity and uphold ethical behaviour, the Company has instituted and implemented the Corporate Governance Code, the Insider Dealing Policy and the Whistle Blowing Policy, which are monitored for effectiveness through the appropriate Board and management structures. Any issues raised are reviewed, followed up and actioned as required.

Board of Directors

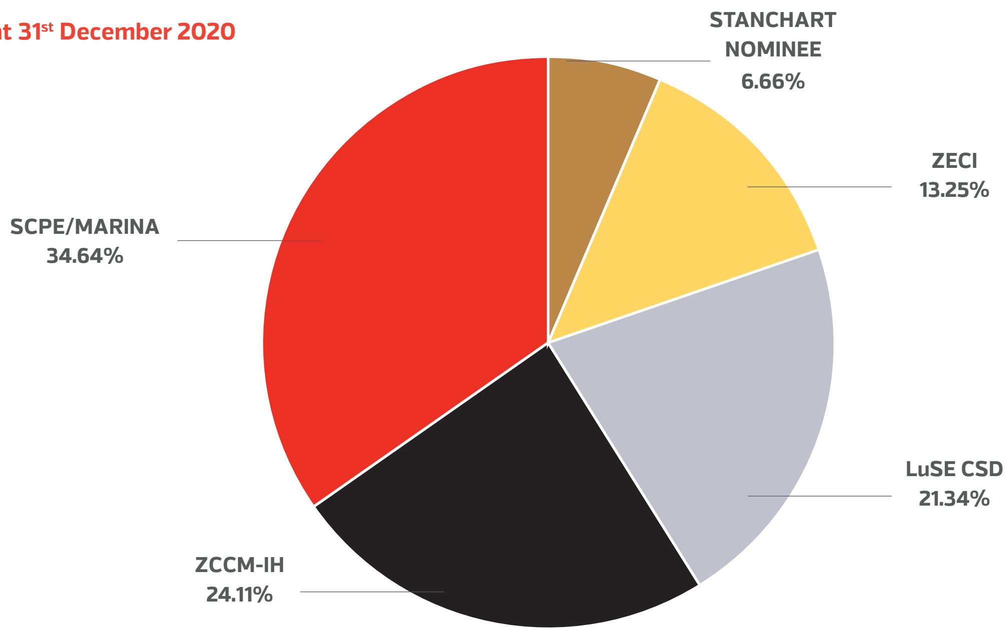
Roles, Composition and Responsibilities

The Board of Directors determines the Company's overall strategy, follows up on its implementation and supervises performance. It actively contributes to the development and viability of the business. The Board has the collective responsibility for the success of the Company and for delivering sustainable shareholder value in promoting long term shareholder interest.

As set forth in the Company's Articles of Association, the Board of Directors is comprised of 12 members; 9 of whom are currently Non-Independent Non-Executive Directors, 2 Independent Non-Executive Directors, and one Executive Director. A seat is held on the Board by a representative of the Special Shareholder, who is the Government of the Republic of Zambia.

The Board of Directors is composed of individuals who, together, bring knowledge, skills and a broad range of experience that enable the Board, as a whole, to attend to the interests of shareholders and stakeholders.

Shareholding Status as at 31st December 2020



Appointments to the Board of Directors are made in accordance with the Articles of Association of the Company. The Articles prescribe that a shareholder holding 10% of the issued shares in the nominal value of the share capital of the Company has the exclusive right to appoint, remove or replace a Director on the Board of the Company and may appoint a Director(s) for any further qualifying 10% thresholds.

In addition, a shareholder(s) who hold(s) less than 10% of the nominal value of the shareholding of the Company can exercise the right to appoint a Director to the Board by aggregating his, her or its own shares with those held by others to meet the qualifying threshold required to appoint a Director.

Where shareholders fail to meet the qualifying threshold for appointment of a Director and a vacancy consequently arises, the Board may, as provided under the Articles of Association, make recommendation for appointment of a Director(s) to fill the vacancy (or vacancies) by the shareholders at the AGM of the Company, provided that the appointment does not exceed the prescribed 12 seats. Directors appointed through the recommendation of the Board are subject to an assessment and selection process undertaken by the Nominations Committee and submitted to the Board for consideration before recommendations are made to the shareholders at the AGM. Directors appointed through this process do not represent specific shareholders of the Company and are classified as Independent Non-Executive Directors.

Representation on the Board is distributed according to the various shareholding positions in the Company as well as through amalgamation of shares to meet the qualifying threshold required to appoint a Director. Currently, the prescribed 12 seats are distributed as follows: Mr. Ronald Tamale, Mr. Derrick Chime, Mr. Joe M Chisanga, Mr. Mabvuto Chipata, Mrs. Mildred T Kaunda, Mr. Abel Mkandawire, Mr. Thomas Featherby and Mr. Munakupya Hantuba as Non-Independent Non-Executive Directors. Mr. London Mwafulilwa, the Chairman of the Board and Dr. Patrick Nkanza, Vice Chairman, are the Independent Non-Executive Directors and were reappointed at the 22nd AGM of the Company held on 30th September 2020. Mr. Owen Silavwe is the only Executive Director. The seat held by the Special Shareholder is occupied by Mr. Trevor Kaunda, who represents GRZ.

ZCCM-IH effected changes to its representation to the Board of Directors, on 12th June 2020, replacing Mr. Reynolds Bowa with Mr. Mabvuto Chipata. Mr. Bowa was a long-serving member of the Board and, at retirement, was its Vice Chairman. Following these changes, Dr. Patrick Nkanza was appointed to the role of Vice Chairman. The Board thanks Mr. Bowa for the significant role he played on the Board during his tenure as Director and Vice Chairman. The Board welcomes Mr. Chipata to the Board and congratulates Dr. Nkanza on his appointment. There were no other Board changes during the year.

The Board of Directors has clear and specific roles for the effective functioning of the organisation within the framework of the Company's Articles of Association, policies and applicable laws, regulatory prescriptions and standards, which are meant to:

- Ensure that management develops sound business strategies and oversee management performance relating to on-going operations;
- Review and, as appropriate, approve and evaluate financial and internal controls;
- Ensure that the Company's business is conducted with the highest standards of ethical conduct in conformity with applicable Company policies, laws and regulations;
- Evaluate and approve appropriate compensation for the Company's senior management staff;
- Approve and oversee the annual budget of the Company;
- Evaluate the attractiveness of and recommend the payment of dividends;
- Develop, support and modify policies as needed;
- Oversee share purchase programmes;
- Approve for recommendation to the shareholders the Company's financial statements; and
- Promote the mission and vision of the Company and its objects for the benefit and best interest of its shareholders, employees and stakeholders.

The Chairman is responsible for leading the Board of Directors and ensuring its effectiveness, fostering and promoting the integrity of the Board while nurturing a culture where the Board works harmoniously for the long term benefit of the Company, its shareholders and stakeholders. He facilitates positive relationships among the Directors, their contributions and effective communication among them.

The Chairman presides over meetings of the Board, the Nominations Committee and shareholder meetings of the Company. He oversees matters relating to governance and the effectiveness of the Board and its committees, and the performance of Directors in fulfilling their responsibilities. The Chairman is required to provide independent leadership to the Board, identifying guidelines for its general conduct and performance and overseeing the its administrative activities, as applicable.

The Managing Director has executive responsibilities for the day-to-day activities of the Company and management decisions, both operating and financial. The Managing Director is responsible for the results of Company and for making proposals to the Board for the strategic development of the business. He is responsible for leading the senior management team of the Company who, together, execute Company strategy with a view to create shareholder value. The Managing Director is responsible for achieving annual and long term business targets, maintaining awareness of the internal and external competitive landscape, opportunities, customers, markets, sector developments, standards and acquisitions. The Managing Director acts as a liaison between the Board and management. He leads the Company's internal and external communication.

The Company Secretary's role is to ensure that Board members are inducted, remain informed and are properly advised on their role and duties to the Company and shareholders under the relevant governance and legal framework. The Company Secretary is responsible for the organization and coordination of the Board and Committee meetings, provides administrative and logistical support to the holding of the meetings and ensures that the minutes of those meetings reflect the proper record of the proceedings of those meetings. As required under the Companies Act, 2017 the Company Secretary provides advice and counsel to the Board and senior management and must play a critical role in the Company's corporate governance.

Board Compensation

The Company's ethos under the Board of Director's Remuneration Policy is to pay its Directors competitive remuneration at international rates commensurate with the landscape and market trends of top end LuSE listed companies and midrange Johannesburg Stock Exchange listed companies.

Board members are entitled to director remuneration in respect of quarterly fees and sitting allowances for board meetings and committee fees for committee sittings.

The key principle is that Directors are remunerated for membership to the Board of Directors of the Company, other than for sitting on the Board. Director remuneration is split into quarterly fees and sitting allowances for board meetings and committee fees.

Quarterly fees principally cover most of the cost for work done by the Directors outside the scheduled board meetings and any other ad hoc or special meetings.

The Board may hold up to a maximum of six scheduled meetings per year for both board and committee meetings. Compensation for board and committee meeting attendance is, however, limited to four scheduled meetings per year, other than the Nominations Committee which is pegged at one for the purpose of compensation payment. The quarterly fees cover any other board or committee meetings over and above the four scheduled meetings, for which fees are payable. Directors fees are paid quarterly in advance at the beginning of each quarter. Subject to the policy, sitting allowances and committee fees are paid whether a Director is present physically in person at the meeting or such other attendance by telephone or electronic means. Other than the stipulated meetings, board compensation is not paid for any other board related activity or events.

A request for approval of an ad hoc meeting by any committee is required to be submitted to the Board Chairman by the chairman of the requesting committee. The same communication channel is required to be used for feedback in relation to the Chairman's decision.

Directors' fees, sitting allowances and committee fees payable to Directors of the Board are approved through the AGM of the Company by the shareholders.

[*Details of Director remuneration paid for the year 2020 are provided in the financial statements*]

Directors are covered by the Company's Director and Officer's Insurance Policy, Travel and Medical Insurance Scheme. Expenses for these benefits are met by the Company.

Board and Committee Meetings

At the quarterly board meetings, the Board of Directors considers items on the agenda, which include the quarterly results (operational and functional). Additional board meetings are held if they become necessary, but these are kept to a minimum. The Board is limited to six scheduled board meetings. The board meetings are held at such times and such venues as is deemed appropriate.

Directors are expected to prepare for, attend and participate in board and applicable board committee meetings. The notice and agenda accompany board and committee papers uploaded on the eBoard electronic board management system in advance of meetings to enable Directors prepare adequately for the meetings. The Articles of Association permit Directors to call for a board meeting and propose items for inclusion on the agenda.

The board committees usually meet two days before the quarterly board meetings or whenever the need arises for transacting business. The committee meetings observe the same rules of conduct and procedure as board meetings.

Board meetings took place on 3rd April, 20th June, 19th August, 29th September and 26th November 2020 and special Board meetings on 1st June and 3rd June 2020.

In view of the COVID-19 pandemic health procedures and measures, all board and committee meetings were held virtually during the period under review.

Shareholders' Meetings

The first virtual AGM of the Company was successfully held by Zoom webinar on 30th September 2020. Participation was active and general positive feedback was received from shareholders in relation to the holding of the virtual AGM. Many shareholders who previously could not attend the Company's shareholder meetings due to distance were able to participate for the first time, from their locations. The AGM was not held within the prescribed statutory period due to various critical developments in the business during the year and the regulatory extension granted for holding shareholder meetings due to the COVID-19 pandemic health procedures and measures.

The vote of the shareholders in respect of the business specified in the Notice and Agenda for the 22nd AGM of the Company was conducted by poll on all resolutions tabled at the meeting. The resolutions were duly passed by more than two-thirds of votes attaching to the shares entitled to vote and held by the shareholders present at the meeting or by authorized representative or by proxy at the meeting.

The resolutions passed at the 22nd AGM were as follows:

Adoption and Approval of Minutes of Friday, 29th March 2019

The minutes of the Twenty-First AGM held on Friday, 29th March 2019 were adopted and approved.

Adoption and Approval of Directors' Report and Financial Statements

The Directors' Report and the Financial Statements for the year ended 31st December 2019 and the Report of the auditor were adopted and approved.

Ratification of Dividend Payment

The dividend payment made on 4th March 2019 was ratified.

Appointment of the Company's Auditor

The appointment of Messrs PricewaterhouseCoopers as Auditor of the Company to hold office until the next AGM and the authorisation of the Directors to set the remuneration of the auditor were approved.

Ratification of Appointment of Directors

The recommendation by the Board of Directors for the appointment of Mr. London Mwafulilwa and Dr. Patrick Nkanza as Directors of the Company in accordance with Article 14.4 of the Articles of Association of the Company until the next AGM of the Company at which they will retire was approved.

Directors' Remuneration

The reduction in director remuneration by 10% of existing rates was approved.

Board committees and Roles

The Board of Directors has been previously constituted of seven board committees comprising: the Executive Committee, the Audit Committee, the Risk Committee, the Remuneration and Employee Development Committee, the Investment Committee, the Health, Safety, Environment and Social Committee and the Nominations Committee. In August 2020, a strategic decision was made by the Board *inter alia* to cut costs and ensure sustainability of the business by reducing the number of board committees from seven to five by merging the functions of the Investments Committee into the Executive Committee and those of the Risk Committee with the Audit Committee.

All committees meet quarterly and as maybe required on ad hoc basis to attend to any special business. Executive Directors do not, however, form part of the Nominations, and Audit and Risk committees which are fully composed of Non-Executive Directors. Each committee has formal terms of reference established by itself, subject to Board approval. The committees act on the mandate set out in the terms of reference or as may be delegated to act on behalf of the Board when specifically authorised. The task of constituting committees is taken under the mandate of the Nominations Committee.

Executive Committee

The Executive Committee has delegated authority to act on behalf of the Board to ensure that the decisions of the Board on strategic matters, business plans, daily business and operational issues are carried out, implemented and monitored effectively by management and to protect the people, assets and reputation of the business.

The Committee's role is to:

- Exercise the powers and authority of the Board in directing the business and affairs of the Company between board meetings
- Review strategic business plans
- Review management reports for business and support units and key initiatives carried out by the Company
- Oversee investment strategies and approve investment decisions
- Evaluate political, economic and business conditions and discuss with management strategies to ensure that any potential impact is identified and mitigated
- Together with the Audit and Risk Committee, review the Company's annual budget and any supplemental requirements for consideration and approval by the Board
- Review organizational changes for approval by the Board
- Review executive management compensation, benefits and performance
- Effect senior executive appointments
- Review senior executive contracts expiring during a review year and make appropriate recommendations in relation to renewals

The year 2020 was exceptionally busy for the Executive Committee in its interface role of facilitating decision-making between board meetings in the event of important and urgent developments or circumstances in the business and providing guidance on ongoing strategies. Apart from its scheduled meetings, the Executive Committee met on several occasions, at times at very short notice, to attend to various critical matters. Materially, those related to the inconclusive bulk supply contract negotiations with ZESCO, the declaration of the Company's transmission and distribution assets as common carrier through statutory declaration SI 57 of 2020, the huge unpaid debt and loss of supply business from the Company's, hitherto, major customer KCM and the numerous court cases that ensued in tandem with these developments.

Audit and Risk Committee

The committee provides oversight on the effectiveness of the Company's operational and financial reporting systems and accuracy of information and sees that the Company's published financial statements represent a true and fair reflection. The committee is responsible for ensuring that appropriate accounting policies, controls and compliance procedures are in place and that compliance management and other internal control activities are operating effectively. The committee also ensures the effective management of risk within the Company's operations.

The purposes of the Audit and Risk Committee are:

- Evaluating the reliability and integrity of information and the means used to identify, measure, classify and report such information
- Evaluating the systems established to ensure compliance with those policies, plans, procedures, laws and regulations, which could have a significant impact on the Company

The Committee meets on a quarterly basis and reviews and approves the following:

- The financial statements and Directors' Report
- The external auditor's management letter
- The LuSE Corporate Governance Compliance report
- The annual report of the Audit and Risk Committee
- The quarterly management accounts
- The quarterly Directors' and Senior Management Expenses report
- The half year financial statements
- The operating and capital budget, working with the Executive Committee
- The internal audit reports
- The annual external audit timelines
- The Group risk profile

The Committee further oversees the implementation of the Company's system of internal controls to mitigate identified risks and to ensure that its objectives are consistently achieved.

The Committee is also responsible for approving the Risk Appetite Framework and reviews the Risk Appetite Statement to ensure that such appetite remains consistent with the Company's strategy.

Health, Safety, Environment and Social Committee

The Committee provides oversight on the effectiveness of the Company's occupational health, safety and environmental performance. The Committee is responsible for ensuring that appropriate policies and strategies are in place to ensure a safe workplace and environmental protection. The Committee:

- Monitors on a quarterly basis, the implementation of the HSES policies and the HSES top drivers
- Examines all significant HSES incidents
- Monitors the implementation of the Integrated Management System
- Monitors the implementation of the Company's environmental and social obligations under the Lenders Environment and Social Management Action Plan
- Monitors the implementation of an Integrated Management System based on ISO international standards of Safety and Health, Environment and Quality
- Reviews any management proposed initiatives to improve and reduce the record of road traffic accidents, incidents or similar initiatives
- Monitors the Company's preparedness for and response measures to the COVID-19 pandemic

Nominations Committee

The Nominations Committee plans and reviews the composition of the board committees to ensure that there is the required mix of skills, experience, demographics and diversity on these committees. The Nominations Committee also evaluates suitable candidates for appointment as Independent Non-Executive Directors to the Board of Directors, for recommendation and appointment by shareholders at the AGM, where a vacancy (or vacancies) arises in the number of Board members and remains unfilled. The Committee has no scheduled meetings and meets as and when required.

The role of the Nominations Committee is to ensure that:

- The Directors and the Company Secretary have the appropriate composition of skills, expertise and knowledge to execute their duties effectively
- The Directors and the Company Secretary are appointed through the formal processes set out in the Company's Articles of Association
- There is induction of new Directors and training and development of the Directors on an ongoing basis
- Undertaking the review and selection of candidates for appointment in the role of Independent Non-Executive Director for consideration by the Board and appointment by the shareholders at the AGM

During the review year, the Nominations Committee carried on its functions as mandated under its terms of reference and made recommendations in relation to Director appointments, following the reduction and reconstitution of the board committees, director changes and the proposal of candidates for consideration by the Board and approval by the shareholders at the AGM of the Company, for appointment in the role of Independent Non-Executive Director.

Remuneration and Employee Development Committee

The Remuneration and Employee Development Committee provides oversight of the development of human resources strategy, policies and budgets; ensuring alignment and congruence with overall corporate strategy, policies and priorities and enhancement of human capital contribution towards the sustainable performance of CEC. The Committee monitors human capital performance and advises remediation required or opportunities for consideration.

Board Committee Composition and Governance Structure

The composition of the board committees and governance structure as at 31st December 2020 was as follows:

Executive Committee

DIRECTOR	CATEGORY
Patrick Nkanza	Independent Non-Executive (Chairman)
London Mwafulilwa	Independent Non-Executive
Ronald Tamale	Non-Executive
Munakupya Hantuba	Non-Executive
Mildred T Kaunda	Non-Executive
Owen Silavwe	Executive
Mutale Mukuka	Executive

Audit and Risk Committee

DIRECTOR	CATEGORY
Joe M Chisanga	Non-Executive (Chairman)
Ronald Tamale	Non-Executive
Thomas Featherby	Non-Executive
Mildred T Kaunda	Non-Executive
Patrick Nkanza	Independent Non-Executive

Health, Safety, Environment and Social Committee

DIRECTOR	CATEGORY
Derek Chime	Non-Executive (Chairman)
London Mwafulilwa	Independent Non-Executive
Mabvuto Chipata	Non-Executive
Abel Mkandawire	Non-Executive
Thomas Featherby	Non-Executive
Christopher Nthala	Executive

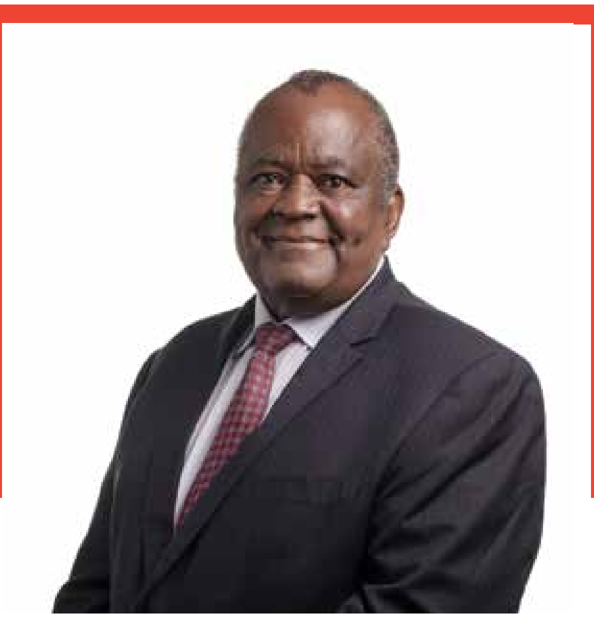
Nominations Committee

DIRECTOR	CATEGORY
London Mwafulilwa	Independent Non-Executive (Chairman)
Ronald Tamale	Non-Executive
Mildred T Kaunda	Non-Executive

Remuneration and Employee Development Committee

DIRECTOR	CATEGORY
Abel Mkandawire	Non-Executive (Chairman)
Mabvuto Chipata	Non-Executive
Joe M Chisanga	Non-Executive
Derek Chime	Non-Executive
Munakupya Hantuba	Non-Executive
Owen Silavwe	Executive

OUR BOARD OF DIRECTORS



Mr. London Mwafulilwa
Nationality: Zambian
Qualifications: Bachelor of Engineering Mechanical (UNZA)

Experience:
London is a seasoned mechanical engineer and entrepreneur. He is a registered engineer and fellow of the Engineering Institution of Zambia and is currently the principal shareholder and team leader of Shawonga Enterprises Limited, a technical procurement and engineering company, and ZINPRO, an engineering procurement construction management company, which he chairs. He is also a member of several other boards. He has wide experience in the mining sector; obtained through his business involvements. He is the current Chairman of the CEC Board and chairs the Nominations Committee. He is also a member of the Executive and the Health, Safety, Environment and Social committees.

Mr. Reynolds Bowa
Nationality: Zambian
Qualifications: Bachelor of Science, Engineering (UNZA)

Experience:
Reynolds is an engineer and has extensive experience in technical management and serves in a technical advisory role on several statutory boards. He is a fellow of the Engineering Institution of Zambia and a member of the Institute of Directors of Zambia. He chairs the Executive Committee and the Investment Committee and also sits on the Audit Committee. He was appointed Vice Chairman of the Board in August 2018.

Retired: 12th June 2020

Mr. Ronald Tamale

Nationality: American
Qualifications: MBA (Stanford Graduate School of Business), Bachelor of Arts, Economics (Pomona College, USA)

Experience:

Ronald is a founding Partner and Head of Sub-Saharan Africa at Affirma Capital. Prior to Affirma Capital, he was Managing Director and Head of Africa for Standard Chartered Private Equity's ("SCPE") Africa division which was established in 2008. Affirma Capital, a newly formed, independent emerging market private equity firm owned and operated by the long-standing former senior leadership of SCPE, provides equity funding for expansions, acquisitions, leveraged buyouts and management buyouts and considers equity investments from USD30 million to USD150 million in a single transaction. The Affirma Capital Africa team has invested over USD800 million in businesses in the telecommunications, banking, retail, manufacturing, energy, agriculture and consumer goods sectors across the continent. Prior to joining SCPE Africa in 2008, Ronald spent 6 years at Goldman Sachs in the U.S. before relocating to Africa from his role as a Senior Associate within the U.S. investment giant's investment banking division. He is a member of the Executive, Nominations and Audit and Risk committees.

Mr. Derek Chime

Nationality: Nigerian
Qualifications: MBA (INSEAD), Bachelor of Science, Economics (University of Lagos, Akoka, Nigeria)

Experience:

Derek is currently a Director at Affirma Capital. Prior to Affirma Capital, he was a Director at SCPE Africa. He is an emerging market investment professional with over 10 years of diversified experience in origination, deal execution, portfolio management and exit, corporate finance and principal investing in Africa. Derek is directly responsible for managing around USD450 million of invested capital under a USD850 million Africa fund. He has broad sector knowledge particularly across the power sector value chain, manufacturing, financial services and telecoms sectors. He currently sits on the boards of five portfolio companies. He previously worked in investment banking at Vetiva Capital Management Limited. He is chairperson of the Health, Safety, Environment and Social Committee and a member of the Remuneration and Employee Development Committee.

OUR BOARD OF DIRECTORS (CONT..)

Mr. Joe Mwansa Chisanga
Nationality: Zambian
Qualifications: Chartered Accountant and Chartered Global Management Accountant

Experience:
Joe is a chartered accountant with over 40 years' experience both in the public and private sectors. He is an Accredited Fellow of the Institute of Directors of Zambia and Member of the Institute of Directors of Southern Africa. Joe is a Trainer of Trainers in Good Corporate Governance certified by the Global Corporate Governance Forum/International Finance Corporation. He has served different companies in various capacities as, among others, Financial Controller, Company Secretary, Internal Auditor and Management Accountant. His board directorate experience includes having served as Vice Chairman of the Zambia Revenue Authority and Zambia Postal Services Corporation, board member of the Zambia Privatisation Agency and as a member of the Audit, Risk and Compliance committee of the Zambia Airports Corporation. He has also served as chairman of the board of directors of Laurence Paul Investment Services Limited. Joe is a past president of the Zambia Institute of Chartered Accountants (ZICA) and the Chartered Institute of Management Accountants Zambia Branch (CIMA). He serves as chairman of the Audit and Risk Committee and sits on the Remuneration and Employee Development Committee.

