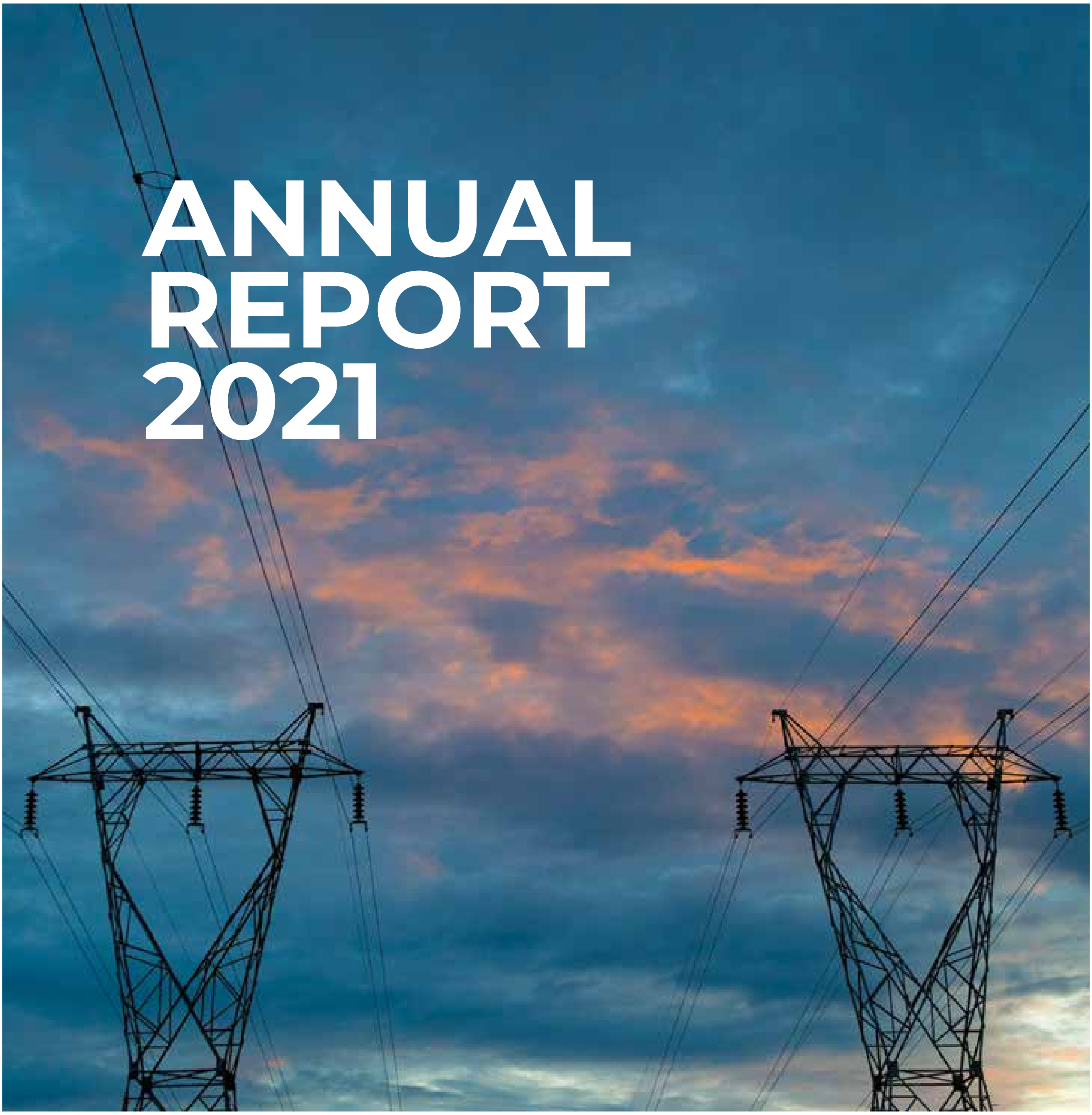
Copperbelt Energy Corporation PLC



Annual Report and Financial Statements
for the year ended 31st December 2021

CONTENTS

1. OVERVIEW

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

Being honest in all our dealings

Building good team relationships

Developing a "can do" attitude

Supporting each other

Being open to new ideas

SHAREHOLDING STRUCTURE

COPPERBELT energy

MARINA IV/MARINA V (SINGAPORE) PTE / STANDARD CHARTERED PRIVATE EQUITY	34.64%
ZCCM-IH	24.11%
CSD - Lusaka Securities Exchange	21.58%
Zambian Energy Corporation (Ireland)	13.25%
Standard Chartered Zambia Securities (Nominees)	6.42%

ABOUT CEC

CEC is a power utility whose history stretches back to 1953 when the mining companies first interconnected their power systems. Registered in Zambia, CEC is licensed to generate, transmit, distribute and supply electricity, predominantly to mining operations. CEC provides electricity and associated services to mining operations in the Democratic Republic Congo through its subsidiary, CEC DRC Sarl.

The Company's extensive power infrastructure covers a physical area measuring in excess of 31,000km^2 and comprises more than 1,000km of high voltage transmission lines at 220kV and 66kV, 43 high voltage substations, a transmission interconnector with the DRC capable of carrying at least 500MW of power and thermal power generating plant with 80MW capacity. CEC's renewable energy capability includes a 1MW solar PV plant, now being expanded to 34MW, and a 900,000 litres per annum biodiesel production plant. The Company's biodiesel is Zambia Bureau of Standards certified and is produced using locally sourced natural feedstock.

More than 