Mrs. Mildred T Kaunda
Nationality: Zambian
Qualifications: MBA (Melbourne Business School, University of Melbourne, Australia), Bachelor of Arts (Cum Laude) major in Economics (Fisk University, USA)

Experience:
Mildred is the founder and managing consultant of communications firm Cutting Edge PR. She focuses on the ongoing sustainability of the agency, creates strategic communication frameworks for client campaigns and oversees all client services. She has over 26 years' senior executive experience in public relations as well as financial services. Mildred previously worked in various international financial institutions; including Investec, Standard Corporate and Merchant Bank, Trade and Development Bank (formerly PTA Bank) and Deloitte in Kenya, South Africa and Zambia. She serves as a director on other boards. She sits on the Executive Committee, Nominations and Audit and Risk committees.

Mr. Munakupya Hantuba

Nationality: Zambian
Qualifications: Bachelor of Arts, Economics (UNZA)
MBA Finance (University of Stirling, Scotland)

Experience:
Munakupya is the Group CEO of African Life Holdings Limited since January 2016. He set up the Financial Services Division of the Anglo-American Corporation in 1992, which created the Multi-Employer Saturnia Regna Pension Fund. He serves as a director on several boards. He is a member of the Executive Committee and the Remuneration and Employee development Committee.

Mr. Thomas Featherby

Nationality: British
Qualifications: Bachelor of Arts (Hons) (Trinity College of Cambridge, UK)

Experience:
Thomas is currently the Chief Investment Officer of Rondine Capital LLP, an investment firm he co-founded in 2014. Rondine is focused on listed companies in Sub-Saharan Africa and is a long term shareholder of CEC. Prior to founding Rondine, Thomas worked at Helios Investment Partners LLP (London), Lazard and Co. (London), and Vermillion Partners Ltd (Beijing). He sits on the Audit and Risk and Health, Safety, Environment and Social committees.

OUR BOARD OF DIRECTORS (CONT..)

Mr. Abel Mkandawire

Nationality: Zambian
Qualifications: Master's Degree in Electrical Engineering, Leningrad (Petersburg) Russia

Experience:
Abel was the first Zambian General Manager of the former Zambia Electricity Supply Corporation Ltd, now ZESCO Ltd, a position he was appointed to in 1974. He joined the Behrens Group in 1980, subsequently becoming its Executive Chairman. He has served on several boards in different capacities, including as chairman. He is a chartered engineer, a fellow of the Institute of Engineering and of the Engineering Institution of Zambia, which he had presided over in the 1980s. He is a fellow of the World Bank British Institute of Management and was elected Member of Parliament for Lusaka's Matero constituency in 1988. Abel continues to play an active role in various sectors of the Zambian economy. He serves as Chairperson of the Remuneration and Employee Development Committee and sits on the Risk and Health, Safety, Environment, and Social committees.

Abel passed away on 6th February 2021, post the reporting date. May his soul rest in peace.

Dr. Patrick Nkanza

Nationality: Zambian
Qualifications: Bachelor of Engineering (BEng) University of Zambia, Doctor of Philosophy (PhD) (University of Strathclyde, Glasgow, United Kingdom)

Experience:
Patrick has written and/or published more than 25 papers. He currently works as an independent consultant; having served in both public and private sector capacities in and outside Zambia over many years, including as Permanent Secretary in the Ministry of Higher Education from 2012 to 2016 and as Director General of the Technical Education, Vocational and Entrepreneurship Training Authority. His board directorate experience includes having chaired the board of directors of ZESCO. He is chairperson of Executive Committee and a member of the Audit and Risk Committee.

Mr. Trevor Kaunda

Nationality: Zambian
Qualifications: Bachelor's Degree, Mathematics and Computer Science, Executive MBA, University of Lusaka

Experience:
Trevor is the serving Permanent Secretary in the Ministry of Energy and represents GRZ on the board since September 2019. He has held several senior management roles in different ministries of the Zambian government from 2008 when he last worked in the private practice. He has a background in insurance and holds, among his qualifications, a Bachelor of Science degree in Mathematics and Computer Science from the University of Zambia and an Executive MBA (Leadership and Wealth Creation) from the University of Lusaka.

Mr. Owen Silavwe

Nationality: Zambian
Qualifications: Bachelor's Degree, Electrical Engineering (University of Zambia), Master of Science, Electrical Power Engineering (Chalmers University), MBA (IMD)

Experience:
Owen has been Managing Director of CEC since 2014, when he also took up the appointment to the board, having served as the Company's Managing Director – Operations since the earlier part of 2013. Prior to his current role, he served as Commercial Director and Chief Operating Officer of the Company. He has over 21 years' experience in the management and operation of electricity infrastructure and energy markets. He has made significant contribution to the business transformation of CEC. He is a member of the Executive and the Remuneration and Employee Development committees.

OUR BOARD OF DIRECTORS (CONT..)

Mr. Mabvuto Tembo Chipata

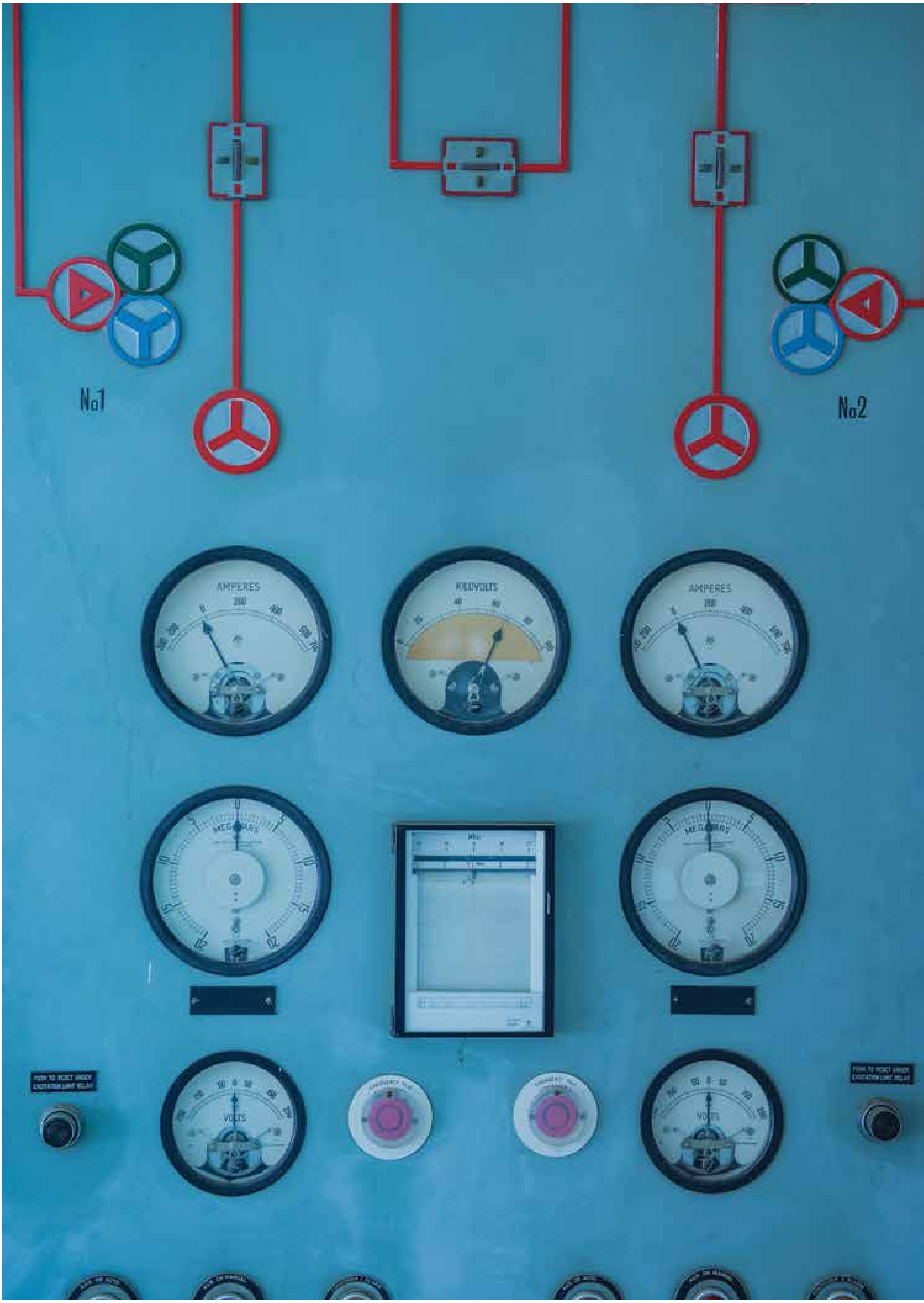
Nationality: Zambian
Qualifications: Bachelor of Accountancy Degree, Copperbelt University (CBU) FCCA, FZICA, B.ACC

Experience:

Mabvuto is an experienced investment, finance and accountancy professional with over 25 years of experience acquired from several financial and investment institutions in which he has held senior management positions. He is currently serving as the Chief Executive Officer and Executive Director of ZCCM-IH.

As a team player and leveraging on his extensive experience and leadership skills, he has played a leading role to deliver successful balance sheet restructuring, raise capital, and business acquisitions. The USD300 million ZCCM-IH balance sheet restructuring, the GRZ sale down project that resulted in NAPSA acquiring 15% of ZCCM-IH shares, and projects such as the USD540 million cement project; acquisition of additional USD10 million CEC shares; acquisition of additional 50% of Kariba Minerals and acquisition of Mushe Milling rank among his top investment accomplishments. Mabvuto also serves on the boards of Kansanshi Mine, Lubambe Copper Mine and Kandende Safaris and Cosmetics Limited.

Appointed: 12th June 2020


No1
No2
AMPERES
KILOVOLTS
AMPERES
MEGAVARS
MEGAVARS
VOLTS
VOLTS

OUR EXECUTIVE MANAGEMENT

CEC's executive management team provides day-to-day leadership to the Company through the implementation and execution of approved strategy, application of policy and detailed operational plans. Our executive management is highly skilled and focused on the creation of sustainable value in both the short and long term for all our stakeholder groups.

Mr. Owen Silavwe

Managing Director

Nationality: Zambian

Qualifications: Bachelor's Degree, Electrical Engineering (University of Zambia), Master of Science, Electrical Power Engineering (Chalmers University), MBA (IMD)

Refer to Board listing for bio data.

Mutale Mukuka

Chief Financial Officer

Nationality: Zambian

Qualifications: Chartered Management Accountant (UK), MBA (IE Business School) Spain, Fellow of the Zambia Institute of Chartered Accountants

Experience:

Mutale is a finance, commercial and corporate development executive with over 20 years' experience attained primarily in Sub-Saharan Africa. He was appointed Chief Financial Officer in August 2014 and prior to this, he served as interim Chief Financial Officer for the then subsidiary CEC Africa Investments Limited, and also as its Regional Head – West Africa based in Abuja. He previously held senior positions in CEC including Director Corporate Finance, Manager Corporate Finance and Business Planning Head. He is a member of the Executive Committee of the Board.

In his present role, he is responsible for driving financial strategy, investment monitoring, M&A, financial operations, control, tax planning and structuring.

Christopher Nthala

Chief Operating Officer

Nationality: Zambian

Qualifications: Bachelor's degree in Engineering (Electrical), Diploma in Distribution Engineering (British Electricity International, UK), Advanced Management of Power Systems (SwedPower/ Vattenfall, Sweden)

Experience:

Christopher was appointed Chief Operating Officer for CEC in 2013, heading the Operations Directorate and responsible for the management of all operations aspects of the power system (system operations, system maintenance, emergency power, system safety). He has over 20 years' experience in the Zambian electricity supply industry, holding various portfolios up to Director for Generation and Transmission at ZESCO. He has also served as Manager for the power distribution network at Kansanshi Mine in Zambia, a subsidiary of First Quantum Minerals. Further, he has been involved with SAPP activities for many years, rising to Chairman of the Management Committee. He is a a member of the Safety, Health, Environment and Social Committee.

Julia Chaila

Chief Legal Counsel/Company Secretary

Nationality: Zambian

Qualifications: Bachelor of Laws Degree (University of Zambia), Advocate of the High Court and Supreme Court for Zambia, Chartered Arbitrator (United Kingdom)

Experience:

Julia is the management head of the in-house Legal Department, which she established in 1997. She is also Company Secretary for CEC. Julia has over 25 years' experience in Corporate and Commercial law and has, in particular, specialised in energy, construction and mining law. Julia has previously held several senior positions in both the private and public sector, including as Management Head of the ZCCM Legal Department on the Copperbelt. Julia is an active member of the Law Association of Zambia and currently sits on the Legal Practitioners Committee and the Electoral Board.

OUR EXECUTIVE MANAGEMENT (CONT..)

Vincent Nyirenda

Chief Projects Officer
Nationality: Zambian
Qualifications: Bachelor of Engineering Degree (UNZA), Diploma in Management Studies (Management College of Southern Africa), Member of the Engineering Institution of Zambia (EIZ)

Experience:
Vincent was appointed Chief Projects Officer in June 2019. He has previously held senior positions in CEC including Head-Business Expansion, Director Pre-Commissioning, Compliance and Quality Manager. In his present role he is principally responsible for managing short and long term capital projects for the power system and business expansion, equipment replacement, operational efficiency and safety/ environmental compliance in line with approved budgets, resources, and project governance standards to underpin business growth and profitability.

Based on previous experience as a consultant, he also plays a role in providing guidance and support for the leadership development, HSE, strategic planning and performance management initiatives in the Company.

Titus Mwandemena

Chief Commercial Officer
Nationality: Zambian
Qualifications: Bachelor of Engineering Degree (University of Zambia), MBA (Copperbelt University), Master Level-European Energy Transition (European University Institute, Florence School of Regulation, Robert Schuman Center for Advanced Studies)

Experience:
Titus has been serving as Chief Commercial Officer since 2015 and was appointed to the Management Committee of CEC-DRC SARL in 2019. Before his current position, he served as Senior Business Development Manager and later as Commercial Director. His main responsibilities include business development, account management and power trading.

He has extensive experience in business planning, operation and maintenance of high voltage transmission and substation systems in Zambia and has a good understanding of energy markets in the SADC region. From his earlier role as Commercial Director, Titus contributed to the development and growth of the power trading business segment of the Company.

John Simachembele

Chief Human Resources Officer

Nationality: Zambian

Qualifications: MBA (Strathclyde University), MSc Human Resources Management (Heriot-Watt University), Fellow of the Zambia Institute of Human Resources Management (FZIHRM)

Experience:

John is a strong HR generalist with over 25 years' quality Human Resources management and consultancy experience, and accomplishment across a number of top-tier national and multinational companies. John has a track record of adding value to organisations through the development of a strategy-led people agenda and enabling systems, policies and initiatives and through the development of leadership, talent and culture required for organisational effectiveness and performance.

As a consultant, he has executed several high-profile assignments both in Zambia and the sub-region and provided leadership as team lead for a number of them. Prior to joining CEC as Director HR in May 2015, John held the position of Senior Human Resources Manager at MTN Zambia Limited. Amongst the positions he has previously held are Human Resources Consultancy Services Manager with PricewaterhouseCoopers, Human Resources Manager with Stanbic Bank, Policy and Process Analyst with Barclays Bank and Industrial Engineer with ZCCM.

RISK MANAGEMENT, ASSURANCE AND CONTROLS

The Company recognises that managing risk is an essential and critical component of business life. Identifying business objectives and understanding the risks that need to be managed to achieve those objectives will enhance management's ability to make better decisions, deliver strategic and operational performance targets, protect corporate reputation and drive shareholder value.

The Company employs statistical tools, such as the heat map illustrated below, to assess various anticipated risks to the business and to inform the formulation of strategies to address such risk. Risks that the business faces include financial, legal, regulatory, commercial, technical, reputational, safety and environmental. During the reporting period, the Company has had to address various risks. Whereas some of the risks were addressed and closed, others are pending resolution at the relevant levels of the Company's risk management structure.

Currently, the Company is actively managing risks related to tax, commercial agreements and the impact of COVID-19.

Key Business Risks Heat Map							
Extreme	**C6**	**21**	**30**	**32**	**34**	**35**	**36**
Major	**C5**	**17**	**27**	**28**	**29**	**31**	**33**
High	**C4**	**14**	**22**	**23**	**24**	**25**	**26**
Moderate	**C3**	**8**	**15**	**16**	**18**	**19**	**20**
Minor	**C2**	**2**	**9**	**10**	**11**	**12**	**13**
Insignificant	**C1**	**1**	**3**	**4**	**5**	**6**	**7**
		L1	**L2**	**L3**	**L4**	**L5**	**L6**
		Almost impossible	Very unlikely	Unlikely	Likely	Very likely	Almost certain
		Likelihood					

Internal controls

The Company maintains a comprehensive system of internal controls to mitigate identified risks and to ensure that its objectives are consistently achieved. CEC's internal controls are based on the principle of acceptable risk being inherent to the design and implementation of a cost-effective system. This system of internal controls includes monitoring mechanisms and mitigation measures for deficiencies when they are detected. The system is benchmarked against the Committee of Sponsoring Organisations of the Treadway Commission Internal Control – Integrated Framework.

Assurance

Internal Audit Plans are set each year and approved by the Board through the Audit and Risk Committee. Designed on a risk-based assurance approach, they are focused on adding value to the control environment while rendering independent assurance to the Board on the effectiveness of internal controls over operational and compliance activities, and the adequacy of our governance system.

The year 2020 had 15 recommendations brought forward from the 2019 audits while 5 arose from reviews of 2020 audits. A total of 5 recommendations brought forward from 2019 audits and 3 raised during the period under review were implemented. The overall close out rate for the period stood at 59%.

DIRECTORS' REPORT

The Directors have pleasure in submitting to the shareholders, their report on the financial statements for Copperbelt Energy Corporation Plc ("the Company") for the year ended 31st December 2020.

The Directors' Report has been prepared and is published in accordance with and in reliance upon applicable Zambian company law. The liabilities of the Directors in relation to this report are subject to the limitations and restrictions provided by such law.

General Company Information

As at 31st December 2020, the CEC Group comprised:

- The Company,
- CEC-Kabompo Hydro Power Limited, a subsidiary company incorporated to develop the Kabompo hydro power generation project in Zambia's North-Western Province,
- CEC-InnoVent South and InnoVent-CEC North are special purpose companies incorporated as joint ventures with InnoVent SAS following the award to develop 2x20MW of solar PV projects under the GET FiT Zambia program,
- Copperbelt Energy Corporation DRC Sarl, a subsidiary company incorporated in the DRC to secure the power trading business segment and grow the Company's interest in that country, and
- Power Dynamos Sports Limited, a special purpose vehicle which runs Power Dynamos Football Club.

The principal activities of the Company are the supply of power primarily to the copper mines based in the Copperbelt Province of Zambia and some mining companies in the DRC in conjunction with that country's state utility, SNEL. CEC wheels power through its network on behalf of ZESCO in the Copperbelt and operates a transmission interconnection with the DRC. The Company further has an IRU with Liquid Telecom through which the excess capacity of optic fiber is used for commercialization of its telecommunications assets. There were no significant changes in the nature of the principal activities of the entity during the year under review.

The Company's core business remains the transmission, distribution, generation and supply of electricity, primarily to mining customers in the copper mining regions of Zambia and the DRC.

CEC is a public limited company incorporated under the Companies Act, 2017 of the Laws of Zambia and is listed on the LuSE.

The Company's registered office and principal place of business is its headquarters at Stand 3614 on 23rd Avenue in Nkana East, Kitwe.

Capital Structure and Shares

The authorised share capital of the Company is K20,000 thousand, divided into 2,000,000,000 ordinary shares of a par value of K0.01 each and 1 special share of K1.40 held in the Company by the Government of the Republic of Zambia. The Company's share register and other Company records are maintained at its registered office.

As at 31st December 2020, the shareholding in the Company was as follows:

Marina IV (Singapore) Pte Ltd	466,558,433
ZCCM Investments Holdings PLC	391,795,562
Private Individuals/Institutions	346,735,383
Zambian Energy Corporation (Ireland) Limited	215,315,790
Standard Chartered Zambia Securities Services Nominees Limited	108,265,214
Standard Chartered Private Equity	6,330,215
Government of the Republic of Zambia (Golden Share)	1 Special Share

All ordinary shares have the same rights, including the rights to one vote per share at any general meetings and equal proportion of any dividend declared and paid. The rights and obligations to the shares in the Company are provided in the Articles of Association.

Significant Shareholding in the Company

As at 31st December 2020, substantial shareholding (5% or more) in the Company's share capital was as follows:

Marina IV (Singapore) Pte Ltd	28.71%
ZCCM Investments Holdings PLC	24.11%
Zambian Energy Corporation (Ireland) Limited	13.25%
Standard Chartered Zambia Securities Services Nominees Limited	6.66%
Standard Chartered Private Equity	5.93 %

Directors' Interests and their Interests in the Company's Shares

Directors' interest in the share capital of the Company are shown in the table below:

	2020	2019	2018	2017	2016
Total ordinary issued shares of the Company	1,625,000,597	1,625,000,597	1,625,000,597	1,625,000,597	1,625,000,597
Direct shareholding					
Owen Silavwe	3,628,981	982,500	982,500	982,500	982,500
Munakupya Hantuba	343,615	343,615	343,615	343,615	343,615
Mabvuto Chipata*	1,180	1,180	1,180	1,180	1,180
Indirect shareholding					
Abel Mkandawire	65,453,782	44,485,577	44,485,577	153,246,550	153,246,550

* *Mabvuto Chipata was appointed to the Board on 12th June 2020*

Directors' Indemnity Statement

As permitted by the Company's Articles of Association, the Directors have the benefit of an indemnity, which is a qualifying third-party indemnity provision as defined under the Companies Act, 2017. The indemnity was in force throughout the last financial year and remains in force. The Company also purchased and maintained, throughout the financial year, Directors' and Officers' liability insurance in respect of itself and its Directors.

Dividends

Delivering shareholder value is the primary object of the business' existence. Dividend distribution is one of the ways in which shareholder return is realized. The dividend policy in place provides for a pay out of 50% of earnings; subject to the availability of cash, reserves and having provided sufficiently for working capital and other obligations.

A cash dividend of USD34.1 million was paid to our ordinary shareholders, an increase of 10.44% over 2019 (USD30.9 million).

Activity of Company Shares on the LuSE

The Company continued to be listed and actively traded on the LuSE. A total of 66,456,013 shares were traded in 2020 (2019: 14,995,706) in 1,010 trades. Total turnover was ZMW56.7 (USD3.0) against prior year's ZMW20.4 (USD1.6 million). The share price averaged ZMW0.96, between a 12-month high of ZMW1.23 and a low of ZMW0.73, and closed the year at ZMW1.10. The share price moved from a low ZMW0.73 to close at ZMW1.10 in the last quarter in response to the interim dividend declaration of ZMW0.4407 per share announced on 2nd December. CEC ranked second place on the LuSE by volume (3.83% of the total volume traded) and third place by turnover (13.5% of total turnover) during the 2020 trading year. The Company's shares are traded in the dematerialised form. CEC's transfer agent is Corpserve Transfer Agents Limited.

Financial Results

Below is a table of financial highlights of the Company over the last five years.

In thousands of USD	2020	2019	2018	2017	2016
Revenue	370,931	408,272	421,203	389,532	354,626
Gross Profit	118,955	101,960	113,922	130,438	117,722
PBIT	9,947	17,372	92,182	79,579	(80,218)
Net profit/ (loss) attributable to equity holders	5,609	12,246	55,856	48,378	(113,687)
Total non-current assets	503,313	457,557	441,973	455,619	436,170
Inventory	1,870	1,605	3,044	3,391	4,156
Current assets	171,642	182,862	200,097	182,426	149,168
Total assets	674,955	640,419	642,070	638,045	585,338
Current liabilities	159,486	124,000	106,397	96,899	91,408
Loans	26,725	53,375	59535	73555	87575
Non-current liabilites	212,995	162,790	164,657	172,151	192,991
Equity	302,474	353,629	371,016	350,910	300,939
Acid test ratio (Times)	1.06	1.45	1.85	1.85	1.59
Adjusted EBITDA	108,208	91,200	103,464	101,471	92,419
Return on Assets	1%	2%	9%	8%	-19%
Return on Equity	2%	3%	15%	14%	-38%
Earnings per share	0.003	0.008	0.0340	0.0300	(0.0700)

Going Concern

As a power utility, the Company's principal activities include (i) provision of transmission and distribution services to third parties who desire to use its infrastructure to move power from one end of the network to the other. At the moment, this service is primarily used by ZESCO for the supply of power to its industrial, commercial and domestic users in the Copperbelt and, effective 1st June 2020, for their supply of power to KCM; (ii) the provision of local power supply with associated services such as provision of emergency generation to the mining companies in the Copperbelt, underpinned by the respective PSAs on one end and power sourced from generators such as ZESCO, Lunsemfwa and Dangote under the respective agreements on the other; and (iii) regional power supply to the mines in the DRC through the state utility (SNEL) for power sourced from regional utilities.

The BSA between the Company and ZESCO terminated by effluxion of time, following failed negotiations by the parties. This agreement, entered into on 21st November 1997, underpinned the following: (i) the provision of wheeling services on behalf of ZESCO for its non-mining customers in the Copperbelt; (ii) the provision of wheeling services on behalf of ZESCO for its customers in the DRC and (iii) anchoring the power sourced from ZESCO for onward selling to the mining companies in the Copperbelt. Despite the BSA having terminated, the parties – GRZ, ZESCO and CEC – have agreed to continue facilitating an efficient and economic supply of power to the consumers on the Copperbelt.

The PSA between the Company and KCM terminated on 31st May 2020 by effluxion of time and at the time of termination, KCM had an overdue unpaid debt for power supplied of USD144.7 million. Two days prior to the termination of the PSA, the Minister of Energy declared the Company's transmission and distribution lines as common carrier via issuance of SI 57 of 2020. Furthermore, the ERB prescribed an interim tariff for third party use of CEC's network, equivalent to about 30% of the Company's standard network tariff.

The commercial implication of the above actions are (i) a KCM load shift from the supply segment to the Use of System segment; (ii) the KCM load shift partially mitigates the ongoing KCM credit risk, despite a recognition that the historic debt and ongoing transmission interface related services are not being paid for; (iii) operationally, despite the expiry of the BSA, CEC has continued to provide wheeling services to ZESCO for its Copperbelt and DRC customers and ZESCO has continued to make available power to CEC for supply to the Company's mining customers. Despite the seemingly working operational arrangements, the risk attendant to operating without key contracts cannot be over emphasized.

During the year ended 31st December 2020, the Company made a profit of USD5.5 million (2019: USD12.2 million). At that date, the Company's current assets exceeded the current liabilities by USD2.8 million (2019: USD56.4 million). The cash and cash equivalents as at 31st December 2020 were USD83.0 million (2019: USD 77.9 million).

The Directors have examined the operating regime triggered by the above actions and reviewed the financial forecast and projections of the Company, which take into account the events subsequent to the reporting period, specially the Ruling of the High Court; subsequent Appeal by the Attorney General; the Company's business activities, including the detailed working capital requirements which take into account the cash and cash equivalent position as at the reporting date, and the date of signature of the financial statements; the impact of COVID-19 on the business and its impact considered as part of the going concern assessment; the risks as outlined in the risk management section of this report and the overall financial sustainability of the Company.

Having reviewed the above, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the annual report and accounts.

Capital Expenditure

The Company's capital expenditure activities for 2020 aimed to continue with the strategic direction, targeted at mitigating business risks, ensuring customer satisfaction and securing the Company's ability to continue providing services in the long term.

The planned capital expenditure was focused on replacement of assets that had reached end of life, expansion of capacity at some substations to meet customer needs, retrofitting and refurbishing of key assets to renew their lives and compliance with both regulatory and the high HSES standards required for our operations. However, implementation of the bulk of the projects was negatively affected by the COVID-19 pandemic, which prevailed during the year, leading to some projects either being postponed or put on hold until the situation subsides. The expenditure on routine capital projects during the year was USD8.8 million (2019: USD20.3 million).

Insurance

The Company retains cover for and has insured its operational assets against property damage and business interruption. The Company also maintains insurance for its Directors in respect of their duties as Directors of the Company. Besides the foregoing, the Company has cover for employer's liability, public and product liability, group life assurance, group personal accident and motor vehicle.

Total premiums paid during the year were USD1.3 million (2019: USD1.5 million).

Operations

During the year under review, the performance of the CEC network continued to be satisfactory, despite a scale down in both capital projects and maintenance activities due to the COVID-19 pandemic. The key quality performance indicators of network availability remained above both regulatory and internal targets.

However, in October 2020 four major external faults were recorded from the DRC due to trip outs of both converters at Kolwezi. The resultant system disturbances were characterised by power swings and voltage fluctuations, with CEC customers shedding load in excess of 140MW. In order to protect its network and customers from these externally induced disturbances, the Company implemented the under-voltage protection features on the Zambia-DRC inter-connectors following the recommendations of a joint SAPP technical task team comprising CEC, ZESCO and SAPP engineers. The dynamic system compensation study, which was commissioned earlier in the year to inform a long term solution to this perennial challenge and to optimise capacity utilisation on the DRC inter-connectors, was expected to be completed in the first quarter of 2021 by the consultant, Energy System Planning Pty.

The low water levels in the country's main reservoirs resulted in a national deficit in power generation. ZESCO implemented countrywide load management activities targeting industrial, retail and domestic customer categories. Due to its strategic place in the nation's economy, the mining industry was largely spared.

Criminal activities, particularly theft of copper conductors on some of the Company's overhead transmission lines, remained a major source of concern due to the threat on the security of power supplies to customers. Tracking of offenders and security patrols in conjunction with state security agencies as well as collaboration with the local communities have continued and a number of suspects have been arrested and are currently appearing before the courts of law.

Human Resources

Staff Costs

The total employee benefits and staff related costs in the Company amounted to USD21.9 million in 2020 compared to USD19.6 million in 2019.

Staff Headcount

The table below shows the average number of employees during the year.

Month	Headcount
January	380
February	381
March	380
April	379

Month	Headcount
May	376
June	376
July	375
August	373

Month	Headcount
September	369
October	368
November	365
December	364

The Company has an Employee Share Ownership Plan in which all employees are eligible to participate. The Company is committed to attracting, developing and retaining individuals capable of delivering its business objectives into the future, thereby contributing to enhanced shareholder value.

The Board

The membership of the Board as at 31st December 2020 was as follows:

Non-Executive Directors

London Mwafulilwa– Chairman
Patrick Nkanza– Vice Chairman

Abel Mkandawire
Ronald Tamale
Joe M Chisanga
Munakupya Hantuba
Derek Chime
Mildred T Kaunda
Mabvuto Chipata
Thomas Featherby
Trevor Kaunda

Independent Non-Executive Directors

London Mwafulilwa
Patrick Nkanza

Executive Director

Owen Silavwe

Schedule of Directors' meeting attendance – Schedule 1 (prior to board committees reconstitution)

The table below shows attendance of each Director and Alternate Director at Board and committee meetings (scheduled and unscheduled) held during the periods April, June and August 2020

	Board	Excom	Audit	RED	IC	HSES	Risk	Nominations
Number of meetings held in the year	6	9	3	3	3	3	3	3
Director								
London Mwafulilwa	6	9	*	*	*	2	*	3
Munakupya Hantuba	6	7	*	3	3	*	*	*
Derek Chime	6	*	*	3	3	3	*	*
Abel Mkandawire	6	*	*	3	*	3	3	*
Ronald Tamale	6	9	3	*	*	*	2	3
Reynolds Bowa (retired 12th June 2020)	4	8	2	*	*	2	*	*
Owen Silavwe	6	9	*	3	3	*	3	*
Joe M Chisanga	6	*	3	*	3	*	3	*
Mildred T Kaunda	6	9	3	3	*	*	*	3
Thomas Featherby	6	*	3	*	3	1	2	*
Patrick Nkanza	6	1	1	2	2	2	*	*
Mabvuto Chipata (appointed 12th June 2020)	3	*	*	*	1	2	*	*
> Mutale Mukuka	*	9	*	*	*	*	*	*
• Arnold Simwaba	2	*	*	*	*	*	*	*

• Alternate Director to Director Trevor Kaunda
* Not Applicable

> Chief Financial Officer, Mutale Mukuka, is a member of the Executive Committee

Schedule of Directors' Meeting Attendance – Schedule 2 (post-board committees reconstitution)

The table below shows attendance of each Director and Alternate Director at Board and committee meetings (scheduled and unscheduled) held in November 2020.

	Board	Excom	Audit/Risk	RED	HSES	Nominations
Number of meeting held in the year	1	1	1	1	1	*
Director						
London Mwafulilwa	1	1	*	*	1	*
Munakupya Hantuba	1	1	*	1	*	*
Derek Chime	1	*	*	1	1	*
Abel Mkandawire	1	*	*	1	1	*
Ronald Tamale	1	1	1	*	*	*
Owen Silavwe	1	1	*	1	*	*
Joe M Chisanga	1	*	1	1	*	*
Mildred T Kaunda	1	1	1	*	1	*
Thomas Featherby	1	*	1	*	1	*
Patrick Nkanza	1	1	1	*	*	*
Mabvuto Chipata	1	*	*	1	1	*
> Mutale Mukuka	*	1	*	*	*	*
~ Christopher Nthala	*	*	*	*	1	*
• Arnold Simwaba	1	*	*	*	*	*

• Alternate Director to Director Trevor Kaunda
* Not Applicable

> Chief Financial Officer, Mutale Mukuka, is a member of the Executive Committee
~ Chief Operating Officer, Christopher Nthala, is a member of the Health, Safety, Environment and Social Committee

Note: **(1) Detail on Board composition, its role and the 2020 Board changes are contained in the Governance and Leadership Report, pages 66 to 96.**

(2) On 29th September 2020, the board committees were reconstituted by consolidation, thereby reducing the number of said committees from 7 to 5 as indicated in Schedule 2 above.

Directors' Interests in Contracts

There were no contracts of significance during or at the end of the financial year in which a Director is or was materially interested other than through shareholding interests.

Directors' Fees and Remuneration

The Company paid USD0.8 million to the Executive Director as remuneration and USD0.6 million to the Non-Executive Directors as Directors' fees in 2020.

There were no outstanding ESOP loans from the Executive Director at the year end. Members of the Board were not entitled to any form of defined pension benefits from the Company.

Corporate Social Responsibility

The Company's social investment programme encompasses various specifically selected socio-economic sectors which contribute to our creation of shared sustainable value. In 2020, the Company focused on health, especially in response to the public health needs necessitated by the COVID-19 pandemic. This included a donation of test kits and reagents to the Zambian Government. A total of USD1.4 million (2019: USD3.3 million) was spent on social investment in 2020, including the annual grant to Power Dynamos Football Club. The significant drop in social investment spend was necessitated by the generally subdued economic environment resulting from the coronavirus pandemic as well as the constrained operating environment the business found itself in, being a function of pending and unresolved commercial and legal matters involving the Company and industry counter-parties.

Compliance

The Directors confirm that the Company is not in violation of any laws and regulations that would, hereby, have a material adverse effect on the operation of the business and that the Company has obtained all material licences and permits that are necessary to enable it to carry out its business.

Significant Changes in the State of Affairs

There are no significant changes in the state of affairs of the Company that occurred during the financial year under review.

Other material facts, circumstances and events

The Directors are not aware of any material facts, circumstances or events which occurred between the accounting date and the date of this report which might influence an assessment of the Company's financial position or the results of its operation.

Corporate Governance

The Board is committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to refine and improve the governance framework and practices in place to ensure they meet the interests of shareholders. The Company complies with the requirements of the LuSE Corporate Governance Code.

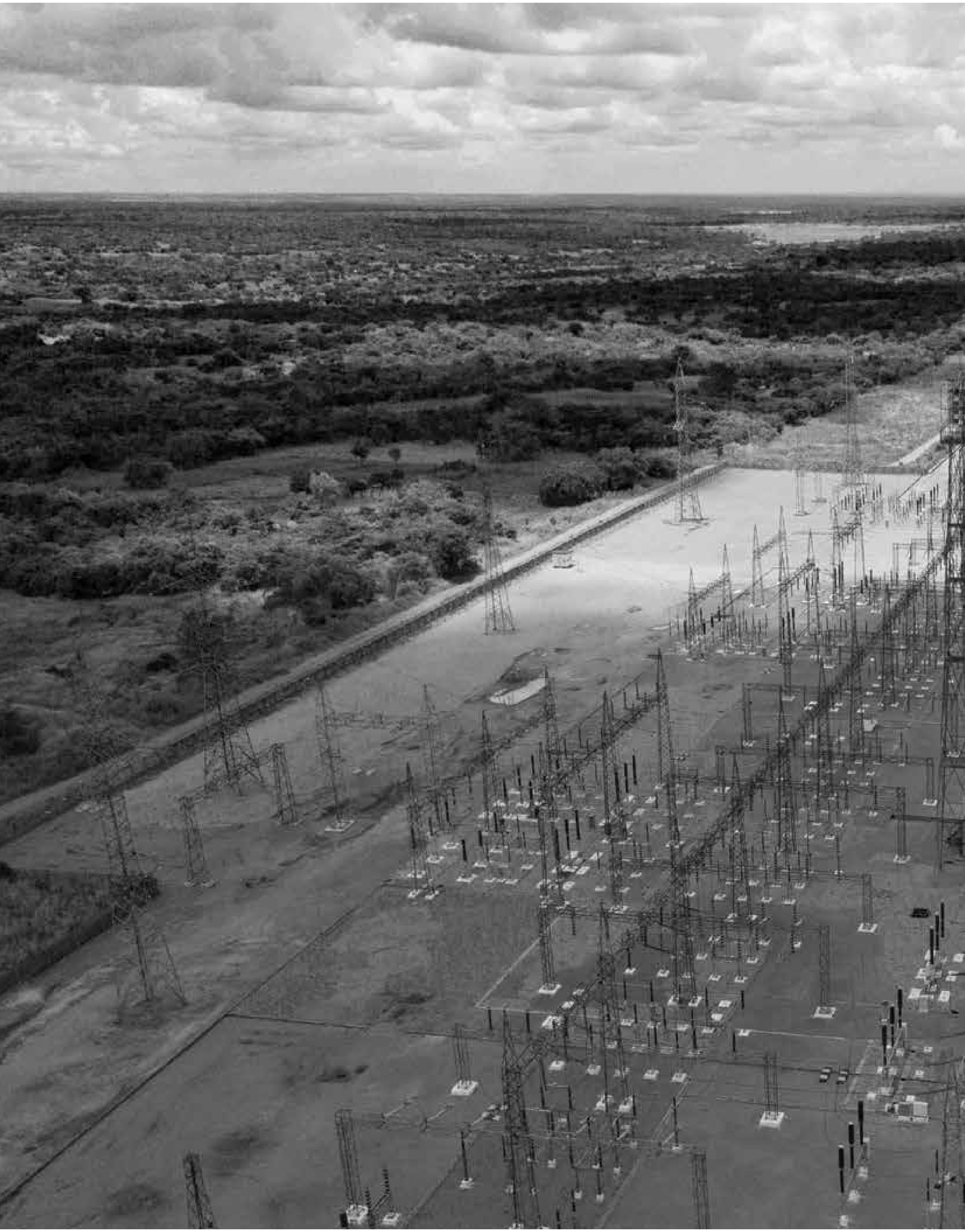
Auditors

At the last AGM of the shareholders of the Company, Messrs PricewaterhouseCoopers were appointed as auditors of the Company.

In accordance with the Company's Articles of Association, Messrs PricewaterhouseCoopers will retire as auditors of the Company at the conclusion of the forthcoming AGM and have expressed willingness to continue in office, a resolution for their appointment and fixing their remuneration will be tabled at the AGM.

By order of the Board

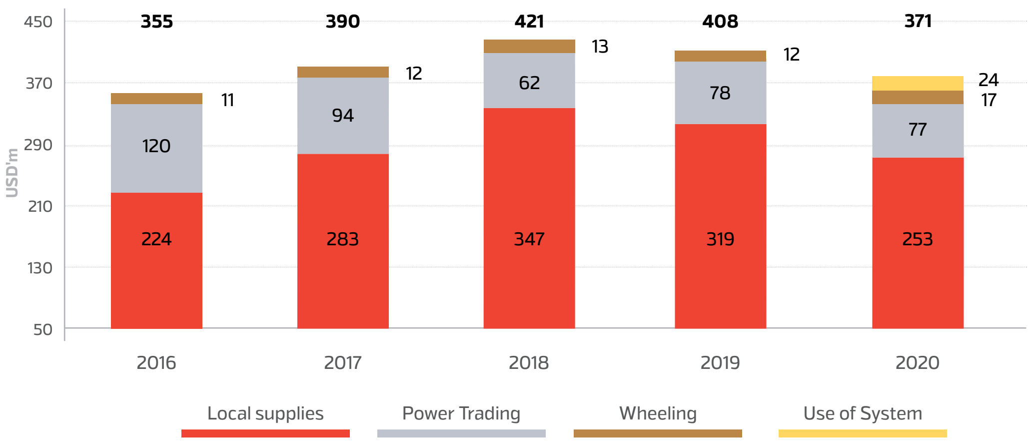
Julia C Z Chaila
Company Secretary

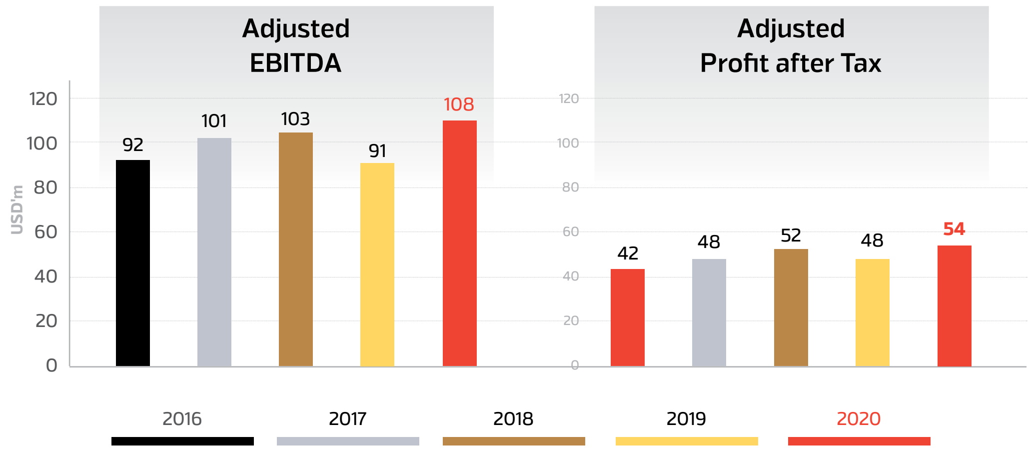


CHIEF FINANCIAL OFFICER'S REPORT

The year 2020 will go down as unprecedented. Our business, our lives and our way of doing things were all disrupted by the COVID-19 pandemic, which also impacted negatively on the world economy. Navigating the pandemic necessitated that the business adopts disease and cross-infection prevention protocols, including remote working arrangements for employees and contractors, and reorganizing our crews to ensure interminable network availability and service delivery. The general slowdown in business activity meant that the frequency of maintenance was lower than would ordinarily be expected. Supply chain disruptions also affected project implementation.

Revenue





Revenue

The continued KCM payment default, the Minister of Energy declaring the Company's transmission and distribution lines as common carrier and the ERB prescribing a tariff equivalent to 30% of the Company's standard tariff were among the specific risks attending the business during the year. All of these matters were going through an arbitral-type process for possible resolution.

Revenue was down 9.1% (USD37.4 million) to USD370.9 million from USD408.3 million the previous year. This was mainly on account of the KCM load shift from supply to use of system. The implication is that for all of KCM's power consumption, CEC's compensation is limited to the use of its infrastructure for the transportation of the power supplied to KCM. In terms of revenue contribution by business segment:

(i) local power sales to the Copperbelt mines reduced by 21% (USD65.4 million) from USD318.8 million to USD253.4 million; primarily because of the KCM load shift factor already explained. This segment contributed 68% of total revenue, relative to 78% the prior year.

(ii) Electricity sales to the mines in the DRC, through its state utility SNEL, at USD77.6 million was comparable to the prior year.

(iii) Wheeling services increased 42% from USD11.8 million to USD16.5 million on account of ZESCO's reduced load shedding of its Copperbelt commercial and residential customers as well as an increase in exports to its customers in the DRC.

(iv) Use of system contributed USD24.4 million to revenue. There is no prior year comparison as the segment did not exist before the KCM load shift, beginning June 2020.

Profitability

When adjusted for exceptional items, profitability, whether EBITDA or PAT, has generally shown an upward trend. Exceptional items include ECL impairment charges, provisions and writebacks. Efficiency gains realized from automating and digitizing processes have impacted positively on cash costs. Specific to the year under review, with normal business activity disrupted by COVID-19, a significant reduction in the cost profile was realized. This situation is, however, not sustainable as it has a potential long term effect of impacting on the quality of our service delivery to customers. Recognizing this, the Company has adopted safe work protocols that have positively impacted the way assignments are undertaken.

The financial trends shown below exclude the effect of exceptional items or once-off transactions. The resultant profitability or EBITDA is a useful way of assessing year on year financial performance.

Sale of the CEC Africa Loan to BP Investments Limited

In 2013, the Company advanced a shareholder loan to its then subsidiary, CEC Africa Investments Limited (CEC Africa). In 2016, CEC divested its equity from CEC Africa but retained the loan of USD41.97 million. Despite the loan being fully impaired, CEC Africa retained the legal obligation to repay it. During the year, the Company sold the loan, which had been non-performing from 2013, to BP Investments Limited of Nigeria for USD6.0 million. This amount has been recognised as income in the year.

Elephant in the room – ECL impairment charges

A review of the financial results for 2019 and 2020, reveals a level of ECL impairment charges that has dwarfed business profitability. The ECL impairments increased by 71% from the already abnormally high level of USD55.4 million in 2019 to USD94.9 million at the close of 2020. The abnormality in the quantum of ECL impairment charges has been triggered by the materialisation of one of the key business risks. The revenue concentration risk or, put differently, the customer concentration risk has arisen from the KCM payment default and has materially eclipsed profitability. This has the effect of deteriorating or negatively impacting the balance sheet.

Liquidity position, "Business Oxygen" and balance sheet strength

Consequent to the materialisation of some key business risks, the balance sheet has deteriorated. However, the partial credit mitigation driven by the shifting of the KCM load will not only help to contain the degree of ECL impairment charges but will also reduce the extent of balance sheet erosion. The Company generally recognizes that a strong balance sheet is more likely to survive and possibly withstand economic downturns and can more readily thrive when the going gets good again. At the core of our operations, is the belief that a strong balance sheet should be structured to support the Company's business goals and maximize financial performance. On this basis, we believe that a strong balance sheet goes beyond simply having more assets than liabilities but that it should possess certain characteristics or attributes:

- *Intelligent working capital,* which entails optimum utilization of working capital to fund the core business operations. This is typically measured by the current ratio (current assets: current liabilities). The business has for the past five years consistently had a current ratio of more than 1 and, specifically for the review year, 1.08 (2019: 1.46). The reduction in the ratio is attributed to the significant level of impairments.

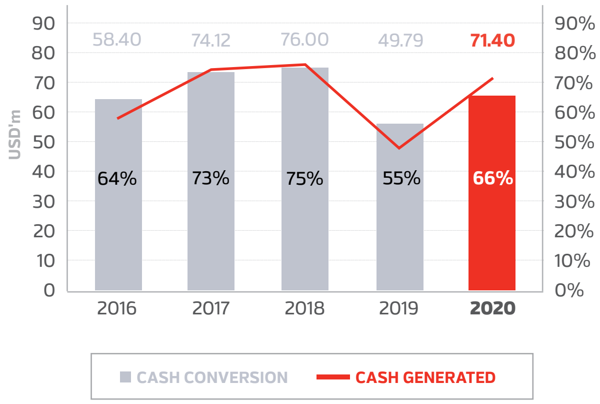
- *Positive cash flow* is key to the sustainability of any operation and, as the saying goes, cash is "the oxygen of any business". Therefore, the business may fail to breathe but will suffocate if cash is limited. CEC always seeks to have a positive cash balance as part of its overall working capital. This is important for measuring the strength of the balance sheet for purposes of facilitating power offtake arrangements with suppliers, credit review processes with suppliers and, more importantly, assure the lenders and investors of the Company's ability to repay its debt and provide a return on funds invested. At year end, a cash balance of USD83.0 million was held compared to USD78.9 million in 2019. Even more critical than conducting a spot check of the balance sheet is the need to meet the target threshold for cash conversion and positive cash generation from operations. In the year under review, the cash conversion ratio was 66% against a target of 64% (2019: 55%), whereas the cash generated from operations was USD71.4 million (2019: USD49.8 million). The table to the right shows the five-year trend of cash generated against the cash conversion ratio. As a business, we believe that cash flow provides a good measure of the real health of the Company relative to earnings, which sometimes includes notional costs and is possibly more prone to being fudged.

Having a balanced capital structure is key to the business' ability to optimize returns to its shareholders and ensuring that it retains a shadow rating within its acceptable range. We recognize that equity is more expensive than debt but also appreciate that debt always poses more risks or could be seen to be dangerous to the business during a downturn on one end and a possible upside when times are good. Because of this risk, managing banking covenants becomes extremely important. During the year, the Company facilitated a prepayment of USD20.0 million to the CTA lenders as part of the overall strategy to reduce the debt level, on the back of the increased business risks. Prepayment was employed as a way of managing the financial covenants which became constrained as a result of the quantum of the ECL impairment charges driven by the KCM payment default. It also reduced the attendant risks associated with the debt. As at balance sheet date, net debt was USD26.6 million, down from USD53.4 million at the beginning of the year. The attendant ratios, the net debt/adjusted EBITDA is 0.25 whereas the net debt to equity is 9%. All the measures signify extremely low gearing for this type of operation. The current level of gearing at 9% compared to 15% in 2019 is deemed to be low for a business of this nature.

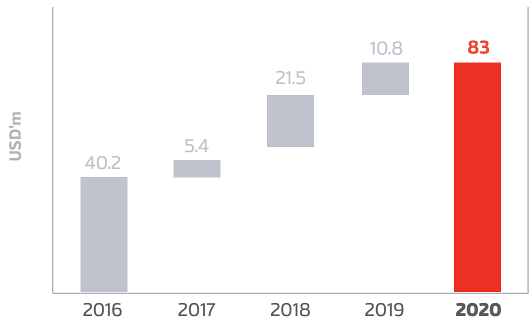
This being a capital-intensive business, having the right type of income generating assets is cardinal to the sustainability of the business as it relates to long term income generation. It is for this reason that capital expenditure is prioritised for constant investment in assets renewal, aligned to the strategy and key to helping the business achieve the required operational and financial goals. In the current period, USD8.3 million was invested in capital expenditure. Lower than expected investments were mostly attributed to the effects of the COVID-19 pandemic which disrupted the supply chain and operations, and, because of social distancing, changed the way we operate.

Strategically, we believe the steps taken to ensure that the balance sheet is strengthened and our continuing to strive for a strong balance sheet has, to some extent, helped the business navigate the current tough times and protected it from the risk of failure. Overall, the above analysis highlights that despite all the challenges and the materialisation of certain key risks, the balance sheet, as of 31 December 2020, is still attractive. However, mitigating the key risks is critical to ensuring that the outlook becomes more positive.

Cash generated and cash conversion



Cash balances



Taxation

The Company, as a good corporate citizen, prides itself in meeting its tax and levy obligations to the central government, local municipalities and government agencies in accordance with all relevant tax laws and regulations. We commit to not only comply with the letter of these laws and regulations, but also with their intent. Therefore, we do recognise that commitment to paying the right amount of tax at the right time is a way of contributing to the delivery of social services in the country. In this regard, the Company complies fully with its obligations to file returns and make tax payments; whether directly, indirectly and/or payable on behalf of its key stakeholders such as employees' taxes, withholding tax on dividends and/or services. Following on this, our total cash tax contribution to the national treasury during the year was USD21.0 million compared to USD61.1 million in the prior year. This significant reduction in the Company's overall contribution to the national treasury was triggered by (i) the high levels of impairment impacted on the quantum of corporation taxes, which reduced from USD23.0 million to USD6.0 million (ii) the VAT incentives extended by the government to MCM impacted on the quantum of VAT paid by CEC, from USD24.0 million to USD7.0 million. Below is a table comprising the different tax types paid by the Company.

Taxes paid USD'M

Description	2020	2019	2018	2017	2016	TOTAL
Corporation Tax	7	23	40	5	20	**95**
PAYE	6	7	8	7	5	**33**
VAT	6	24	23	15	25	**93**
WHT	1	4	4	3	2	**14**
Employer NAPSA	0.5	0.4	0.3	0.4	0.4	**2.0**
Customs	0.3	2	2	2	1	**7.3**
Council Rates	0.6	0.3	0.3	0.3	0.3	**1.8**
Skills Levy	0.08	0.10	0.11	0.10	0.10	**0.49**
Employer Medical Levy	0.13	0.04	0.0	0.0	0.0	**0.17**
Total	**20.9**	**61.8**	**77.7**	**32.8**	**53.7**	**246.8**

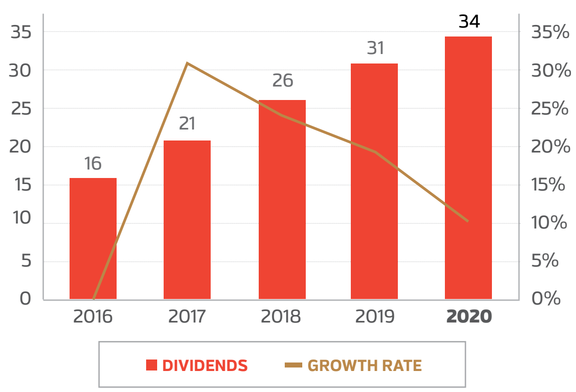
Shareholder value creation and rewards

The core purpose of the business is to continuously create value for its investors in a sustainable way by using the best approaches while taking account of the diversity of its stakeholders. In doing so, creating and having the right balance between the short term needs and interests of investors, the long term business growth objectives and the interests of other stakeholder groups is at the core of decision-making for the business. Measuring returns to investors involves a combination of dividends, capital expenditure investments and investments in other businesses. Consequently, in fostering this, the strategy has focused on opportunities for organic growth, to the extent possible, coupled with opportunities involving the possible integration of identified opportunities to align with our core or existing businesses. As part of our value creation strategy, we evaluate opportunities possessing the potential to provide long term returns and, more importantly, which align with our existing businesses and cultural fit as well as an anchor for long term service provision. Against this background, we focused on investing in our network infrastructure, transmission and distribution network. This should result in sustained improvement in the reliability of our network and the quality of power supply. Investing in and maintaining this infrastructure requires significant financial capital and the appropriate levels of human and intellectual capital, as well as certain natural capital inputs and outcomes. Over the long term, the investments in manufactured capital should typically generate net positive outcomes.

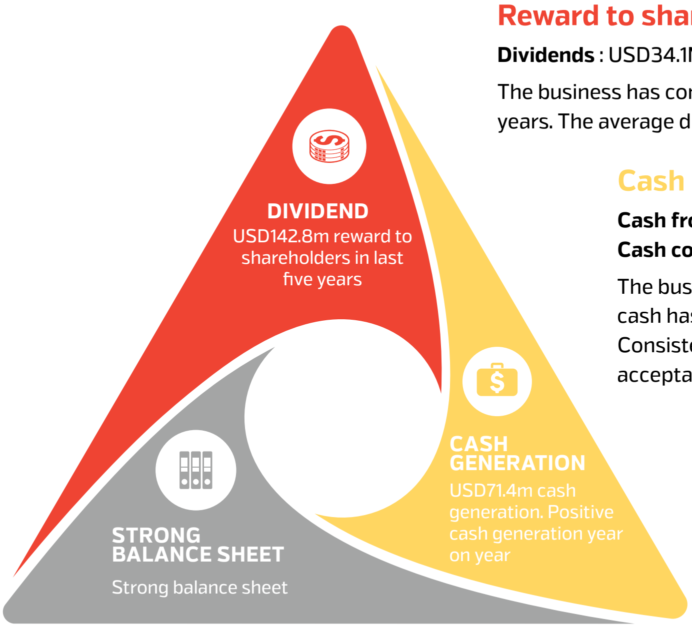
To ensure the alignment of interests and to avoid agency problems, the Company has in place a Long Term Incentive Plan for its top level management team, an Employee Share Ownership Plan for all the employees and short term incentive performance related compensation for all employees.

The Board remains resolute on the need to continue with the policy of rewarding shareholders and investing in the business for the long term, in accordance with the capital allocation priorities alluded to earlier and as guided by the dividend policy. Therefore, a dividend of USD34.1 million (2019: USD30.9 million) was paid during the year. This is equivalent to USD0.021 per share (2019: USD0.019 per share), representing an increase of 10.4%. The five-year compounded annual growth in dividends paid to our shareholders was approximately 20%. A total of USD128.4 million has been returned to our shareholders as dividends over the past five years.

Dividend payment vs. growth rate



INVESTOR - VALUE PROPOSITION



Reward to shareholders

Dividends : USD34.1M; 2019: USD30.9M

The business has consistently rewarded its shareholders with a dividend in the last five years. The average dividend growth rate per annum over the five years is 20%

Cash generation

Cash from Ops: USD71.4M; 2019: USD49.8M
Cash conversion: 66%; 2019: 55%

The business ability to generate cash through the conversion of profit to cash has yielded results for the business and therefore for the investors. Consistently the cash position and cash generation has been within acceptable range.

Investable balance sheet

Despite all the challenges engulfed by the business, the balance sheet has remained relatively solid and the business continues to position itself as a resilient private power utility in Zambia and the Southern African region.

Going concern

The going concern assessment required the Directors to review the Company's financial health and, specifically, its trading forecasts and working capital requirements for the foreseeable future; taking into account the following key events:

- The material uncertainty brought about by the extraordinary nature of COVID-19 on the business and its operations. The Directors, therefore, considered the specific circumstances that COVID-19 has had on the business and how it will likely continue to impact the Company.
- The continued KCM payment default and there being no immediate solution to the USD153.1 million debt.
- The effect of SI 57, which declared CEC's infrastructure as common carrier and taking into account the events post the reporting date, specifically the High Court ruling in favour of CEC as alluded to in the post balance sheet events update below.
- The expiry of the BSA and there being no agreement as yet to anchor ZESCO's use of the Company's infrastructure to supply its customers in the Copperbelt and DRC, and the Company's power sourcing from ZESCO. In mitigation, all the parties – being the Government, ZESCO and the Company – have agreed to ensure uninterrupted power supply to the Copperbelt customers. In addition, the Directors have considered the fact that the Company has demonstrated and tested the impact of operating without the said contracts and assessed the resultant impact on its working capital, cash and ultimately overall working capital.
- The Company's cash and cash equivalents balance of USD83.0 million (2019: USD77.9 million) comparing that with total borrowings of USD26.6 million, out of which USD7.7 million is payable in 2021.
- The net current position as at the reporting date of USD12.2 million (2019: USD57.4 million) and the profit of USD5.6 million (2019: USD12.2 million).

The Directors, having considered all of the factors above in the assessment of the Company's going concern, took the view that there are sufficient alternative actions and risk mitigations or measures within the control of the Company; which it could employ in meeting its medium to long term objectives. Therefore, the Directors concluded that the going concern basis is the most appropriate on which to prepare the financial statements.

Post balance sheet events

On 26th February 2021, The High Court delivered judgement in the matter (The People vs Attorney General and the Energy Regulation Board, Re: Expartes Copperbelt Energy Corporation Plc) in which CEC sought Judicial Review of the Minister of Energy's declaration of CEC's transmission and distribution lines as common carrier through the promulgation of SI No. 57 of 2020, dated 29 May 2020, and the subsequent decision of the ERB of 31 May 2020 to direct a wheeling tariff of USD5.84/kW/month. CEC succeeded on all grounds of its claim and the Minister's declaration of CEC's distribution and transmission lines as common carrier was quashed.

Subsequent to the ruling of 26th March 2021, the Attorney General has appealed the judgement to the Court of Appeal.

Looking ahead to the challenges of 2021

The macroeconomic outlook in the markets in which we operate is uncertain. The operating environment is expected to remain challenging on account of the following:

(i) The outstanding resolution of the key agreements underpinning our business transactions. These include the transmission use of system arrangements between CEC and ZESCO for the supply of power to KCM on one end, the grid connection or network access agreement between CEC and KCM on the other end, the wheeling agreements to facilitate the use of CEC infrastructure by ZESCO for the supply of power to ZESCO's customers in the Copperbelt and DRC, and finally the power supply agreement for the supply of power by ZESCO to CEC. The risks attendant to operating without key contracts cannot be over emphasized as it has the potential to trigger prolonged litigation. We will, therefore, focus our attention and time in 2021 on managing the operations, facilitating the right risk allocation, and ensuring the rights and obligations of the parties to the supply and grid provision services are addressed in an agreement.

(ii) The continued payment default by KCM and, more fundamentally, there being no immediate solution to the challenges at KCM and to the payment default further increases the risk to the Company. The outstanding debt for power supplied and services provided to KCM as at the balance sheet date was USD153.1 million and for obvious reasons, the quantum of uncollected debt remains one of the key risks the business is facing. For context, in this financial year an amount of USD94.9 million was recognized as ECL impairment charges, the bulk of which related to KCM. Arising from the ECL impairment charges, the balance sheet continues to deteriorate. Hence, the 2021 strategy will focus on collection of this debt which, if collected, should improve the Company's cash position and, in turn, its liquidity; allowing it to settle its obligations to its creditors as part of the overall working capital management. Of more importance, it will improve and stabilize the balance sheet. The shifting of the KCM load from the supply to the use of system segment has in some respects mitigated the on-going credit risk accountable to KCM, recognizing that the debt remains unpaid.

(iii) The effects of the COVID-19 pandemic continue to profoundly impact our supply chain for goods and services relevant to the implementation of projects and operations. The pandemic has also impacted our lives, livelihood, society and the global economy through the various measures implemented to preserve life, enhance safety and prevent disease contraction or spread. Our business and business model have not been as impacted as some other sectors and businesses, though the prolonged duration of COVID-19 makes it difficult to ascertain the long term impact and allow accurate forecasting of business operations. In responding to the pandemic, the Company will continue to support initiatives aimed at slowing the spread of the virus and keeping our people, contractors and communities safe. We have adapted and improved our hygiene practices, split our core teams into separate locations, provided for everyone who can, to work from home and increased distance between colleagues who have to work together as we continue to serve our customers; given that power supply is an essential service in the economy. The business will further work with government health authorities as they devise vaccine options that may be available for the country, communities and our employees.

Mutale Mukuka

Chief Financial Officer

COPPERBELT ENERGY CORPORATION PLC

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

Statement of Directors' responsibilities

The Companies Act, 2017 of Zambia requires the Directors to prepare annual financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its financial performance. It also requires the Directors to ensure that the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company. They are also responsible for safeguarding the assets of the Company. The Directors are further required to ensure the Company adheres to the corporate governance principles or practices contained in Sections 82 to 122 of Part VII of the Companies Act, 2017 of Zambia.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the requirements of the Companies Act, 2017 of Zambia.

The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the annual financial statements, and for such internal controls as the Directors determine necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are of the opinion that the annual financial statements set out on pages 8 to 47 give a true and fair view of the state of the financial affairs of the Company and of its financial performance in accordance with IFRS as issued by the IASB and the requirements of the Companies Act, 2017 of Zambia. The Directors further report that they have implemented and further adhered to the corporate governance principles or practices contained in Sections 82 to 122 of Part VII of the Companies Act, 2017 of Zambia.

Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least twelve months from the date of these annual financial statements.

In the event the Company becomes unable to continue as a going concern, adjustments would have to be made to restate the values of assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. The effects of these adjustments have not been reflected in these annual financial statements.

Director
London Mwafulilwa

Director
Owen Silavwe

Director
Joe M Chisanga

Date: **30th March 2021**

Independent auditor's report

To the Shareholders of Copperbelt Energy Corporation Plc

Report on the audit of the annual financial statements

Our opinion

In our opinion, the annual financial statements give a true and fair view of the financial position of Copperbelt Energy Corporation Plc (the "Company") as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the requirements of the Companies Act, 2017 of Zambia and the Securities Act, 2016 of Zambia.

What we have audited

Copperbelt Energy Corporation Plc's annual financial statements are set out on pages 111 to 150 and comprise:

- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the annual financial statements, which include a summary of significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the annual financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

PricewaterhouseCoopers, PwC Place, Stand No 2374, Thabo Mbeki Road, P.O. Box 30942, Lusaka, Zambia
T: +260 (211) 334000 , F: +260(211) 256474, www.pwc.com/zm

A list of Partners is available from the address above

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements of the current period. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Determination of the amount of revenue recognised on the wheeling arrangement with ZESCO. The Company recognizes revenue using an independently determined tariff different from the interim tariff prescribed by the Energy Regulation Board (ERB), on its understanding that the ERB prescribed tariff does not consider the relevant provisions of the Electricity Act for the determination of tariffs. The difference in interpretation gives rise to differences in the way the tariff is calculated. Management has made a determination based on their understanding of the provisions of the Act which results in an amount that is higher than the ERB would have obtained. We focused on this area because of the differences in interpretation that can give rise to different revenue positions. Refer to Note 3 (*Critical accounting estimates and assumptions*)	In assessing the determined tariff in the absence of an agreed contractual arrangement, we performed the following procedures: • reviewed the provisions of the Electricity Act; • obtained and assessed the reasonableness of the assumptions used in the cost of study performed by the Company's independent expert, and; Tested the appropriateness of the markup used by the Company with reference to historical margins applied.

pwc

Key audit matter	How our audit addressed the key audit matter
Impairment of non-financial assets Excess asset capacity is considered a common indicator of impairment in the Energy and Utilities industry. The Company enters into Connection Agreements ("CAs") with its customers which outline the target annual minimum power capacity usage for the constructed network assets once commissioned. The inability of a customer to achieve the capacity targets prescribed in the CA indicate that the constructed network assets may be operating below the level that makes them economically viable. An assessment was undertaken to determine whether network assets constructed under CAs were impaired as at 31 December 2020. This involved estimating the recoverable amount, which is the higher of fair value less costs to sell and value in use of the affected network assets. The determination of the value in use of network assets involves judgements and assumptions, including identifying the most appropriate Cash Generating Units ("CGUs"), estimating the level of asset utilisation, future tariffs, the level and timing of future capital expenditure and the most appropriate discount rate. We focused on this area because of the materiality of network assets as well as the significant judgements involved in performing the impairment assessment. Refer to Note 3 (*Critical accounting estimates and assumptions*) and Note 11 (*Property, plant and equipment*).	We obtained management's impairment assessment and performed the following procedures: • agreed the cashflow forecasts to the updated financial projections prepared by the Company; • tested for the appropriateness of assumptions used in the cashflow model which included, tariffs, demand loads, discount rates, terminal growth rates, expenses and estimated capital expenditure; and; assessed the determined discount rate to ensure it was representative of the current market assessments for the time value of money and risks specific to the CGU

Other information

The Directors are responsible for the other information. The other information comprises the Company's Annual Report but does not include the annual financial statements and our auditor's report thereon.
Our opinion on the annual financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the annual financial statements

The Directors are responsible for the preparation of annual financial statements that give a true and fair view in accordance with IFRS as issued by the IASB and the requirements of the Companies Act, 2017 of Zambia and the Securities Act, 2016 of Zambia, and for such internal control as the Directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

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

The Directors are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the annual financial statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion.
- Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

The Companies Act, 2017 of Zambia requires that in carrying out our audit of Copperbelt Energy Corporation Plc, we report on whether:

i) as required by section 259 (3)(a), there is a relationship, interest or debt which, ourselves, as the Company Auditor, have in the Company;

ii) as required by section 259 (3)(b), there are serious breaches by the Company's Directors, of corporate governance principles or practices contained in Sections 82 to 122 of Part VII of the Companies Act, 2017of Zambia; and

iii) in accordance with section 250 (2), as regards loans made to a Company Officer (a director, company secretary or executive officer of the Company) the Company does not state the:

- particulars of any relevant loan made during the financial year to which the accounts apply, including any loan which was repaid during that year; or

- amount of any relevant loan, whenever made, which remained outstanding at the end of the financial year.

In respect of the foregoing requirements, we have no matters to report.

The engagement partner on the audit resulting in this independent auditor's report is Andrew Chibuye.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants
Lusaka

Tuesday, 6th April 2021

Andrew Chibuye
Practicing Certificate Number: AUD/F002378
Partner signing on behalf of the firm

Statement of profit or loss and other comprehensive income

In thousands of USD

	Notes	2020	2019
Revenue from contracts with customers	5	370,931	408,272
Cost of providing services	7	(251,976)	(306,312)
Gross profit		118,955	101,960
Other income	6	10,039	7,414
Net impairment losses on financial assets	14	(94,898)	(55,428)
Administrative expenses	7	(24,149)	(36,574)
Operating profit		9,947	17,372
Finance income	9	7,133	5,319
Finance costs	9	(10,405)	(10,169)
Profit before income tax		6,675	12,522
Income tax expense	10	(1,066)	(276)
Profit for the year		5,609	12,246
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Revaluation surplus	17	57,886	-
Defined benefits plan actuarial gains	20(iii)	(1,772)	1,911
Deferred income tax relating to these items	22	(78,753)	(669)
Other comprehensive income for the period, net of tax		(22,639)	1,242
Total comprehensive income for the year		(17,030)	13,488
Basic and diluted earnings per share	31	0.003	0.008

The notes on pages 115 to 150 form an integral part of these annual financial statements

Statement of financial position

In thousands of USD

	Notes	31-Dec-20	31-Dec-19
Non-current assets			
Property, plant and equipment	11	501,641	457,551
Investment in subsidiaries	12	1,672	6
		503,313	457,557
Current assets			
Inventories	13	1,870	1,605
Trade and other receivables	14	80,167	96,371
Cash and cash equivalents	15	83,039	77,902
Current income tax receivable	10	6,566	6,984
		171,642	182,862
Total assets		**674,955**	**640,419**
EQUITY AND LIABILITIES			
Equity attributable to owners			
Share capital	16	2,849	2,849
Share premium	16	60,078	60,078
Revaluation reserve	17	147,407	139,463
Retained earnings		92,140	151,239
		302,474	353,629
Non-current liabilities			
Borrowings	18	19,025	46,725
Customer payables	19	17,548	22,188
Defined benefits obligation	20	1,385	1,208
Contract liabilities	25	13,452	1,412
Deferred income	21	22,895	25,137
Deferred income tax	22	138,690	66,120
		212,995	162,790
Current liabilities			
Borrowings	18	7,700	6,650
Customer payables	19	4,244	2,341
Derivative financial instrument	23	1,520	1,682
Trade and other payables	24	146,022	113,327
		159,486	124,000
Total equity and liabilities		**674,955**	**640,419**

These annual financial statements were approved by the Board of Directors on **30th March 2021** and were signed on its behalf by:

Director **Director** **Director**

The notes on pages 115 to 150 form an integral part of these annual financial statements

Statement of changes in equity

In thousands of USD

	Share Capital	Share premium	Revaluation reserve	Retained earnings	Total
Year ended 31 December 2019					
At start of year	2,849	60,078	151,078	157,011	371,016
Profit for the year	-	-	-	12,246	12,246
Other comprehensive income:					
Excess depreciation (Note 17)	-	-	(11,615)	11,615	-
Defined benefits plan actuarial gain (Note 20(iii))	-	-	-	1,911	1,911
Deferred income tax on actuarial gains (Note 22)	-	-	-	(669)	(669)
Total comprehensive income for the year	-	-	(11,615)	25,103	13,488
Transactions with owners					
Dividends paid (Note 30)	-	-	-	(30,875)	(30,875)
Total transactions with owners	-	-	-	(30,875)	(30,875)
At year end	2,849	60,078	139,463	151,239	353,629
Year ended 31 December 2020					
At start of year	2,849	60,078	139,463	151,239	353,629
Profit for the year	-	-	-	5,609	5,609
Other comprehensive income:					
Reclassification (Note 33)			40,800	(40,800)	-
Revaluation surplus (Note 17)	-	-	57,886	-	57,886
Excess depreciation (Note 17)	-	-	(11,369)	11,369	-
Defined benefits plan actuarial losses (Note 20(iii))	-	-	-	(1,772)	(1,772)
Deferred tax on items above (Note 22)	-	-	(79,373)	620	(78,753)
Total comprehensive income for the year	-	-	7,944	(24,974)	(17,030)
Transactions with owners					
Dividends declared (Note 30)	-	-	-	(34,125)	(34,125)
Total transactions with owners	-	-	-	(34,125)	(34,125)
At year end	2,849	60,078	147,407	92,140	302,474

The notes on pages 115 to 150 form an integral part of these annual financial statements

Statement of cash flows

In thousands of USD

	Notes	31-Dec-2020	31-Dec-2019
Cash flows from operating activities			
Cash generated from operations	26	76,639	72,766
Interest income	9	7,133	5,319
Benefits paid	20(i)	(1,114)	(455)
Interest paid on borrowings	18	(4,416)	(4,689)
Income tax paid	10	(6,831)	(23,164)
Net cash generated from operating activities		71,411	49,777
Cash flows from investing activities			
Purchase of property, plant and equipment*	11	(8,340)	(20,978)
Capital contributions in subsidiaries	12	(1,666)	-
Proceeds from disposal of property, plant and equipment		1	347
Net cash used in investing activities		(10,005)	(20,631)
Cash flows from financing activities			
Principal repayments on borrowings	18	(26,650)	(6,160)
Dividends paid	30	(29,619)	(30,875)
Net cash used in financing activities		(56,269)	(37,035)
Net increase/(decrease) in cash and cash equivalents		5,137	(7,889)
Movement in cash and cash equivalents			
At start of year		77,902	85,791
Net increase/(decrease)		5,137	(7,889)
At year end	15	83,039	77,902

The notes on pages 115 to 150 are an integral part of these annual financial statements.

Notes to annual financial statements

1. General information

CEC is incorporated in Zambia under the Companies Act as a public limited company. The Company is domiciled in Zambia and the address of its registered office is:

Stand No. 3614
23rd Avenue, Nkana East
Kitwe
Zambia

2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

a) Basis of preparation

Compliance with IFRS

The annual financial statements are prepared in accordance with the IFRS and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to entities reporting under IFRS. The annual financial statements comply with IFRS as issued by the IASB.

Historical cost convention

The annual financial statements have been prepared on historical cost basis, except where otherwise stated in the accounting policies below. The annual financial statements are presented in US Dollars. Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current period.

In accordance with the Companies Act, 2017 of Zambia, the annual financial statements for the year ended 31st December 2020 have been approved for issue by the Directors.

The preparation of annual financial statements in conformity with IFRS requires the use of estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the annual financial statements are disclosed in Note 3.

i) New and amended standards adopted by the Company

The Company has adopted the applicable new, revised or amended accounting pronouncements as issued by the IASB, which were effective for the Company from 1 January 2020

The amendments to accounting standards below, effective for the reporting period 1 January 2020, did not have any material impact on the Company's accounting policies and required no retrospective adjustments to the annual financial statements of the Company.

Amendment to IAS 1, 'Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors' on the definition of material; Annual periods beginning on or after 1 January 2020 (Published October 2018).

2. Summary of significant accounting policies (continued)

i) New and amended standards adopted by the Company (continued)

These amendments to IAS 1 and IAS 8 and consequential amendments to other IFRS:

- use a consistent definition of materiality through IFRS and the Conceptual Framework for Financial Re porting;
- clarify the explanation of the definition of material; and
- incorporate some of the guidance in IAS 1 about immaterial information.

The amended definition is:

"Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

Amendments to IFRS 9, 'Financial Instruments', IAS 39, 'Financial Instruments: Recognition and Measurement' and IFRS 7, 'Financial Instruments: Disclosure' – Interest rate benchmark reform (Phase 1); Annual periods beginning on or after 1 January 2020 (early adoption is permitted)
(Published September 2019).

These amendments provide certain reliefs in connection with interest rate benchmark reform (IBOR). The reliefs relate to hedge accounting and have the effect that IBOR should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in profit or loss.

ii) New and amended standards not yet adopted by the Company

Certain new accounting standards and interpretations have been published that are not mandatory for 31st December 2020 reporting periods and have not been early adopted by the Company. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

IFRS 16, 'Leases' COVID-19-Related Rent Concessions Amendment; Annual periods beginning on or after 1st June 2020 (early adoption is permitted) (Published June 2020).

The IASB has provided lessees (but not lessors) with relief in the form of an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification, provided that the concession meets certain conditions. Lessees can elect to account for qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as a variable lease payment.

Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 7 'Financial Instruments: Disclosures', IFRS 4 'Insurance Contracts' and IFRS 16 'Leases' – interest rate benchmark (IBOR) reform (Phase 2); Annual periods beginning on or after 1 January 2021 (Published August 2020)

The Phase 2 amendments address issues that arise from the implementation of the reform of an interest rate benchmark, including the replacement of one benchmark with an alternative one.

2 Summary of significant accounting policies (continued)

ii) New and amended standards not yet adopted by the Company (continued)

Amendment to IAS 1 'Presentation of Financial Statements' on Classification of Liabilities as Current or Non-current; Annual periods beginning on or after 1 January 2022 (Published January 2020)

The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant).

Amendments to IAS 16 'Property, Plant and Equipment' on Proceeds before Intended Use; Annual periods beginning on or after 1 January 2022 (Published May 2020)

The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly). The proceeds from selling such items, together with the costs of producing them, are recognised in profit or loss.

Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' on Onerous Contracts–Cost of Fulfilling a Contract; Annual periods beginning on or after 1 January 2022
(Published May 2020)

The amendment clarifies which costs an entity includes in assessing whether a contract will be loss-making. This assessment is made by considering unavoidable costs, which are the lower of the net cost of exiting the contract and the costs to fulfil the contract. The amendment clarifies the meaning of 'costs to fulfil a contract'. Under the amendment, costs to fulfil a contract include incremental costs and the allocation of other costs that relate directly to fulfilling the contract.

Annual improvements cycle 2018 - 2020; Annual periods beginning on or after 1 January 2022
(Published May 2020)

These amendments include minor changes to:

- IFRS 1, 'First time adoption of IFRS' has been amended for a subsidiary that becomes a first-time adopter after its parent. The subsidiary may elect to measure cumulative translation differences for foreign operations using the amounts reported by the parent at the date of the parent's transition to IFRS.

- IFRS 9, 'Financial Instruments' has been amended to include only those costs or fees paid between the borrower and the lender in the calculation of "the 10% test" for derecognition of a financial liability. Fees paid to third parties are excluded from this calculation.

- IFRS 16, 'Leases', amendment to the Illustrative Example 13 that accompanies IFRS 16 to remove the illustration of payments from the lessor relating to leasehold improvements. The amendment intends to remove any potential confusion about the treatment of lease incentives.

2 Summary of significant accounting policies (continued)

b) **Foreign currency translation**

i) *Functional and presentation currency*

Items included in the annual financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The annual financial statements are presented in US Dollars, which is the Company's functional currency.

ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in profit or loss within 'other income' or 'other expenses'.

c) **Revenue from contracts with customers**

The Company is licensed to generate, transmit, distribute and supply electricity. The Company's contracts with customers exist in various forms and typically take the form of Power Supply Agreements and customary business practices, all of which have commercial substance and impact the Company's future cash flows.

The Company's main revenue streams are as follows:

- *Local electricity sales*: This primarily relates to power supply to mining companies in the Copperbelt. The unit tariffs are charged based on the customer's maximum electric demand load (capacity) and the transferred series of units of power (energy) in a given period.

- *Regional electricity sales:* This relates to the purchasing and selling of power between participants in the energy industry amongst the members of the SAPP.

- *Wheeling services:* This relates to use of the Company's transmission lines by another entity in supplying power to the entity's retail and mining consumers. Tariffs are charged per units delivered to retail and mining consumers.

The Company's promise in all the revenue streams involves the transfer of a series of units of power across the life of the arrangement with the customer. Therefore, management has determined that sale of electricity units is a series of distinct services that are substantially the same and that have the same pattern of transfer to the customer and are, therefore, a single performance obligation.

The Company determines the transaction price at contract inception and considers the effects of:

- *Variable consideration*

The contractual price for power supply over the term of the contracts varies as it is subjected to price indexation based on indices obtained from the US Bureau of Labour Statistics. The Company has determined that contracts with stated but changing prices for a fixed quantity of services do not qualify as variable consideration as the indexation is considered to relate to individual service periods of series performance obligations and are, therefore, recognised in the future periods in which they arise rather than when estimating the transaction price at contract inception.

2 Summary of significant accounting policies (continued)

c) **Revenue from contracts with customers (continued)**

- *Existence of significant financing components*

  The Company enters into CAs with its mining customers where substation infrastructure is acquired from the customers on deferred payment terms. The consideration is variable/contingent as payment to the customer is conditional on meeting the contractual pre-agreed minimum demand load (capacity).

  Management has determined that factors that impact the customer's ability to meet the contractual pre-agreed minimum demand load (capacity) does not relate to the quality of power but to such factors as ore grade, underground water, countrywide power deficits, copper prices, employee strikes and type of equipment used; which are not substantially within the control of the Company or the customer supplying the substation infrastructure.

  Therefore, in accordance with IFRS 15, management has determined that a significant financing component does not exist, as a substantial amount of the consideration promised by the Company is variable and the amount or timing of that consideration varies on the basis of the occurrence or non-occurrence of a future event (pre-agreed minimum demand load) that is not substantially within the control of the Company or the customer supplying the substation infrastructure.

At the date of contract inception, the Company determines the stand-alone selling prices of the performance obligations using a combination of data on observable prices from comparable arrangements, supplemented by the cost plus a margin approach. The Company allocates the transaction price to these performance obligations on a relative stand-alone selling price.

Non-cash consideration

Under the CAs, where the agreed consideration paid by the Company is lower than the fair value of the substation infrastructure acquired at the point of transfer, the excess of fair value of the assets over the agreed price is in substance a non-cash consideration paid by the customer. The non-cash consideration is recognised in deferred income as customer contributions and amortised over the service period. The service period is dependent on the validity of the PSA.

Consideration payable to a customer

The consideration payable to a customer is a payment for a distinct good, being the substation infrastructure, from the customer. Therefore, in accordance with IFRS 15, the Company accounts for the purchase of the goods in the same way that it accounts for other purchases from suppliers.

Timing of revenue recognition

Revenue is recognised over time as the customer simultaneously receives and consumes the benefits provided by the Company's performance over the contract period. In measuring the progress over time, revenue is recognised based on the series of power units delivered to the customer. As at the reporting period, except for the wheeling revenue on mining customers as disclosed in Note 3 (iii), there was no judgement exercised that significantly affects the determination of the amount and timing of revenue from contracts with customers.

Contract assets and liabilities

Contract assets primarily relate to the Company's right to consideration for the work completed but not billed at the reporting date on the customer contracts. Contract liabilities primarily relate to the advance consideration received from the customer for which revenue is recognised when the goods and services are provided.

2 Summary of significant accounting policies (continued)

d) **Interest income**

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in other income. Interest income is recognised using the effective interest method.

e) **Property, plant and equipment**

All items of property, plant and equipment are initially recognised at cost and subsequently shown at fair value, based on valuations by external independent valuers, less accumulated depreciation. Valuations are performed with sufficient regularity to ensure that the fair value does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to other comprehensive income and shown as revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against the revaluation reserve, all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the assets (the depreciation charged to profit or loss) and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Depreciation on assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

- Land (unexpired lease portion): 11-99 years
- Buildings: 50 years
- Transmission and distribution network: 12-67 years
- Transmission and distribution equipment: 12-67 years
- Motor vehicles: 5 years
- Furniture and fittings: 5 years

Capital work in progress, which represents additions to property, plant and equipment that have not yet been brought into use, is not depreciated. Additions are transferred into the above depreciable asset classes once they are brought into use. Capital work in progress is measured at cost less impairments.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (Cash Generating Units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2. Summary of significant accounting policies (continued)

e) **Property, plant and equipment (continued)**

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

f) **Leases**

The following sets out the Company's lease accounting policy for all leases, with the exception of leases with low-value and short term of less than 12 months, for which the Company has taken the exemption under the standard and are expensed to profit or loss as incurred.

i) *Right of use assets*

The Company recognises right of use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use under the contract). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date (which do not form part of the lease liability value at the commencement date). Right of use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and the lease term.

The right-of-use assets are tested for impairment in accordance with IAS 36 "Impairment of Assets".

ii) *Lease liabilities*

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of all remaining lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments where the contracts specify fixed or minimum uplifts) and variable lease payments that depend on an index or a rate.

The variable lease payments that do not depend on an index or a rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs. Due to the nature of the leased assets, the interest rate implicit in the lease is usually not readily determinable. The Company, therefore, uses the incremental borrowing rate in calculating the present value of lease payments at the lease commencement date.

The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term or a change in the in-substance fixed lease payments.

As at the reporting period, the Company had insignificant leasing arrangements relating to office space, which is of low value and short term. Therefore, the Company has taken the exemption under the standard and these have been expensed to profit or loss as incurred.

iii) *Lessor accounting*

The Company applies its principal accounting policies for leases to account for IRU arrangements which constitute or contain leases. As payments have been received in advance from the customer, the amount is recognised as deferred income and amortised over the period of the contract period.

2 Summary of significant accounting policies (continued)

g) **Investment in subsidiaries**

Investments relate to the cost of stock in the subsidiaries and capital contributions. Investments are initially stated at historical cost and subsequently measured at historical cost less impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items or cost of services and assets provided to the subsidiaries as capital contributions.

h) **Inventories**

Inventories are stated at the lower of cost and net realisable value. Costs of purchased inventory are determined after deducting rebates and discounts, and include purchase cost, freight, insurance and non-claimable taxes. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

i) **Financial instruments**

Financial instruments comprise trade and other receivables (excluding prepayments), contract assets, cash and cash equivalents, borrowings, lease liabilities, other non-current liabilities and trade and other payables.

Financial assets and liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instruments.

Classification and measurement

Financial assets

It is the Company's policy to initially recognise financial assets at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss which are expensed in profit or loss.

Classification and subsequent measurement is dependent on the Company's business model for managing the asset and the cash flow characteristics of the asset. On this basis, the Company may classify its financial instruments at amortised cost, fair value through profit or loss and at fair value through other comprehensive income.

All the Company's financial assets as at the reporting period satisfy the conditions for classification at amortised cost under IFRS 9.

The Company's financial assets include trade receivables, other receivables and cash and cash equivalents.

Financial liabilities

The Company's financial liabilities are classified as amortised cost, except for those derivative liabilities that are measured at fair value through profit and loss. Financial liabilities are recognised initially at fair value and inclusive of directly attributable transaction costs. The Company's financial liabilities comprise trade and other payables, payables to customers, borrowings and derivative financial instruments.

Impairment of financial assets

Recognition of impairment provisions under IFRS 9 is based on the ECL model. The ECL model is applicable to financial assets classified at amortised cost and contract assets under IFRS 15 Revenue from Contracts with Customers.

2 Summary of significant accounting policies (continued)

i) Financial instruments (continued)

The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date, about past events, current conditions and forecasts of future economic conditions.

The Company applies the simplified approach to determine impairment of receivables. The simplified approach requires expected lifetime losses to be recognized from initial recognition of the receivables. This involves determining the expected loss rates, which is then applied to the gross carrying amount of the receivable to arrive at the loss allowance for the period.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the related financial assets and the amount of the loss is recognised in profit or loss.

Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and the transfer qualifies for derecognition.

Financial liabilities

The Company derecognises a financial liability when it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised immediately in the statement of profit or loss.

Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

Substantial modification

A substantial modification of the terms of an existing debt instrument or part of it is accounted for as an extinguishment of the original debt instrument and the recognition of a new debt instrument. Gains or losses arising from the modification of the terms of a debt instrument are recognised immediately in profit or loss, where the modification does not result in the derecognition of the existing instrument.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

The legally enforceable right is not contingent on future events and is enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

j) Trade receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance.

2 Summary of significant accounting policies (continued)

k) **Other current assets**

Other current assets include prepayments, which are amounts paid in advance during the accounting period for an underlying asset that will be consumed in a future period. When the asset is used or consumed, the prepayments are amortised and costs are recognised in operating expenses. Prepayments are stated at their nominal values in the financial statements.

l) **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, deposits held on call and investments in money market instruments, net of bank overdrafts, all of which are available for use by the Company. Bank overdrafts are included within current liabilities on the statement of financial position, unless the Company has a legally enforceable right to set off the amounts and intends to settle on a net basis or realise the asset and settle the liability simultaneously.

m) **Share capital**

Ordinary shares are classified as share capital in equity. Any premium received over and above the par value of the shares is classified as share premium in equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as deduction from the proceeds.

n) **Earnings per share**

The Company presents basic and diluted earnings per share data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by dividing the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding adjusted for the effects of all dilutive potential ordinary shares, which comprise convertible redeemable accumulative preferred stock.

o) **Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are issued at market rate and subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings issued at rates other than the market rate are subsequently carried at fair value. Unwinding of the fair value is recognised as interest expense under finance cost

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

p) **Borrowings costs**

Borrowing costs attributable to the construction or production of a qualifying asset are capitalized as part of the cost of the asset until such time as the asset is substantially complete and ready for its intended use or sale. Where funds have been borrowed specifically to finance an asset, the amount capitalized is the actual borrowing costs incurred. Where the funds used to finance an asset form part of general borrowings, the amount capitalized is calculated using a weighted average of rates applicable to relevant general borrowings of the Company during the period.

2 Summary of significant accounting policies (continued)

q) **Customer payables**

The Company enters into CAs with its customers as a result of the generic growth of its customers, which in turn necessitates additional power requirements. The respective CAs provide for the customer to fund most of the capital expenditure required in the construction of the substation infrastructure assets. The Company acquires the assets based on deferred contingent consideration, as payment to the customer is conditional on meeting the contractual pre-agreed minimum demand load (capacity).

Per the terms of the CA, the substation infrastructure assets automatically vest in the Company with effect from the date that the Company's engineer issues a 'taking over certificate' in respect of these assets. In addition, the customer transferring the substation infrastructure warrants that the assets will vest in the Company so that the Company holds with good faith and beneficial title free from any claim, charge, lien, encumbrance, equity or third-party right and with all rights attached to the assets. Therefore, management has determined that the arrangements are out of scope of IFRS 16, leases.

In accordance with IAS 16, the Company has adopted the financial liability model, where liabilities are initially recognised at fair value measured at the present value of payments to be made over the CA period, with a corresponding entry to the assets. The liabilities are subsequently measured at amortised cost with remeasurement changes in the cashflows at each reporting period recognised in profit or loss.

r) **Employee benefits**

(i) Pension obligations

All local employees below 60 years are registered with the statutory defined contribution pension scheme. A defined contribution scheme is a pension plan under which the Company pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees' benefits relating to employee service in the current and prior periods. For the defined contribution scheme, the Company makes mandatory contributions to the National Pension Scheme Authority. These contributions constitute net periodic costs and are charged to the profit or loss as part of staff costs in the year to which they relate. The Company has no further obligation once the contributions have been paid.

Secondly, there is a defined benefit pension scheme, the assets of which are held in a separate trustee-administered fund. The pension scheme is funded by contributions to the pension scheme. The contributions by the Company are charged to the profit or loss in the period in which the contributions relate. The Company contributes 10.7% and the employees 5% of the employee's basic salary towards the scheme.

(ii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short term cash bonuses or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employees and the obligation can be estimated reliably.

2 Summary of significant accounting policies (continued)

r) **Employee benefits (continued)**

(iii) Post-retirement benefits

The expected costs of providing post-retirement benefits under defined benefits arrangements relating to employees' service during the period are charged to profit or loss. Any actuarial assumptions are recognised immediately in other comprehensive income. In all cases, the pension costs are assessed in accordance with the advice of independent qualified actuaries but require the exercise of significant judgments in relation to assumptions for future salary and pension increases, long term price inflation and investment returns. While management believes the assumptions used are appropriate, a change in assumptions would impact the earnings of the Company.

s) **Capital grants**

Capital grants are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Company will comply with all attached conditions. Grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate. Grants relating to property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

Grants that compensate the Company for expenses incurred are recognised in profit or loss on a systematic basis in the periods in which the expenses are recognised.

t) **Income tax**

The income tax expense for the period comprises current and deferred income tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

i) *Current income tax*

The current income tax charge is calculated on the basis of the tax enacted at the reporting date. The Directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

ii) *Deferred income tax*

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available, against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where there is an intention to settle the balances on a net basis.

2 Summary of significant accounting policies (continued)

u) **Trade payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

v) **Derivative financial instrument**

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedging criteria, they are classified as 'held for trading' for accounting purposes. The Company has interest swap agreements to hedge against the floating portion of the interest charged on the bank borrowings.

Classification of derivatives

Derivatives are classified as held for trading and accounted for at fair value through profit or loss unless they are designated as hedges. They are presented as current assets or liabilities if they are expected to be settled within 12 months after the end of the reporting period.

Fair value measurement

For information about the methods and assumptions used in determining the fair value of derivatives, please refer to note 3.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

i) *Impairment of property, plant and equipment*

The continued overcapacity on the connection assets/substations which result in the release of contingent consideration on account of the mine customers' failure to meet the minimum capacity level (power consumption) has led to a risk that the assets may be impaired. The determination of recoverable amount, being the higher of fair value less costs to sell and value in use, requires judgement on the part of management. Recoverable amounts are based on management's view of variables such as future tariffs, revenues and costs, timing and level of future capital expenditure by the Company and the most appropriate discount rate. As at year end, the recoverable amount was greater than its carrying value and no impairment was recognised.

ii) *Expected Credit Loss on trade receivables*

As disclosed in note 4 (b), the Company applies the Simplified Approach to assess and measure expected credit losses for financial assets that are not measured at fair value through profit or loss: It involves the calculation of the loss rates derived using the Company's own historical credit loss experience. The loss rates are then adjusted for forward-looking information. The adjusted loss rates are applied to aged debtors by category. The information is evaluated for its appropriateness in light of market changes so as to remain relevant and provide valid assessment results to the Company.

3 Critical accounting estimates and judgements (continued)

iii) *Determination of the amount of revenue recognised on wheeling arrangement with ZESCO*

The form of the contractual wheeling arrangements that will govern the commercial relationship between the Company and ZESCO was yet to be agreed as at year end.

The Company recognises revenue using an independently determined tariff, different from the interim tariff prescribed by the ERB, on its understanding that the ERB prescribed tariff does not consider the relevant provisions of the Electricity Act, 2019 for the determination of tariffs. The difference in interpretation gives rise to differences in the way the tariff is calculated. Management has made a determination based on their understanding of the provisions of the Act, which results in an amount that is higher than the ERB would have obtained.

During the year, the Company applied for a judicial review, challenging the lawfulness of the Ministry of Energy's decision in relation to SI 57 as well as the imposed ERB interim tariff and on 26th February 2021, the High court found the decision by the Minister to declare the Company's assets common carrier to be disproportionate, ultra vires and illegal. Accordingly, the ERB interim tariff was deemed not applicable under the circumstances.

Therefore, the wheeling revenue from ZESCO on mining customers for the period has been recognised based on cost plus mark-up basis, in the absence of an agreed contract with ZESCO.

iv) Derivative financial instruments

Significant judgement is required in determining the fair value of derivative financial instruments. The Company currently has interest rate swaps derivatives. The specific valuation techniques used to value financial instruments involves calculation of the present value of the estimated future cash flows based on observable yield curves.

v) Defined benefit obligation

Refer to Note 20 for details

4. Financial risk management objectives and policies

The Company's activities expose it to a variety of financial risks: market risk (including currency risk and cash flow interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried out by the treasury department under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, and credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

4 Financial risk management objectives and policies (continued)

a) ***Market risk***

i) *Foreign exchange risk exposure*

The Company is exposed to foreign currency risk arising from various currency exposures, primarily with respect to the Kwacha. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities. Management has set up a policy to require the Company to manage its foreign exchange risk against its functional currency. To manage their foreign exchange risk arising from recognised assets and liabilities, the Company holds bank balances in the relevant foreign currencies. Foreign exchange risk arises when recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

Sensitivity

At 31st December 2020, if the Kwacha had weakened/strengthened by 20% (2019: 20%) against the US dollar with all other variables held constant, pre-tax profit and shareholders' equity for the Company would have been USD2.3 million (2019: USD5.2 million) lower/higher, mainly as a result of the Kwacha receivables, payables and bank balances.

ii) Price risk

The Company does not hold any financial instruments subject to price risk. (2019: Nil)

iii) *Interest rate risk*

The Company's main interest rate risk arises from long term borrowings with variable rates, which expose the Company to cash flow interest rate risk. Generally, the Company enters into long term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the Company borrowed at fixed rates directly.

The Company analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Company calculates the impact on profit or loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.

At 31st December 2020, an increase/decrease of 1% in denominated borrowings (2019: 1%) would have resulted in an increase/decrease in pre-tax profit and shareholders' equity of USD13,000 (2019: USD41,000).

b) ***Credit risk***

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposure to customers, including outstanding receivables. The Company only banks with reputable well-established financial institutions. Banks in Zambia have no external rating. The Company has does not have significant concentrations of credit risk. The Company's finance department assesses the credit quality of each customer, taking into account its financial position and other factors.

For cash and cash equivalent balances, the Company's exposure and credit ratings of counterparties are regularly monitored, and the aggregate value of transactions spread amongst approved financial institutions. The Company actively seeks to limit the amount of credit exposure to any one financial institution and credit exposure is controlled by counterparty limits that are reviewed and approved by senior management.

4. Financial risk management objectives and policies (continued)

b) ***Credit risk (continued)***

Impairment of financial assets

The Company's financial assets that are subject to the ECL model are trade and other receivables and contract assets. Cash and cash equivalents are also subject to impairment requirements of IFRS 9. The Company had no contract assets as at year end and the identified impairment loss was immaterial for cash and cash equivalents.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all the trade receivables and contract assets. The Company's historical credit loss experience does not show significantly different loss patterns for the various customer segments. Therefore, the grouping of trade receivables is not disaggregated into further risk profiles other than days past due.

The loss rates are derived using the Company's own historical credit loss experience and are based on the payment profiles of collections over a period of 36 months. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified copper prices, GDP and inflation to be the most relevant factors and, accordingly, adjusts the historical loss rates based on expected changes in these factors.

There were no changes in the estimation techniques or significant assumptions made as at the reporting period.

The Company considers that a default event has occurred if there is either a breach of financial covenants by the counterparty or a failure to make contractual payments for a period of greater than 90 days past due. Trade receivables are written off when there is no reasonable expectation of recovery.

The amount that best represents the Company's maximum exposure to credit risk is the carrying value of its financial assets as presented in the statement of financial position.

On that basis, the loss allowance as at 31st December 2020 was determined as follows:

	Current	**46 -6 0**	**61 - 80**	**81 - over**	**Total**
		days past due	days past due	days past due	
	US'000	US'000	US'000	US'000	US'000
Gross carrying amount	35,207	9,479	8,723	150,304	203,713
Loss rate	0.02%	0.07%	0.10%	100%	
Loss allowance	(7)	(7)	(8)	(150,304)	(150,326)
Amortised cost	35,200	9,472	8,715	-	53,387

The loss allowance as at 31 December 2019 was determined as follows:

	Current	**46 -60**	**61 - 80**	**81 - over**	**Total**
		days past due	days past due	days past due	
	US'000	US'000	US'000	US'000	US'000
Gross carrying amount	48,541	12,579	7,443	55,401	123,964
Loss rate	0.02%	0.07%	0.10%	100%	
Loss allowance	(10)	(9)	(8)	(55,401)	(55,428)
Amortised cost	48,531	12,570	7,435	-	68,536

4. Financial risk management objectives and policies (continued)

c) ***Liquidity risk***

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management includes maintaining sufficient cash balances, and the availability of funding from an adequate amount of committed credit facilities.

Management performs cash flow forecasting and monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet its operational needs. The Company's approach when managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Company's reputation.

The table below analyses the Company's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows:

	Less than 1 year	Between 2 and 5 years	Over 5 years	Total
	USD'000	USD'000	USD'000	USD'000
At 31 December 2020				
Trade and other payables*	140,127	-	-	140,127
Derivative financial instruments	1,520	-	-	1,520
Customer payables	4,244	17,261	6,928	28,433
Borrowings	9,919	21,398	-	31,317
	155,810	38,659	6,928	201,397
At 31 December 2019				
Trade and other payables*	109,059	-	-	109,059
Derivative financial instruments	1,682	-	-	1,682
Customer payables	4,053	17,637	10,795	32,485
Borrowings	11,427	44,448	17,809	73,684
	126,221	62,085	28,604	216,910

*Trade and other payables exclude statutory liabilities and contract liabilities. Statutory liabilities are imposed by law while contract liabilities represent an obligation to deliver a good or service rather than cash or other assets in settlement. Therefore, these do not meet the definition of financial instruments and have been excluded from the table above.

4 Financial risk management objectives and policies (continued)

d) ***Capital risk management***

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. There is no imposed capital requirement on the Company.

The Company monitors capital based on the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity, as shown in the statement of financial position, plus net debt.
As at year end, the Company had more cash than borrowings. Therefore, the gearing ratio was nil (2019: Nil).

e) ***Fair value estimation***

The different levels in assessing the input used in determining the fair value have been defined as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
At 31 December 2020				
Assets (FVOCI)				
Property, plant and equipment	-	-	501,641	501,641
Liabilities (FVPL)				
Derivative financial instrument	-	1,520	-	1,520
		1,520	501,641	503,161
At 31 December 2019				
Assets (FVOCI)				
Property, plant and equipment	-	-	457,551	457,551
Liabilities (FVPL)				
Derivative financial instrument	-	1,682	-	1,682
		1,682	457,551	459,233

Level 3 fair values were derived using comparable value of similar items of property, plant and equipment and adjusted for differences in key attributes such as property size and condition. The most significant input into this valuation is the price per square metre. Depreciated replacement cost approach was used for specialized buildings, furniture and fittings, motor vehicles, office equipment and transmission and distribution assets.

All the derivative financial instruments fall within Level 2. The most significant inputs, such as interest rate movements and discount rates, into the valuation model of derivative financial instruments are observable.

There were no transfers between different levels during the year.

5. Revenue from contracts with customers	2020 US$'000	2019 US$'000
Local electricity sales	253,437	318,831
Regional electricity sales	76,638	77,660
Wheeling services - retail end consumers	16,473	11,781
Wheeling services - mining end consumers	24,383	-
	370,931	408,272
Timing of revenue recognition		
Over time	370,931	408,272

6. Other income/(expenses)		
Discharge of excess accruals from prior years	12,488	-
Discharge of customer payable waived (Note 19)	4,054	3,445
Amortisation of deferred income (Note 21)	2,242	1,223
Reimbursed expenses on network assets in construction	36	1,198
Sundry income	955	1,850
Loss on disposal of property, plant and equipment	(40)	(50)
Net foreign exchange losses on working capital	(9,696)	(252)
	10,039	7,414

7. Expenses by nature

The following items have been charged in arriving at profit before income tax:

	2020 US$'000	2019 US$'000
Employee benefits (Note 8)	17,658	19,594
Depreciation on property, plant and equipment (Note 11)	21,873	20,462
Power purchase costs	218,309	285,018
Power generation costs	2,318	4,577
Non-Executive Directors' fees and benefits	789	699
Auditors' remuneration	61	97
Tax services	24	24
Insurance costs	1,287	1,488
Stores and maintenance	1,638	2,422
Council rates	569	387
Corporate social responsibility	1,407	3,340
Rental expenses	132	132
Other miscellaneous expenses	10,061	4,646
Total cost of providing service and administrative expenses	276,125	342,886

8. Employee benefits and related staff costs		
Salaries and benefits	16,518	18,421
Retirement benefits:		
National Pension Scheme Authority contributions	548	670
Staff medical costs	592	503
	17,658	19,594

9. Finance income and costs

	2020 US$'000	2019 US$'000
Finance income:		
Interest income on overdue debtors	6,685	4,611
Interest income on bank deposits	286	708
Fair value gain on interest swap (Note 23)	162	-
	7,133	5,319
Finance costs:		
Interest expense on overdue bills	(3,667)	(1,730)
Interests expense on borrowings (Note 18)	(4,416)	(4,689)
Interest expense on customer payables (Note 19)	(1,713)	(1,478)
Fair value losses on interest swap (Note 23)	-	(1,682)
Other bank charges	(609)	(590)
	(10,405)	(10,169)
Net finance costs	(3,272)	(4,850)

10. Income tax (credit)/expense

Current income tax charge	7,250	7,831
Deferred income tax credit	(3,662)	(1,314)
Over-provision of deferred income tax in previous years	(2,521)	(6,241)
	1,066	276

The tax on the Company's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

Profit before income tax	6,675	12,522
Tax calculated at the statutory income tax rate of 35% (2019: 35%)	2,336	4,383
Tax effects of:		
Expenses not deductible for tax purposes	1,251	2,170
Income not subject to tax	-	(36)
Over-provision of deferred income tax from prior years (Note 22)	(2,521)	(6,241)
	1,066	276

Movement in current income tax on the statement of financial position:

At start of year	(6,984)	8,349
Current income tax charge	7,250	7,831
Payments during the year	(6,831)	(23,164)
At end of year	(6,565)	(6,984)

11. Property, plant and equipment

	Land and buildings	Transmission and distribution network (primary)	Equipment distribution network (secondary)	Fixtures and fittings	Motor vehicles	Capital work in progress	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
As at 31 December 2018							
Cost or fair value	39,337	337,612	55,577	3,804	4,373	55,686	496,389
Accumulated depreciation	(2,128)	(34,208)	(15,345)	(1,239)	(1,502)	-	(54,422)
Net book value	37,209	303,404	40,232	2,565	2,871	55,686	441,967
Year ended 31 December 2019							
Opening net book value	37,209	303,404	40,232	2,565	2,871	55,686	441,967
Additions	-	-	-	-	-	36,443	36,443
Transfers	6,912	30,963	6,861	1,233	988	(46,957)	-
Disposals – cost	(367)	(4)	(24)	(3)	(221)	-	(619)
Disposals – accumulated deprecation	36	-	9	1	176	-	222
Depreciation charge for the year	(2,211)	(12,957)	(3,760)	(534)	(1,000)	-	(20,462)
Net book value	41,579	321,406	43,318	3,262	2,814	45,172	457,551
As at 31 December 2019							
Cost or fair value	45,882	368,571	62,414	5,034	5,140	45,172	532,213
Accumulated depreciation	(4,303)	(47,165)	(19,096)	(1,772)	(2,326)	-	(74,662)
Net book value	41,579	321,406	43,318	3,262	2,814	45,172	457,551

Included in capital work in progress are the development costs incurred towards the early construction works of a power station at the Kabompo Gorge Hydro Power Project site, which accounts for over 70% of the works in progress as at 31 December 2019.

11. Property, plant and equipment (continued)

	Land and buildings	Transmission and distribution network (primary)	Equipment distribution network (secondary)	Fixtures and fittings	Motor vehicles	Capital work in progress	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
As at 31 December 2019							
Cost or fair value	45,882	368,571	62,414	5,034	5,140	45,172	532,213
Accumulated depreciation	(4,303)	(47,165)	(19,096)	(1,772)	(2,326)	-	(74,662)
Net book value	41,579	321,406	43,318	3,262	2,814	45,172	457,551
Year ended 31 December 2020							
Opening net book value	41,579	321,406	43,318	3,262	2,814	45,172	457,551
Additions	-	-	-	-	-	8,340	8,340
Revaluation surplus	5,891	23,081	24,491	1,517	2,906	-	57,886
Transfers	1,551	663	599	909	274	(3,996)	-
Impairment loss	-	-	-	-	(223)	-	(223)
Disposals – cost	(22)	(10)	-	(23)	(162)	-	(217)
Disposals – accumulated deprecation	(13)	10	-	18	161	-	176
Charge for the year	(2,373)	(13,794)	(4,187)	(653)	(865)	-	(21,872)
Net book value	46,613	331,356	64,221	5,030	4,905	49,516	501,641
As at 31 December 2020							
Cost or fair value	46,880	335,178	65,389	5,369	5,328	49,516	507,660
Accumulated depreciation	(267)	(3,822)	(1,168)	(339)	(423)	-	(6,019)
Net book value	46,613	331,356	64,221	5,030	4,905	49,516	501,641

Included in capital work in progress are the development costs incurred towards the early construction works of a power station at the Kabompo Gorge Hydro Power Project site, which accounts for over 70% of the works in progress as at 31 December 2020.

The register showing the details of property as required by section 30 of the Companies Act, 2017 is available during the business hours at the registered office of the Company. All property, plant and equipment have been offered as security against borrowings up to the maximum of the carrying amount of the loans.

11. Property, plant and equipment (continued)

If property, plant and equipment were stated on the historical cost basis, the carrying amounts would be as follows:

	2020 US$'000	2019 US$'000
Cost	358,425	350,085
Accumulated depreciation	(55,770)	(39,131)
	302,655	310,954

12. Investments in subsidiaries

This relates to the cost of stock in the subsidiaries and expenditure that is directly attributable to the cost of assets and services provided to the subsidiaries for no consideration, which are accounted for as capital contributions.

	Shareholding in subsidiaries US$'000	Capital contributions US$'000	Total US$'000
At start of year	6	-	6
Additions	-	1,666	1,666
At year end	6	1,666	1,672

13. Inventories

	2020 US$'000	2019 US$'000
Fuel	580	498
Spares and consumables	1,290	1,107
	1,870	1,605

During the year, inventory expensed in cost of sales amounted to USD2.3 million (2019: USD4.6 million).

14. Trade and other receivables

	2020 US$'000	2019 US$'000
Trade receivables	203,713	123,964
Less: impairment allowance (Note 4-(b))	(150,326)	(55,428)
	53,387	68,536
Prepayments and deposits	2,259	762
VAT receivable	10,673	21,755
Other receivables	1,384	5,318
	80,168	96,371

Movements on the provision for impairment of trade receivables are as follows:

	2020 US$'000	2019 US$'000
At start of year	55,428	93
Impairment charge for the year	94,898	55,335
At end of year	150,326	55,428

Due to the short term nature of current receivables, their carrying amounts are considered to be the same as their fair value.

15. Cash and cash equivalents

	2020 US$'000	2019 US$'000
Cash on hand and at bank	83,039	77,902

16. Share capital

	2020	2019
Issued		
Ordinary shares – *Paid up*	2,315	2,315
Ordinary shares – *Unpaid*	534	534
	2,849	2,849
Share premium		
Ordinary shares	60,078	60,078

The total authorised number of ordinary shares is 20,000,000 with a par value of K1 per share. The special share relates to a golden share held by the Government of the Republic of Zambia. The value of shares was converted to USD at a historical rate of K7.02.

The share premium relates to the excess amounts paid by the shareholders on the issue of share capital net of pre-incorporation costs.

17. Revaluation reserve

Items of property, plant and equipment are recognised at fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation.

The fair value of property, plant and equipment was revalued on 31 December 2020 by Sherwood Greene, an external independent valuer. The reserves are non-distributable to the shareholders and are recognised net of deferred income tax.

	2020 US$'000	2019 US$'000
At start of year	139,463	151,078
Reclassification (Note 33)	40,800	-
Revaluation surplus (Note 11)	57,886	-
Excess depreciation	(11,369)	(11,615)
Deferred tax on items above (Note 22)	(79,373)	-
	147,407	139,463

18. Borrowings

	2020	2019
Non-current portion	19,025	46,725
Current portion	7,700	6,650
	26,725	53,375

Movement in borrowings:

	2020	2019
At start of year	53,375	59,535
Interest charged	4,416	4,689
Principal repayments	(26,650)	(6,160)
Interest repayments	(4,416)	(4,689)
At end of year	26,725	53,375

18. Borrowings (continued)

The Company has a syndicated facility from the Development Finance Institutions (DFIs), led by Standard Bank.

The DFI tranche comprises Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. (FMO), Deutsche Investitions-Und Entwicklungsgesellschaft Mbh (DEG), Société De Promotion Et De Participation Pour La Coopération (Proparco) and bears interest of 3 months LIBOR, plus a margin of 5.75% for the first 84 months and 6.5% thereafter. During the year, the effective interest was 8.27% (2019: 7.88%).

The loan matures in March 2026.The syndicated facility is secured on a fixed and floating charge over the Company's items of property, plant and equipment.

19. Customer payables

	2020 US$'000	2019 US$'000
Non-current portion	17,548	22,188
Current portion	4,244	2,341
	21,792	24,529

The movement in customer payables was as follows:

	KCM US$'000	MCM US$'000	NFCA US$'000	Total US$'000
Year ended 31 December 2019				
At start of year	20,097	1,582	-	21,679
Additions	-	1,411	3,406	4,817
Discharge of payable waived	(3,061)	(384)	-	(3,445)
Interest charge	1,370	108	-	1,478
At end of year	18,406	2,717	3,406	24,529
Year ended 31 December 2020				
At start of year	18,406	2,717	3,406	24,529
Discharge of payable waived	(3,061)	(644)	(349)	(4,054)
Interest charge	1,255	162	(100)	1,317
At end of year	16,600	2,235	2,957	21,792

i) *KCM*

The long term payable relates to the outright acquisition of transmission and substation infrastructure from KCM, which supports the Konkola Deep Mining Project (KDMP). The Company acquired the assets based on deferred contingent consideration as payment to the customer is conditional on meeting the contractual pre-agreed minimum demand load (capacity).

The long term payable matures in 2031.

During the year, the contractual pre-agreed minimum demand load (capacity) was not achieved by KCM. Accordingly, a payable to KCM for the year of ZMW3.0 million was waived and recognised in profit or loss per the terms of the Connection Agreement.

19. Customer variable payables (continued)

ii) *MCM*

The long term payable relates to the outright acquisition of the network assets from MCM, which support the Mopani Synclinorium and Mindola Expansion Projects. The Company acquired the assets based on deferred contingent consideration as payment to the customer is conditional on meeting the contractual pre-agreed minimum demand load (capacity).

The long term payable matures in 2024 and is unsecured.

During the year, the contractual pre-agreed minimum demand load (capacity) was not achieved by MCM. Accordingly, a payable to MCM for the year of ZMW0.6 million was waived and recognised in profit or loss per the terms of the Connection Agreement.

iii) *NFCA*

The long term payable relates to the outright acquisition of the network assets, primarily the transmission line and auxiliary assets which support the expansion projects of the South East Orebody site for NFCA. The Company acquired the assets based on deferred contingent consideration as payment to the customer is conditional on meeting the contractual pre-agreed minimum demand load (capacity).

The long term payable matures in 2026 and is unsecured.

During the year, the contractual pre-agreed minimum demand load (capacity) was not achieved by NFCA. Accordingly, a payable to NFCA for the year of ZMW0.4 million was waived and recognised in profit or loss per the terms of the Connection Agreement.

20. Defined benefit obligation

	2020 US$'000	2019 US$'000
Present value of unfunded obligation	1,385	1,208

The Company awards terminal benefits to its employees upon retirement in addition to the retirement benefit received from the CEC Pension Trust Scheme. The benefits are payable depending on date of joining the Company as well as seniority.

This scheme is unfunded, and the employer only pays a benefit upon retirement of an individual qualifying for the benefit. The regulator, Pensions and Insurance Authority, does not regulate gratuity schemes such as this one. However, companies that provide an additional and separate unfunded gratuity in their annual financial statements should operate within the governing covenants and agreements with employee representative bodies. Taxation of this scheme falls under the framework and administration of this arrangement, including decisions as to whether to prefund the benefit costs, or amend the arrangement design.

The Company's accrued liability in respect of each employee is the present value of the benefits in respect of service completed to the valuation date but based on projected earnings to retirement or date of payment. The total accrued liability (or the required provision) at the valuation date is a summation of the accrued liability in respect of each employee.

20. Defined benefit obligation (continued)

Key risks

The plan is exposed to several risks; the main ones being:

Changes in bond yields

The plan liabilities are calculated using a discount rate set with reference to Zambian government bond yields. A decrease in government bond yields will increase the plan liabilities. Moreover, there are no plan assets invested in government bonds, hence, a change in government bond yield rates may have more impact on the plan if it differs from the employer's opportunity cost of benefit provision.

Changes in salaries

The plan benefits are calculated with reference to employees' salaries. An increase in salaries will increase the plan liabilities. This risk becomes higher as the expectations of short term inflation rise increase, due to the weakened strength of the Zambian Kwacha against other currencies.

Liquidity

The plan is unfunded and, therefore, there is a risk that resources are not available when needed to pay the benefits that have become due.

		2020 US$'000	2019 US$'000
i)	*Movement in defined benefit liabilities*		
	At start of year	1,208	2,911
	Interest cost	120	458
	Current service cost	125	461
	Benefits paid	(1,114)	(455)
	Actuarial losses/(gains)	1,772	(1,911)
	Foreign exchange gains	(726)	(256)
	At end of year	1,385	1,208
ii)	*Recognised in profit or loss*		
	Interest cost	120	458
	Foreign exchange gains	(726)	(256)
	Current service costs	125	461
		(481)	663
iii)	*Recognised in equity*		
	Actuarial losses/(gains) arising from:		
	Financial assumptions	(355)	(2,949)
	Experience adjustment	2,127	1,038
		1,722	(1,911)

20 Employee benefits (continued)

iv) *Actuarial assumptions*

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	2020	**2019**
Discount rate	33.5%	29%
Salary growth	12%	12%
Inflation rate	10%	10%

v) *Sensitivity analysis*

As at the reporting date, reasonably possible changes to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation as at 31 December 2020 and 2019 by the amounts shown below:

	2020 US$'000	**2019 US$'000**
Discount rate (+1%)	(59)	(97)
Discount rate (-1%)	63	11
Salary increase (+1%)	75	130
Salary increase (-1%)	(70)	(111)

The scheme does not have any assets and, therefore, benefits are met as they become due. The duration of the scheme is 12.66 years.

21 Deferred income

Deferred income comprises advance payments on the IRU agreements, capital grants and capital contributions from customers for the construction of network assets such as transmission lines and substation infrastructure.

i) *IRU*

In 2012, the Company entered into an IRU agreement for the excess capacity on its Telecoms Assets with CEC Liquid Telecom for a period of 15 years for a consideration of USD9.79 million. The consideration was paid in advance and is being amortised over 15 years. In April 2018, a new IRU was entered into for additional assets worth USD2.0 million with a tenor ending aligned to the first IRU.

ii) *Capital grants*

In 2012, the Company received a capital grant of USD7.0 million from the Development Bank of Southern Africa (DBSA) for the construction of a 220kV double circuit transmission line between Zambia and the DRC. DBSA was acting as an agent of the Common Market for East and Southern Africa, the Eastern African Community and the Southern African Development Community under the Tripartite Trust Fund. The grant is being amortised over 30 years.

iii) *Customer contributions*

Where a customer is not close to an existing network or the network is fully utilised and new capacity is required, the cost of extending the network may be high and would be an uneconomical investment on the part of the Company. Further, the cost of maintaining the new substation infrastructure may render the regulated tariffs as not cost reflective.

21 Deferred income (continued)

Therefore, the Company requires customers who require additional capacity to make customer contributions, which come in form cash or property, plant and equipment. The customer contributions are accounted for as non-cash consideration and are amortised over the service period per the terms of PSA with the customer.

The following shows the movement in deferred income from the previous year:

	Indefeasible Right of Use	Capital grant	Customer contributions	Total
	US$'000	US$'000	US$'000	US$'000
At start of year	7,076	6,301	2,336	15,713
Additions	-	-	10,647	10,647
Amortisation charge	(884)	(233)	(106)	(1,223)
At end of year	6,192	6,068	12,877	25,137
Year ended 31 December 2020				
At start of year	6,192	6,068	12,877	25,137
Amortisation charge	(884)	(233)	(1,125)	(2,242)
At end of year	5,308	5,835	11,752	22,895

22 Deferred income tax

Deferred income tax is calculated using the enacted income tax rate of 35% (2019: 35%). The movement on the deferred income tax account is as follows:

	2020	2019
	US$'000	US$'000
At start of year	66,120	73,006
Credit in profit or loss	(3,662)	(1,314)
Over-provision of deferred income tax from prior years	(2,521)	(6,241)
Charge in equity	78,753	669
At end of year	138,690	66,120

22 Deferred income tax (continued)

Deferred income tax assets and liabilities and deferred income tax charge/(credit) in profit or loss are attributable to the following items:

	At start of year US'000	Under/(over) provision US'000	Charge/ (Credit) in profit or loss US'000	Charge/ (Credit) in Equity US'000	At end of year US'000
Year ended 31 December 2020					
Deferred income tax liabilities					
Property, plant and equipment	68,507	(2,521)	(1,721)	-	64,265
Revaluation surplus	-	-	-	79,373	79,373
Unrealised foreign exchange gains	534	-	(534)	-	-
Deferred income tax assets					
Loss allowance (general provision)	(2,498)	-	1,643	-	(855)
Unrealised foreign exchange losses	-	-	(3,609)	-	(3,609)
Employee benefits	(423)	-	559	(620)	(484)
Net deferred income tax liability	66,120	(2,521)	(3,662)	78,753	138,690
Year ended 31 December 2019					
Deferred income tax liabilities					
Property, plant and equipment	68,685	(976)	798	-	68,507
Customer payables	5,265	(5,265)	-	-	-
Unrealised foreign exchange gains	71	-	463	-	534
Deferred income tax assets					
Loss allowance (general provision)	-	-	(2,498)	-	(2,498)
Employee benefits	(1,015)	-	(77)	669	(423)
Net deferred income tax liability	73,006	(6,241)	(1,314)	669	66,120

The deferred tax assets and liabilities have been offset in the statement of financial position as the Company will be settling the current tax amounts on a net basis and the deferred tax is levied by the same tax authority, the ZRA.

23 Derivative financial instrument

The Company has interest swap agreements with Citibank and Standard Chartered Bank to hedge against the floating portion of the interest charged on the loans obtained from Commercial Lenders and the DFIs. The 3-month LIBOR rates were fixed at 3.242% and 3.2% on Citibank and Standard Chartered Bank respectively. The principal and interest repayments are due quarterly. Where the actual LIBOR rate is below the agreed fixed rate, the Company pays the counterparties and in contrast, the counterparties pay the Company.

The Company has the following derivative financial instruments

	2020 US$'000	2019 US$'000
Current portion:		
Citibank	1,145	1,271
Standard Chartered Bank	375	411
	1,520	1,682

23 Derivative financial instrument (continued)

Movement in the fair value gain/loss on interest swap rate derivative on the statement of financial position:

	2020 US$'000	2019 US$'000
At start of year	1,682	-
(Gain)/loss on interest swap rate derivative in profit or loss	(162)	1,682
At year end	1,520	1,682

24 Trade and other payables

	2020 US$'000	2019 US$'000
Trade payables	132,840	103,851
Accrued expenses	7,287	5,208
Statutory liabilities	1,391	4,268
Withholding tax payable	4,503	-
	146,021	113,327

25 Contract liabilities

The contract liabilities relate to advance payments received from customers mainly domiciled in the DRC as security deposits on the power supplied by the Company. Where a customer defaults, the Company utilises the deposits as payment.

The following shows the movement in contract liabilities during the year

	2020 US$'000	2019 US$'000
At start of the year	1,412	14,355
Revenue recognised during the year from opening liability	-	(12,943)
Cash received during the year	12,040	-
At end of year	13,452	1,412

Contract liabilities have increased by USD12.0 million from prior year on account of increased customer prepayments received during the year.

26 Cash generated from operations

	2020 US$'000	2019 US$'000
Cash flows from operating activities		
Profit for the year	6,675	12,522
Adjustments for:		
Exchange gains on employee benefits (Note 20 (i))	(726)	(256)
Current service cost (Note 20 (i))	125	461
Interest expense on employee benefits (Note 20 (i))	120	458
Depreciation on property, plant and equipment (Note 11)	21,872	20,462
Interest income (Note 9)	(7,133)	(5,319)
Interest expense on borrowings (Notes 9)	4,416	4,689
Interest expense on customer payables (Note 9)	1,317	1,478
Fair value (gains)/losses on interest swap rate derivative (Note 9)	(162)	1,682
Loss on disposal of property, plant and equipment (Note 6)	40	50
Write-off of property, plant and equipment (Note 11)	223	-
Amortisation of deferred income (Note 6)	(2,242)	(1,223)
Discharge of customer payable waived (Note 6)	(4,054)	(3,445)
Changes in working capital:		
Inventories	(264)	1,439
Trade and other receivables	16,204	14,890
Trade and other payables	28,188	37,821
Contract liabilities	12,040	(12,943)
Cash generated from operations	76,639	72,766

In the statement of cash flows, proceeds from sale of property and equipment comprise

	2020 US$'000	2019 US$'000
Net book amount (Note 11 – Cost of disposals less depreciation)	41	397
Loss on disposal of property and equipment (Note 6)	(40)	(50)
Proceeds from disposal of property and equipment	1	347

27 Related party transactions

The Company is listed on the LuSE. The table below shows the shareholders of the Company as at 31st December 2020 with their respective percentage shareholding, which remained unchanged from prior year.

Company shareholders:	*% Shareholding*
Standard Chartered Bank - Private Equity Limited / Marina (IV) Singapore Pte Ltd	34.64%
Private individuals and corporates	28.00%
ZCCM Investments Holdings Plc	24.11%
Zambian Energy Corporation (Ireland) Limited	13.25%
	100.00%

27 Related party transactions (continued)

The table below shows the Directors who hold shares in the Company

	Number of shares held	
	2020	**2019**
Owen Silavwe – Managing Director	3,628,981	982,500
Munakupya Hantuba – Non-Executive Director	343,615	343,615
Abel Mkandawire – Non-Executive Director	65,453,782	44,485,577
*Mabvuto Chipata – Non-Executive Director	1,180	1,180

** Appointed: 12th June 2020*

There are other companies that are related to the Company through common shareholdings and common directorships.

Company subsidiaries and associates	% shareholding
CEC-Kabompo Hydro Power Limited	100%
Power Dynamos Sports Limited	100%
CEC-DRC Sarl	100%
CEC-InnoVent Garneton South Solar	49 %
InnoVent-CEC Garneton North Solar	49%

The following transactions were carried out with related parties:

- ***Football sponsorships***

The Company provides annual cash sponsorships to its wholly owned subsidiary, Power Dynamos Sports Limited. During the year, the Company incurred USD1.3 million (2019: USD1.6 million) in cash sponsorships.

- ***Sales of institutional houses to senior management***

During the year, there were no houses sold to senior management (2019: USD0.4 million). In 2019, the houses were sold to the Managing Director, Chief Financial Officer and Chief Commercial Officer.

- ***Dividends payments to shareholders of the Company***

Refer to Note 30 for details.

- ***Capital contributions in subsidiaries***

The Company incurs expenditure that is directly attributable to the cost of assets and services provided to the subsidiaries. The costs are recognised in investments in subsidiaries as the subsidiaries' have no contractual obligation to pay back the balance to the Company. During the year, the Company invested USD1.7 million in capital contributions.

- ***Right to use tangible assets on a non-reciprocal basis***

The subsidiary, Power Dynamos Sports Limited, has the right to use the stadium, bus and other assets legally owned by the Company for no consideration. The subsidiary does not perform any service or provide any good in return for this right. Therefore, the transaction is non-reciprocal in nature.

The subsidiary measures all capital contributions from the shareholder at cost. Accordingly, the right to use assets is measured at the amount of consideration paid to the Company. On this basis, the right to use the assets is recognised at nil value in the subsidiary.

27 Related party transactions (continued)

i) Outstanding balances arising from transactions with related parties

There were no outstanding balances arising from transactions with related parties as at year end (2019: Nil).

ii) Key management compensation

Key management includes Directors (executive and non-executive) and members of senior management. The compensation paid or payable to key management for employee services is shown below:

	2020 US$'000	2019 US$'000
Short term employee benefits	3,377	3,599
Post-employment benefits	513	379
	4,190	3,978

iii) Directors' remuneration

Director remuneration, which comprises salaries and director fees for services rendered to the Company, amounted to USD0.8 million (2019: USD0.7 million).

28 Commitments

Capital commitments

The Company's capital commitments authorised and contracted for by the Directors as at 31st December 2020 amounted to USD5.3 million (2019: USD5.0 million) mainly for the construction and acquisition of network assets.

Operating lease commitments

As at the reporting period, the Company had insignificant leasing arrangements relating to office space, which is of low value and short term. Therefore, the Company has taken the exemption under IFRS 16 and these have been expensed to profit or loss as incurred; as disclosed in Note 7.

29 Contingent assets and liabilities

The Company is party to various legal cases whose outcome is dependent on the conclusion of the Zambian judicial process. Management makes estimates for the outcomes of these cases based on professional advice. There are some cases where, based on professional advice received, the directors have not made any provision.

i) ERB tariffs of 2014

The ERB awarded an electricity tariff increase to ZESCO applicable to all mining companies with effect from 2nd April 2014. The ERB communicated a 28.8% increase of tariffs under the BSA between ZESCO and the Company. This tariff was applicable for the period between April 2014 to December 2015.

Most of the mines have contested this tariff increase and since commenced an action in the High Court by way of Judicial Review.

29. Contingent assets and liabilities (continued)

Pursuant to the ERB directive, ZESCO had invoiced the Company on the basis of the new tariffs and the Company, in turn, invoiced its mining customers on the same basis. From a working capital perspective, the Company payments to ZESCO during the period have been based on the old tariff prevailing (exclusive of 2014 ERB tariff pending determination in the High Court).

In this regard, in the event that the court's ruling will be in favour of the ERB, and subject to (i) an amendment to the BSA (ii) receipt of the amounts owed from the mining houses, the Company will be expected to pay an amount equivalent to USD225.0 million (2019: USD225.0 million) to ZESCO.

ii) ZESCO unilateral supply terms of 2020

On 31st March 2020, following failed negotiations between ZESCO and the Company, the BSA terminated by effluxion of time. Despite the BSA having terminated, the parties – The Government, through the Ministry of Energy, ZESCO and the Company, have agreed to continue facilitating an efficient and economic supply of power to the consumers in the Copperbelt.

As the Successor Agreement is yet to be agreed, ZESCO charges or invoices the Company for the purchase of power based on its unilateral supply terms. Following legal advice provided by the Company's legal counsel, the Company continues to follow the terms or provisions of the BSA for all services exchanged between ZESCO and the Company until the parties negotiate and agree a mutually acceptable contract.

In this regard, an amount being the difference between the ZESCO invoices issued to the Company and the computations based on the BSA terms has been recognized as a contingent liability. This amount is equivalent to USD56.9 million as at year end.

30 Dividends

On 26th November 2020, the Directors of the Company approved the payment of an interim dividend of US Cents 2.1 per ordinary share, which translates to 44.07 Ngwee (ZMW0.4407) per share, using the Bank of Zambia mid-rate applicable on the date of declaration.

The dividend was paid to the shareholders registered in the share register of the Company at the close of business on Friday, 28th December 2020. Dividend payment was effected from Friday, 28th December 2020 amounting to USD34.1 million (2019: USD 30.9 million). Withholding tax was appropriately accounted for.

31 Basic and diluted earnings per share

The calculation of the basic and diluted earnings per share is based on the profit attributable to ordinary shareholders dividend by the weighted average number of ordinary shares as below:

	2020 US$'000	2019 US$'000
Profit attributable to ordinary shares	5,609	12,246
Weighted average number of ordinary shares at year end	1,625,001	1,625,001
Basic and diluted earnings per share	0.003	0.008

32 Financial instruments by category

	2020 US$'000	2019 US$'000
Financial assets at amortised cost		
Trade and other receivables*	68,903	73,855
Cash and cash equivalents	83,039	77,902
	151,942	151,757
Financial liabilities at amortised cost:		
Trade and other payables*	140,127	109,059
Borrowings	26,725	53,375
Customer payables	21,791	24,529
	188,643	186,963
Financial liabilities at fair value through profit or loss		
Derivative financial instrument	1,520	1,682

*A prepayment represents a right to receive a good or service and not cash or a financial asset. Statutory liabilities are imposed by law and contract liabilities represent an obligation to deliver a good or service rather than cash or other assets in settlement. Therefore, these do not meet the definition of financial instruments and have been excluded from the table above.

33 Reclassification of deferred tax on revaluation

In 2016, management reversed the deferred income tax on revaluation gain of USD40.8 million that was recognised in 2015. However, balance was erroneously credited to retained earnings instead of revaluation reserves. The balance has been reclassified to correct retained earnings.

34 Events after the reporting period

i) *Declaration of SI 57 as ultra vires by the High Court*

On 29th May 2020, the Government, acting through the Ministry of Energy, promulgated SI 57 declaring all of the Company's transmission and distribution lines as common carrier. This action was immediately followed, on 31st May 2020, by a decision by the ERB declaring an interim transmission tariff for use of the Company's network.

The Company challenged the decision in the High Court and on 26th February 2021, the court found the decision by Minister to declare the Company's assets as common carrier to be disproportionate, ultra vires and illegal.

ii) *COVID-19*

Beyond 2020, the existence of the novel coronavirus has continued to cause disruptions to businesses and economic activity.

Despite the ramifications of the COVID-19 pandemic, the Company seamlessly executed its mandate to all its customers. To navigate the devastating and far-reaching effects of COVID-19, the Company adopted Ministry of Health issued guidelines to prevent disease contraction and cross-infection as well as our own homegrown protocols, benchmarked against successful global practice.

In the event of the COVID-19 pandemic mutating and there being inadequate measures, including the lack of vaccine availability and access in Zambia, there's a possibility that the risks will materialize and have a significant impact on the Company's financial performance.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Ravens
Tx2A Oil
Temp Alarm
NEC Buch
Gas Alarm
11kV Trip
Circuit Fail
Tx2A Buch
Gas Alarm
Overcurrent
Operated
Trip Relay
Operated
Trip Supply
11kV SF6 CB
Alarms

NOTICE AND AGENDA OF THE TWENTY-THIRD ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Third Annual General Meeting (AGM) of the Members of Copperbelt Energy Corporation Plc will be held at 10:00 hours on Friday, 30th April 2021.

The AGM proceedings will be conducted online using a designated platform, details of which will be shared with members that will successfully register on the link below.

https://eagm.creg.co.zw/eagm/Login.aspx

A. Call to Order

Call to order, tabling of proxies and announcement concerning quorum in attendance.

B. Resolution 1 – Adoption of Minutes – Wednesday, 30th September 2020

To consider and adopt the minutes of the Twenty-Second Annual General Meeting held on Wednesday, 30th September 2020.

C. Resolution 2 – Adoption of Directors' Report and Financial Statements

To receive and adopt the Directors' Report and the Financial Statements for the year ended 31st December 2020 together with the Report thereon of the auditors.

D. Resolution 3 – Ratification of Dividend Payment

To ratify the dividend payment made on 21st December 2020.

E. Resolution 4 – Appointment of Auditors

To consider and adopt the recommendation for the appointment of Messrs PricewaterhouseCoopers as Auditors of the Company.

F. Resolution 5 – Appointment of Directors

To consider and adopt the recommendation of the Board for the appointment of Mr. London Mwafulilwa and Dr. Patrick Nkanza as Directors of the Company in accordance with Article 14.4 of the Articles of Association.

Mr. London Mwafulilwa and Dr. Patrick Nkanza will retire at the AGM. The Directors recommend the appointment of Mr. Mwafulilwa and Dr. Nkanza as Directors in accordance with Article 14.4 of the Articles of Association, to hold office until the conclusion of the next AGM of the Company at which they will retire.

G. To transact such other business as may properly be transacted at an AGM.

By order of the Board

Julia C Z Chaila (Mrs)

Company Secretary

NOTES

(a) The proceedings of the AGM will be streamed live through a designated online conferencing platform. The online conference connection details will be shared after successful registration on the link provided below.

Registration Link: https://eagm.creg.co.zw/eagm/Login.aspx

(b) Please note that Members are required to register for the AGM in advance on the link provided in (a) above.

(c) To register for the AGM, a Member must have a working email and an active cell phone number.

(d) The window for registration for the AGM shall be open on Friday, 9th April 2021 and automatically close at the commencement of the AGM on Friday, 30th April 2021.

(e) After registering, a Member will receive a confirmation email and sms (text) containing information about joining the AGM.

(f) After registering, a Member will also receive their LuSE ID number which they must have on the day of the AGM in order to vote on the resolutions.

(g) To fully participate in the AGM, a Member must have a reliable internet connection.

(h) Queries on how to log into the AGM, registration or the voting process can be channeled to Corpserve Transfer Secretaries on mobile number +260 955 899375 or by email to info@corpservezambia.com.zm / prisca.chizi@corpservezambia.com.zm

(i) A Member entitled to attend and vote at the meeting is entitled to appoint a proxy by form of proxy or power of attorney to attend and vote in his/her/its place. Such proxy need not be a Member of the Company. The instrument appointing a proxy and, if applicable, the authority under which it is signed, must be deposited at the office of the Company Secretary at Headquarters, 23rd Avenue, Nkana East, Kitwe or alternatively, deposited at the Lusaka offices of CEC on 2nd Floor Green City, Stand 2374, Kelvin Siwale Road, Off Thabo Mbeki Road, Lusaka opposite the showgrounds or sent by email to the Company Secretary at chailaj@cec.com.zm not less than 48 hours before the time appointed for holding the meeting.

(j) In accordance with Article 12.1 (2) of the Articles of Association of the Company, two Members holding between them a majority in nominal value of the issued ordinary shares of the Company present in person or by proxy will be deemed to form a quorum.

(k) Ordinary Resolutions are passed if more than half of the votes are cast in favour of the resolution.

Other Details

Members are advised that the Company has a website providing information on the AGM. Posted on the website are copies of the Notice and Agenda for the AGM, the appropriate Forms of Proxy, the Annual Report of the Company for the year ended 31st December 2020 and other relevant documents. The Company's web address is https://cecinvestor.com.

Analysis of Shareholders as at 31st December 2020

Size of Holding	Number of Shareholders	Number of shares	% of issued shares
1 – 1000	1,312	647,385	0.04
1001 - 5,000	1,875	5,230,304	0.32
5,001 - 10,000	515	3,971,013	0.24
10,001 - 100,000	798	24,153,817	1.49
100,001 - 1,000,000	150	37,241,838	2.29
1,000,001 - 100,000,000	42	528,882,017	32.55
>100,000,001	5	1,024,874,223	63.07
TOTALS	**4,697**	**1,625,000,597**	**100.00**

Description			
Local Individuals	4,429	103,744,504	6.38
Foreign Individuals	121	1,410,982	0.09
Local Companies	71	8,471,771	0.52
Foreign Companies	10	438,042,981	26.96
Significant Shareholders	2	858,353,995	52.82
Pension Funds	64	214,976,364	13.23
TOTALS	**4,697**	**1,625,000,597**	**100.00**

Top 5 Shareholders – 31st December 2020

Rank	Shareholder Name	Holding	%
1	Marina IV (Singapore) Pte Ltd	466,558,433	28.71
2	ZCCM-IH	391,795,562	24.11
3	Zambian Energy Corporation (Ireland) Ltd	215,315,790	13.25
4	Standard Chartered Zambia Securities (Nominees) Ltd	108,265,214	6.66
5	Standard Chartered Private Equity	96,330,215	5.93

Share trading statistics	2020	2019
Shares traded as a % of total shares in issue	4.09	0.92
Average daily volume of shares traded*	267,967	60,466
Average trading price (ZMW)	0.96	1.37
Opening price (ZMW)	1.25	1.45
Closing price (ZMW)	1.10	1.25
Highest price traded during the year (ZMW)	1.23	1.95
Lowest price traded during the year (ZMW)	0.73	1.20
Market capitalization (ZMW)	1,787,500,657	2,031,250,746
Market capitalization (USD)	84,355,859	144,542,144
Shares in issue	1,625,000,597	1,625,000,597
Number of shares traded during the year	66,456,013	14,995,706
Value of shares traded during the year (ZMW)*	56,671,558.74	20,364,817.30
Turnover to Market Capitalization Ratio (%)	3.20	1.00
Number of trades	1,010	2,147

**based on 248 trading days*

Valuation indicators	2020	2019
Market capitalization (USD'000)	84,356	144,542
Share price (ZMW)	1.10	1.25
Earnings per share (USD)	0.0035	0.008
PE Ratio	14.83	6.84
Dividend per share (USD)	0.021	0.019
Dividend yield (%)	40%	21%
Dividend cover (times)	0.167	0.68
Net asset value per share (USD)	0.19	0.22
Number of shares	1,625,000,597	1,625,000,597
Closing exchange rate	21.19	14.05
Average exchange rate	18.33	12.91
Net Asset Value (USD'000)	302,517	353,629

Shareholders' Diary

Financial year end	31st December
Annual financial results	March
Annual report distribution	March/April
Annual general meeting	Before 30th April
Interim financial results	August

MINUTES OF THE TWENTY-SECOND ANNUAL GENERAL MEETING OF THE MEMBERS OF COPPERBELT ENERGY CORPORATION PLC CONDUCTED ELECTRONICALLY VIA ZOOM WEBINAR ON WEDNESDAY, 30TH SEPTEMBER 2020 AT 10:10 HOURS

PRESENT:

Mr. London Mwafulilwa	-	Chairman

MEMBERS PRESENT:	-	As per attached Attendance Register

DIRECTORS IN ATTENDANCE:

Dr. Patrick Nkanza	-	Vice Chairman
Mr. Abel Mkandawire	-	Director
Mrs. Mildred T Kaunda	-	Director
Mr. Munakupya Hantuba	-	Director
Mr. Ronald Tamale	-	Director
Mr. Joe M Chisanga	-	Director
Mr. Derek Chime	-	Director
Mr. Thomas Featherby	-	Director
Mr. Owen Silavwe	-	Managing Director

SECRETARY:

Mrs. Julia C Z Chaila	-	Company Secretary

APOLOGIES:

Mr. Trevor Kaunda	-	Director
Mr. Mabvuto Chipata	-	Director

DECLARATION OF INTEREST

Mr. London Mwafulilwa and Dr. Patrick Nkanza declared interest in relation to the adoption of Resolution 5.

PROXIES:

On behalf of the Members, the following representations of proxies were tabled:

Mr. Ronald Tamale	-	Marina IV (Singapore) Pte Ltd
Mr. Ronald Tamale	-	Standard Chartered Private Equity
Mr. Michael Tarney	-	Zambian Energy Corporation (Ireland) Ltd
Mr. Mwelwa Manda	-	ZCCM Investments Holdings Plc
Mr. Mumba Musunga	-	Sanlam Life Insurance
Mr. Mumba Musunga	-	Buyantanshi Pension Trust Fund
Mr. Mumba Musunga	-	Workcom Pension Trust Scheme
Mr. Mumba Musunga	-	ZANACO Plc DC Pension Trust Scheme
Mr. Mumba Musunga	-	CEC Pension Trust Scheme

Mr. Mumba Musunga	-	Barclays Bank Staff Pension Trust Fund
Mr. Mumba Musunga	-	Deloitte and Touche Pension Trust Scheme
Mr. Mumba Musunga	-	Konkola Copper Mine Pension Trust Scheme
Mr. Mumba Musunga	-	National Institute for Scientific and Industrial Research Pension Scheme
Mr. Mumba Musunga	-	UTI Pension Trust Scheme
Mr. Mumba Musunga	-	SCZ International Pension Trust Scheme
Mr. Mumba Musunga	-	National Breweries Pension Trust Scheme
Mr. Mumba Musunga	-	Health Sector Grant Aided Institutions Pension Scheme
Mr. Mumba Musunga	-	Game Stores Pension Trust Scheme
Mr. Mumba Musunga	-	Zambia Sugar Pension Trust Fund
Mr. Mumba Musunga	-	Lubambe Copper Mine Pension Trust Scheme
Mr. Mumba Musunga	-	Airtel Zambia Staff Pension Fund
Mr. Mumba Musunga	-	Diamond Insurance Pension Trust Scheme
Mr. Mumba Musunga	-	Saturnia Regna Pension Fund Registered Trustees
Mr. Mumba Musunga	-	Ecobank Pension Trust Scheme
Mr. Mumba Musunga	-	Lafarge Cement Zambia Pension Trust Scheme
Mr. Mumba Musunga	-	Standard Chartered Bank Zambia Pension Trust Fund
Mr. Mumba Musunga	-	Stanbic Bank Zambia Limited Pension Trust Fund
Mr. Mumba Musunga	-	Sun International Pension Trust Scheme
Mr. Mumba Musunga	-	Cavmont Capital Pension Trust Scheme
Mr. Mumba Musunga	-	Sandvik Mining Pension Trust Scheme
Mr. Mumba Musunga	-	Young and Rubicam
Mr.Mumba Musunga	-	Access Bank Pension Zambia Ltd Trust Scheme
Mr. Mumba Musunga	-	Golden Sunset Pension Fund
Mr. Mumba Musunga	-	PSPF Staff Pension Scheme
Mr. Mumba Musunga	-	Indeni Pension Trust Scheme
Ms. Harriet M Mapoma	-	Africa S3 Pension Trust Fund
Ms. Harriet M Mapoma	-	Madison Pension Trust Fund
Ms. Harriet M Mapoma	-	Motor Mary Group Zambia Pension Trust
Ms. Harriet M Mapoma	-	MultiChoice Zambia Pension Trust Fund
Ms. Harriet M Mapoma	-	Zambia Railways Limited Pension Scheme – DC
Ms. Harriet M Mapoma	-	Citibank Pension Trust Fund
Ms. Harriet M Mapoma	-	Final Salary Pension Trust Fund
Ms. Harriet M Mapoma	-	Finance Bank Zambia Pension Trust
Ms. Harriet M Mapoma	-	Health Sector Grant Aided Institutions Pension Scheme
Ms. Harriet M Mapoma	-	Lusaka Trust Hospital PensionTrust Fund
Ms. Harriet M Mapoma	-	Lunsemfwa Hydro Pension Trust Scheme
Ms. Harriet M Mapoma	-	Professional Pension Trust Fund-Money Purchase
Ms. Harriet M Mapoma	-	Toyota Zambia Pension Trust Fund
Ms. Harriet M Mapoma	-	Zambia Episcopal Conference PensionTrust Fund
Ms. Harriet M Mapoma	-	Zambia National Building Society Pension Fund
Ms. Harriet Mapoma	-	PICZ Pension Trust – Money Purchase
Mr. Alinani Simbule	-	Stanbic Zambia Nominees
Mr. Frank C Chanda	-	Workers' Compensation Fund
Ms. Abigail Ngosa	-	National Pension Scheme Authority
Ms. Chitalu Jean Mandona	-	Local Authority Superannuation
Mr. Mintu Chitebe	-	Stanbic Nominees – Mpile Local Equity Fund
Ms. Tamara Bbuku	-	Standard Chartered Zambia Securities Services Nominees Ltd
Mr. Muchindu Kabaso	-	Kwacha Pension Trust Fund
Mr. Mintu Chitebe	-	Stanbic Bank Zambia Nominees

Mr. Charles C Mutale	-	ZICA
Ms. Francisca Sakala	-	Ms. Matildah Mutale

1.0 CALL TO ORDER

The Chairman, Mr. London Mwafulilwa, called the meeting to order at 10:17 hours and welcomed all present to the 22nd AGM of CEC. In his introductory remarks, the Chairman told the Members that the AGM should have taken place within the first three months of the financial year end. However, due to the COVID-19 pandemic and the health restrictions instituted regarding large assemblies, the meeting was moved to the third quarter of 2020. He noted that it was important to deliver information on the operations and activities of the Company immediately after closing the year end but this could not be achieved for the reasons given. He thanked the Members for their co-operation and understanding of the circumstances that the Company had been found in. The Chairman further said that with the assembly restrictions under COVID-19 still in place, the AGM had to be conducted electronically via Zoom webinar in order to deliver the Annual Report for the 2019 financial year. He told the meeting that the Company was holding the AGM virtually for the first time and asked for everyone's co-operation and support throughout the proceedings.

2.0 INTRODUCTION OF THE BOARD OF DIRECTORS

The Chairman subsequently introduced the members of the Board of Directors present at the meeting; being Dr. Patrick Nkanza (Vice Chairman), Mr. Abel Mkandawire, Mrs. Mildred Kaunda, Mr. Munakupya Hantuba, Mr. Ronald Tamale, Mr. Joe Mwansa Chisanga, Mr. Derek Chime, Mr. Thomas Featherby and Mr. Owen Silavwe (Managing Director).

The Chief Financial Officer, Mr.Mutale Mukuka, and the Company Secretary, Mrs. Julia Chaila, were also introduced.

3.0 APOLOGIES

The Chairman informed the meeting that Mr. Mabvuto Chipata and Mr. Trevor Kaunda, Directors of the Company, had been unable to attend the AGM due to other commitments and had tendered apologies for their absence.

4.0 AUDITOR IN ATTENDANCE

Mr. Mwafulilwa also noted the attendance of Messrs PricewaterhouseCoopers the Auditor, who was represented by Mr. Andrew Chibuye.

5.0 PROXIES

Mrs. Julia Chaila, the Company Secretary informed the meeting that a number of proxies had been received. She reported that the principal shareholders of the Company, Standard Chartered Private Equity and Marina IV (Singapore) Pte Ltd, had each appointed Mr. Ronald Tamale as their representative at the AGM. Mr. Mwelwa Manda had been appointed to represent ZCCM Investments Holdings Plc, while Zambian Energy Corporation (Ireland) Ltd had appointed Mr. Michael Tarney. She told the meeting that she would not read out the other proxies received, but that they would be recorded in the minutes of the AGM.

6.0 QUORUM

Mrs. Chaila stated that the quorum required for the AGM was two Members holding between them a majority in nominal value of the issued ordinary shares of the Company present in the meeting in person or by proxy. She informed the meeting that there being more than two shareholders of a majority in the nominal value of the issued ordinary shares of the Company, the necessary quorum had been achieved.

She further advised that the Notice convening the meeting and the Agenda had been in the shareholders hands within the period stipulated by the Company's Articles of Association. Therefore, with the consent of the Members, she would take the Notice and Agenda as read.

7.0 VOTING PROCESS

The Chairman informed the Members that the vote on all Resolutions tabled at the AGM would be taken by Poll and would be passed as Ordinary Resolutions. He said the Resolutions would be adopted separately upon proposal to the Members.

The Resolutions were passed as follows:

8.0 RESOLUTION 1 – ADOPTION OF THE AGM MINUTES HELD ON FRIDAY, 29TH MARCH 2019

The Chairman said the First Resolution on the Agenda was to approve the Minutes of the AGM that was held on Friday, 29th March 2019.

RESOLUTION

Upon a motion being proposed by Mr. Andrew Kapula and seconded by Mr. Lameck Ng'andu, it was **RESOLVED THAT** the minutes of the meeting held on Friday, 29th March 2019 be and are hereby confirmed as a true and correct record of the proceedings of the meeting.

Resolution 1 was passed by a majority vote of the Members.

9.0 RESOLUTION 2 – ADOPTION OF THE DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2019

The Chairman said the Second Resolution on the Agenda was the receipt of the Directors Report and the Financial Statements for the year ended 31st December 2019 together with the Report of the Auditor of the Company.

He invited reports from Mr. Owen Silavwe, the Managing Director, giving a Company overview; followed by a summary of the Company's 2019 financial performance, presented by the Chief Financial Officer, Mr. Mutale Mukuka. Thereafter, the auditor, PricewaterhouseCoopers presented its report to the Members through Mr. Andrew Chibuye.

Subsequent to the foregoing, the Directors' Report and Financial Statements for the year ended 31st December 2019 and the Auditor's Report thereon were tabled for consideration by the Members.

RESOLUTION

Upon a motion proposed by Mr. Mumba Musunga and seconded by Mr. Job Lusambo, it was **RESOLVED THAT** the Directors' Report and Financial Statements for the year ended 31st December 2019 be and are hereby approved.

Resolution 2 was passed by a majority vote of the Members.

10.0 RESOLUTION 3 – RATIFICATION OF DIVIDEND PAYMENT MADE ON 4TH MARCH 2019

The Chairman said the Third Resolution on the Agenda was the ratification of the Dividend payment made on 4th March 2019.

RESOLUTION

Upon a proposal by Mr. Ashrey Chisaka and seconded by Mr. Reuben K Kalaluka, it was **RESOLVED THAT** the Dividend paid to the Members on 4th March 2019 be and is hereby ratified.

Resolution 3 was passed by a majority vote of the Members.

11.0 RESOLUTION 4 – APPOINTMENT OF AUDITORS AND REMUNERATION OF THE AUDITORS

The Chairman said the Fourth Resolution on the Agenda was in relation to the appointment and remuneration of the Auditor of the Company. He invited Mr. Joe Mwansa Chisanga, Chairman of the Audit Committee, to make the proposal for the appointment and remuneration of the Auditor.

Mr. Chisanga proposed that Messers PricewaterhouseCoopers be and are hereby appointed as the Company's Auditor, to hold office until the next AGM and, further, that the Directors be authorised to set their remuneration.

RESOLUTION

Upon a proposal by Mr. Joe Mwansa Chisanga and seconded by Mr. Simon Phiri, it was **RESOLVED THAT** PricewaterhouseCoopers be and is hereby appointed as auditor of the Company to hold office until the next AGM of the Company and that the Directors be authorised to set their remuneration.

Resolution 4 was passed by a majority vote of the Members.

12.0 RESOLUTION 5 – APPOINTMENT OF DIRECTORS

Mr. Mwafulilwa handed over the Chairmanship of the meeting to Mr. Ronald Tamale at 13:00 hours to attend to the adoption of Resolution 5.

Mr. Tamale informed the meeting that Mr. London Mwafulilwa and Dr. Patrick Nkanza, Directors of the Company, who were appointed at the last AGM would retire at the current meeting in accordance with Article 14.4 of the Company's Articles of Association. He said following the referred retirement, the Directors recommended the re-appointment of Mr. London Mwafulilwa and Dr. Patrick Nkanza as Directors of the Board to hold office until the next AGM at which they would retire.

RESOLUTION

Upon a proposal by Mr. Ronald Tamale and seconded by Mr. Kaongolo Nyambe, it was **RESOLVED THAT** in accordance with Article 14.4 of the Articles of Association of the Company, Mr. London Mwafulilwa and Dr. Patrick Nkanza be and are hereby appointed as Directors of the Company to hold office until the conclusion of the next AGM at which they would retire.

Resolution 5 was passed by a majority vote of the Members.

The Chairmanship of the meeting was, thereafter, handed back to Mr. London Mwafulilwa at 13:05 hours.

13.0 RESOLUTION 6 – DIRECTORS' REMUNERATION

The Chairman said the Sixth Resolution on the Agenda was the variation of Directors' Remuneration, which would be presented by the Chief Financial Officer, Mr. Mutale Mukuka.

Mr. Mukuka told the Members that having reviewed the Company's business and the effects of the COVID-19 pandemic, it was proposed that the Directors' Quarterly and Board fees be reduced by 10%.

RESOLUTION

Upon a motion being proposed by Mr. Mutale Mukuka and seconded by Mr. Patrick Chongo, it was **RESOLVED THAT** the variation of Directors' remuneration by a 10% reduction be and is hereby approved.

Resolution 6 was passed by a majority vote of the Members.

14.0 ANNOUNCEMENT OF POLL RESULTS

Following the vote on the resolutions, the Chairman announced the Poll results as follows:

No.	Resolution	Shares for	%	Shares Against	%	Shares Abstaining	%
1.	Minutes of the Annual General Meeting of 29th March 2019	1,374,887,755	99.94	0	0.00	846,173	0.06
2.	Directors' Report and Financial Statements for the year ended 31st December 2019	1,379,886,480	100.00	0	0.00	2,500	0.00
3.	Ratification of dividend payment made on 4th March 2019	1,388,098,067	99.99	0	0.00	87,017	0.01
4.	Appointment of Auditors	1,384,771,815	99.75	3,215,172	0.23	194,715	0.01
5.	Appointment of Directors	1,379,213,650	99.98	81,762	0.01	155,893	0.01
6.	Directors' Remuneration	1,387,742,035	99.98	199,349	0.01	135,318	0.01

Following the announcement of the results, the Chairman declared that all the resolutions set out in the Notice and Agenda for the AGM had been duly passed by more than two-thirds of votes attaching to the shares entitled to vote and held by the shareholders present in person or by proxy at the meeting.

15.0 CLOSURE

There being no other business, the Chairman thanked everyone who had attended the meeting, the first to be held virtually, and declared the meeting closed at 13:20 hours.

[SIGNED]

Director

[DATE]

[SIGNED]

Company Secretary

[DATE]

ATTENDANCE REGISTER OF THE TWENTY-SECOND AGM HELD ON, 30TH SEPTEMBER 2020

1) PROXIES

NAME	PROXY
MARINA IV (SINGAPORE) PTE LTD	RONALD L TAMALE
ZCCM -IH	MWELWA MANDA
ZAMBIA ENERGY CORPORATION (IRELAND) LIMITED ZECI	MICHAEL TARNEY
STANDARD CHARTERED PRIVATE EQUITY LIMITED	RONALD L TAMALE
SATURNIA REGNA PENSION TRUST FUND	MUMBA MUSUNGA
WORKERS" COMPENSATION FUND CONTROL BOARD	MOSES SIMBEYE
KCM PENSION TRUST SCHEME	MUMBA MUSUNGA
NATIONAL PENSION SCHEME AUTHORITY	ABIGAIL NGOSA
BARCLAYS BANK STAFF PENSION TRUST FUND	MUMBA MUSUNGA
LOCAL AUTHORITY SUPERANNUATION	CHITALU JEAN MANDONA
ZAMBIA SUGAR PENSION TRUST -SCHEME	MUMBA MUSUNGA
STANBIC BANK PENSION TRUST FUND	MUMBA MUSUNGA
STANDARD CHARTERED BANK PENSION TRUST FUND	MUMBA MUSUNGA
STANBIC NOMINEES-MPILE LOCAL EQUITY FUND	MINTY CHITEBE
STANDARD CHARTERED ZAMBIA SECURITIES SERVICES NOMINEES LTD	TAMARA BBUKU
KWACHA PENSION TRUST FUND	MUCHINDU KABASO
LAFARGE CEMENT ZAMBIA PLC PENSION TRUST SCHEME	MUMBA MUSUNGA
ZANACO PLC DC PENSION SCHEME	MUMBA MUSUNGA
ZAMBIA NATIONAL BUILDING SOCIETY	HARRIET MAPOMA
RAIL SYSTEMS OF ZAMBIA	HARRIET MAPOMA
INDENI PENSION TRUST SCHEME	MUMBA MUSUNGA
PICZ PENSION TRUST-MONEY PURCHASE	HARRIET MAPOMA
SANDVIC MINING PENSION SCHEME	MUMBA MUSUNGA
CEC PENSION TRUST SCHEME	MUMBA MUSUNGA
AIRTEL ZAMBIA STAFF PENSION FUND	MUMBA MUSUNGA
STANBIC BANK ZAMBIA NOMINEES	MINTY CHITEBE
MADISON PENSION TRUST FUND	HARRIET MAPOMA
BUYANTANSHI PENSION TRUST FUND	MUMBA MUSUNGA
LUBAMBE COPPER MINES PENSION TRUST SCHEME	MUMBA MUSUNGA
CAVMONT BANK ZAMBIA PENSION TRUST SCHEME	MUMBA MUSUNGA
AFRICA 53	HARRIET MAPOMA
TOYOTA ZAMBIA	HARRIET MAPOMA
SUN INTERNATIONAL PENSION TRUST SCHEME	MUMBA MUSUNGA
SCZ INTERNATIONAL LTD PENSION TRUST	MUMBA MUSUNGA
NATIONAL BREWERIES PENSION TRUST SCHEME	MUMBA MUSUNGA
HEALTH SECTOR GRANT AIDED INSTITUTIONS PENSION SCHEME	MUMBA MUSUNGA
STANBIC NOMINEES ZAMBIA LIMITED	MINTY CHITEBE
STANBIC NOMINEES ZAMBIA LIMITED	MINTY CHITEBE
STANBIC BANK ZAMBIA NOMINEES	MINTY CHITEBE
GAME STORES PENSION TRUST SCHEME	MUMBA MUSUNGA
WORKCOM PENSION TRUST SCHEME	MUMBA MUSUNGA
WORKCOM TRUST PENSION SCHEME PPMZ	HARRIET MAPOMA
PSPF STAFF PENSION SCHEME	MUMBA MUSUNGA
MULTICHOICE PENSION SCHEME	HARRIET MAPOMA
GOLDEN SUNSET PENSION FUND	MUMBA MUSUNGA

FINANCE BANK	HARRIET MAPOMA
DELOITTE AND TOUCH PENSION TRUST SCHEME	MUMBA MUSUNGA
ECOBANK ZAMBIA LIMITED PENSION TRUST SCHEME	MUMBA MUSUNGA
HSEGAIPS-PPMZ	HARRIET MAPOMA
CITI BANK PENSION TRUST FUND	HARRIET MAPOMA
NATIONAL INSTITUTE FOR SCIENTIFIC AND INDUSTRIAL RESEARCH	MUMBA MUSUNGA
ZAMBIA EPISCOPAL CONFERENCE(ZEC)	HARRIET MAPOMA
UTI ZAMBIA LIMITED STAFF PENSION TRUST SCHEME	MUMBA MUSUNGA
BUYANTANSHI PENSION SCHEME	HARRIET MAPOMA
ZICA	CHILES C MUTALE
STANBIC NOMINEES ZAMBIA LIMITED	MINTY CHITEBE
LUSAKA TRUST PENSION SCHEME	HARRIET MAPOMA
LUNSEMFWA HYDRO POWER PENSION SCHEME	HARRIET MAPOMA
STANBIC BANK ZAMBIA NOMINEES	MINTY CHITEBE
YOUNG AND RUBICAM PENSION TRUST SCHEME	MUMBA MUSUNGA
FINAL SALARY	HARRIET MAPOMA
ACCESS BANK ZAMBIA LIMITED PENSION SCHEME	MUMBA MUSUNGA
SANLAM LIFE INSURANCE (Z) LTD	MUMBA MUSUNGA
MOTOR MART GROUP ZAMBIA	HARRIET MAPOMA
STANBIC BANK ZAMBIA NOMINEES LTD	MINTY CHITEBE
MUTALE MATILDAH	FRANCISCA SAKALA

2) ATTENDEES - SHAREHOLDERS

NAME	PROXY
PREM JAIN (DR) and SUMAN JAIN and SUMEET JAIN	
AARON BOTHA	
CHARLES MILUPI	
RODNEY SISALA	
JOE CHIYASSA	
CHAILA JULIA CHRISTINE ZULU	
GEORGE C. MUTONO	
BANDA YONAH	
BOTHA AARON	
MWANZA GIDEON	
KAPULA ANDREW	
KANDEKE FREMMY SIKAZWE	
BOYD TEMBO	
TITUS CHONGO MWANDEMENA	
GONDWE BRENDA SHEKAINAH	
MUTALE OSWARD KINGSTONE	
MWILA LETSON	
NANGALELWA MANDO M	
KAYULA LAWRENCE	
JUSTIN KAKOMA	
NKHOMA GERTRUDE LUKONDE	
WELLINGTON TUNGATI	
MAPANI TITUS	
SILWEYA JOHN	
GEORGE CHILUFYA KANG'OMBE	
NSABIKA CHAMA SANDRA	
CHRISTOPHER NTHALA	
KAFULANDI RICHMOND	

NAME	PROXY
CHAPITA MBUZI	
CHILUBA FREDERICK MWILA	
KAPOMA ALAN CHAMBESHI	
KAMATA NG'ANDWE	
MWABA MATIMBA	
KATONGO MUSONDA	
LUNGU EDDIE	
KAPEZHI EVANS	
CHAMAOMBE ALEX KAMPAMBA	
HIBAJENE SILVESTER HANGUWA	
NDHLOVU DAINESS	
KANSWE OSWARD	
WALUSAMBO SAINI ZACHARIA	
KANCHE ERNEST MAKALIKI	
WAMUNYIMA KUONGA BRUNO	
SHIKOKI RICHARD MWAMBA	
ELIJA KENNETH CHIKWENI	
WALUZIMBA KATONGO IAN	
CHISANGA KASONGO MEVIS KASONGO	
SIMUKOKO BENNY	
MWIINGA MAINZA	
MULENGA BWALYA	
LWEENDO HIMONGA	
CHOOLWE NALUBAMBA	
KALEBAILA MAKAMA DORIS	
PASCAL CHANDA	
MUBITA JOCELYN MUFAYA	
MADICHI BWALYA PRISCA	
VINCENT NYIRENDA	
CHILAMBE MOSES	
MBALE CLIFFORD PHILLLIP	
ISAAC MACHANDA	
SYAMUNYANGWA TANDA	
BRIDGET MWAKA	
SABOI MUNDIA	
MWENDA CATHERINE	
MARTIN SIMPEMBA	
BENSON SAKALA	
MUNTANGA SIBALWA	
SAVIOUR MWANSA	
MBEWE CONRAD	
CHINKOYO SEBASTIAN	
MUGALA CHANCE	
HAACHITWE BBENKELE	
MUCHELENJE CATHERINE M MRS	
PARTON KAOMA	
KALINDA AGNESS PEGGY	
CHISHIMBA LAMBA	
PEGGY SICHONE	
PATRICIA MUDENDA	
CHISONI LUNGU	
JOSEPH WAPABETI	
BANDA NEWTON	
MAJOR SIKAUNDI	

NAME	PROXY
VIRGINIA SICHANDE	
NKOWANI LACKSON	
KALAMBO EDWIN	
CHONGO REUBEN CHILESHE	
PHIRI UNDI BEAUTY	
MERCY M C CHISABINGO	
SUSAN KAPAMPA MULENGA	
SIMON GOODFELLOW PHIRI	
MWILA CHANSA	
MUJIMBA NKAMU	
KATEBE MUSIALIKE	
GEORGE PANDE	
MUSUKWA CATHERINE	
SIMUBALI CLEMENT	
CAROLINE SINKAMBA	
QOCHIWE RAHAB NYIRENDA	
MUNDIA SAMSON MUBU	
ASHERY CHISAKA	
MUSONDA PRECIOUS	
MWANZA KENNEDY	
CHIBUBI KAULU	
DONALD MUSHABATI	
MUYEYE GREGORY MULULUMA	
JOSEPHINE M. MULELE	
CHANGU CHAMBWA	
MERCY KABIKI	
CHILESHE SEVERINA	
KABWE LISTER	
NYIRONGO TANGU AUDREY	
MAPALA WEZZY	
SEKELI MABOSHE	
MUSIPA NELSON	
THOMAS MUSUKWA	
MWANZA ABRAHAM	
CECILIA CHISHA CHAKULANDA	
CLIVE MASAKAMIKA TINDI	
INONGE N MUTANUKA	
ELIAS MWALE	
MILAMBO THIMOTHY	
CHUNGU MWANZA	
GIVEN MUTALE	
LAZAROUS MUSITINI	
VICTOR CHUNGU	
CHITAMBALA LUMPUMA OLIVIA	
MPUNDU JULIUS	
MPAZI TILEKE NAMFUKWE	
MARVIS MUYAMWA	
NSAMA MUBANGA BURNHAM	
LUNGU GODFREY	
MULENGA TIYEZYE EMMANUEL	
CHOMBA DICK MWESHI	
NGANDU LAMECK	
ZULU LEVISON	
CHISHIMBA HENRY	

NAME	PROXY
MULENGA CHITI MICHAEL	
EMELE SAKALA	
CHAMA HUMPHREY	
KOMESA KALELE	
ZULU C EVARISTO	
PHIRI MUSA	
ANNIEMARIE KALUNGA	
MUNYATI ALEXSHINA	
RICHARD NG'AMBI	
ENOCH MULIOKELA MUBUKA	
NKHOMA MATTHEWS	
MUYUNDA SUNDANO	
KAPAKO WATSON	
CHANKA WALTER KAWAMA	
MULENGA CYNTHIA	
GEORGE MABVUTO BANDA	
HICHOOBOLWA DEPECK CHIAKO	
LUCHEMBE IGNATTIUS NKANDU	
MULENGA CHILOMO FELIX	
CHONGO PATRICK KAPAMBWE	
DYMUS MICHEAL NYELETI	
CHIPERE LOICE	
KANTUMOYA AARON	
ZAMA LUNGU	
CHOONGA NCHOBA SIMON	
AGNES MUMBA MWANZA	
MUWATSI BLESSING VEE	
MWANZA KANYEMBA LINDA MALALA	
SIMWABA ARNOLD MILNER	
VERNON MWABA MWENYA	
CATHERINE MUKUKA	
BWALYA SYLVESTER	
PHIRI ESTELE	
WUTINGU NAWALINGA BEATRICE	
MWENDA E NJOBVU	
KALALUKA KAFANGA.RUEBEN	
MUTALAMA PETRONELLA	
NYAMBE KAONGOLO	
FLORENCE KOLALA	
SIMWANZA SAVIOUR	
MARTHA MUMBA	
WANANGWA KAMANGA	
YONDELA JOSEPH CLASSWELL	
MUSONA CHAPOMOKA NAWA	
FRAZER MAKANI	
WAMUNDILA S AKAPELWA	
LUKWESA MOSES	
KAOMA MUMA CHISANGA	
MARSDEN NKANZA SIMWINGA and RABECCCA MTONGA	
KAZEKULA VERNON NAKAMBO	
NAMONJE TEMBOZI	
KELVIN M CHISANGA	
KWITAKA MALUZI	
KASUMBA NTANISHA	

NAME	PROXY
CHEMBO LITANA	
MGEMEZULU MORTON ESAU	
MWANSA MUSONDA	
PETER SAFWALI	
GUMBO GIBSON	
BRIAN BARNABAS MMEMBE	
SIANANGAMA LWEENDO	
FAITH MWELWA CHINYIMBA	
LEAH CHENGO BUTALA	
CHILUFYA MUSONDA CLARENCE	
CHAZIYA BERNARD	
MUCHIMBA DOUGLAS KANCHE	
MWANZA STEVEN	
AUBREY CHISENGA NDHLOVU	
MUMBA CHEMBE	
BUTALA MUMA	
KWALOMBOTA MUYUNDA	
MWANSA NATASHA	
COMAC ENTERPRISES	
TUNTILE LONDON	
LUSANSO JOB	
SHANZALA BERTHA	
NG'ANDWE MUFULO KAPUKA	
PHIRI MANIX	
SAMPA CHANDA SAMPA	
BWEMBYA ETHEL C	
MWIINGA MAINGA	
SIAME CLARA LEVENSON	
SIMON KABESHA	
SYLVESTER MUGALA	
NEBA TAONGA YOLANDA	
FRAZIER ZIMBA	
SINKALA PETER	
NATHAN CHIBESA	
ALINANI SIMBEYE	
MERCY LUNGU SIMUZINGILI	
KUKENA CHIYENGI	
SIWALE NJAVWA	
TATILA CHUULA	
CHIZYUKA MWEETWA	
DALITSO WANE PHIRI	
GANIZANI ZULU	
TAUSSAC PHILIPPE	

3) ATTENDEES - NON SHAREHOLDERS

Name	Representing
ROBERT ADRIAN STANGROOM	AFRICAN FINANCIALS
TAFADZWA MANHINDI	AFRICAN FINANCIALS
WILLIAM SILAVWE	COPPERBELT ENERGY CORPORATION PLC
LIZZIE MUWOWO	COPPERBELT ENERGY CORPORATION PLC
CHIMBALANGA SEMBA	COPPERBELT ENERGY CORPORATION PLC
SANKENI KADOCHI	COPPERBELT ENERGY CORPORATION PLC
IGNITIOUS CHUNGU	COPPERBELT ENERGY CORPORATION PLC
SHADRICK KATAWA	COPPERBELT ENERGY CORPORATION PLC
EUGENE MPOLOKOSO	COPPERBELT ENERGY CORPORATION PLC
GREGORY MALUNGO	COPPERBELT ENERGY CORPORATION PLC
MARTIN S. KASEMUKA	COPPERBELT ENERGY CORPORATION PLC
SETFREE NHAPI	ESCROW GROUP
SIMON WOLFE	INVESTOR
HINJI INKENI	LUSAKA SECURITIES EXCHANGE
IDREEN MALAMBO	MADISON FINANCE
EVA BARBONI	MARLOW STRATEGY
ALISA HELBITZ	MARLOW STRATEGY
MARK LUCHEMBE	MERITRADE CORPORATION LTD
CECILIA CHILUBA	MONEY FM RADIO
STUART LISULO	NEWS DIGGERS NEWSPAPERS
NENANI SICHONE	PANGAEA SECURITIES
ELINA CHIPUNGU	PANGAEA SECURITIES
ANDREW CHIBUYE	PRICEWATERHOUSECOOPERS (PWC)
FAYSON MUNKOMBWE	PRICEWATERHOUSECOOPERS (PWC)
GERTRUDE BUYUNGWE	SECURITIES AND EXCHANGE COMMISSION
NONDE SICHILIMA	SECURITIES AND EXCHANGE COMMISSION
EMELDA MWANZA	SECURITIES AND EXCHANGE COMMISSION
LEAH SIMASIKU	SECURITIES AND EXCHANGE COMMISSION
RICHARD LILLEIKE	STANDARD CHARTERED BANK
PAMELA KANDO	STOCKBROKERS ZAMBIA LIMITED
CHITALU ANDREW KABALIKA	STOCKBROKERS ZAMBIA LIMITED
CHARLES MATE	STOCKBROKERS ZAMBIA LIMITED
MUKUKA MAPEMBA	STOCKBROKERS ZAMBIA LIMITED
JACK KANYANGA	STOCKBROKERS ZAMBIA LIMITED
DARIOUS KAPEMBWA	THE MAST NEWSPAPER
KENNEDY MUPESENI	TIMES OF ZAMBIA
CHEMBE MBALE	YAR FM RADIO

COPPERBELT ENERGY CORPORATION PLC FORM OF PROXY

FORM 1

I/We ....of ....

being a Member/Members of the above named Company, hereby appoint ....

of .... or, in his/her absence ....

of .... as my/our proxy to vote for me/us on my/our behalf at the Twenty-Third Annual General Meeting of the Company to be held on **Friday, 30th April 2021** and at any adjournment thereof

			For	Against
Resolution	1	Minutes of the Annual General Meeting of 30th September 2020	☐	☐
Resolution	2	Directors' Report and Financial Statements for the year ended 31st December 2020	☐	☐
Resolution	3	Ratification of Dividend payment made on 21st December 2020	☐	☐
Resolution	4	Appointment of Auditors	☐	☐
Resolution	5	Appointment of Directors	☐	☐

Signed: .... Date: ....

(Authorised Signatory)

COPPERBELT ENERGY CORPORATION PLC FORM OF PROXY

FORM 2 (CORPORATE REPRESENTATIVE)

We ....(name of Corporate Body)

of .... being a Member of

Copperbelt Energy Corporation Plc, hereby appoint ....

of .... to act as our

representative and proxy to vote on behalf of ....

(name of Corporate Body) at the Twenty-Third Annual General Meeting of the Company to be held on **Friday, 30th April 2021**

and at any adjournment thereof:

			For	Against
Resolution	1	Minutes of the Annual General Meeting of 30th September 2020	☐	☐
Resolution	2	Directors' Report and Financial Statements for the year ended 31st December 2020	☐	☐
Resolution	3	Ratification of Dividend payment made on 21st December 2020	☐	☐
Resolution	4	Appointment of Auditors	☐	☐
Resolution	5	Appointment of Directors	☐	☐

Signed: ....
(Authorised Signatory)

Date: ....

CORPORATE INFORMATION

Copperbelt Energy Corporation Plc
(Incorporated in the Republic of Zambia)
Registration number: 39070
Share code: CEC.zm
Listed: 2008
Securities exchange: LuSE
Sector: Energy

Registered office
23rd Avenue
Nkana East
Kitwe

Corporate office
2nd Floor Green City
Stand 2374 Kelvin Siwale Road
Off Thabo Mbeki Road
Lusaka

Postal address
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Postnet 145, P/Bag E835, Kabulonga, Lusaka

Contact information
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Fax: +260 212 244 040 / +260 211 261 640
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Email: info@cec.com.zm
Facebook: www.facebook.com/cecinvestor
Twitter: www.twitter.com/cecinvestor
LinkedIN: https://linkd.in/1PRD9Qi

Corporate communication and investor relations
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E-mail: nsabika@cec.com.zm

Company secretary
Julia C. Z. Chaila
E-mail: chailaj@cec.com.zm

Transfer secretary
Corpserve Transfer Agents
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Lusaka
E-mail: info@corpservezambia.com.zm
Telephone: +260 211 252 6969/211 256 970/+260 950 968 435
Postal address: P O Box 37522, Lusaka

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Telephone: +260 211 232 456
Postal address: P O Box 38956

Auditors
PwC
Stand No, 2374
Thabo Mbeki Road
P O Box 30942
Lusaka
Tel: +260 211 334 000

Bankers

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Lusaka
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Barclays Bank Zambia Plc
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Kitwe
Telephone: +260 212 232 057

Citibank Zambia Limited
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Phone: +260 211 370 000

Standard Chartered Bank (Z) Plc
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Lusaka
Telephone: +260 212 224 318

United Bank for Africa Zambia Limited
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Telephone: +260 212 225 305

First National Bank
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Plot No. 227668
Building 3 Acacia Park
Corner of Great East and Thabo Mbeki Road
P O Box 36187
Lusaka
Telephone: +260 212 2366 800


LUANO
220/66/11 kV
SUBSTATION
DANGER
TEKWIKATA IYO PANTU CHILWANI
MUSAGWIRE ICHI CHIFUKWA NDI CHOIPA
EMERGENCY
PHONE NUMBERS
0966-946803
0212-244220
0212-224353
Danger
High voltage

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Corporate Communication and Finance departments

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www.thepixelfactory.net

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Gareth Bentley (www.garethbentley.com)

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New Horizon Printing Press

Copperbelt Energy Corporation Plc

Annual Report and Financial Statements
for the year ended 31st December 2020

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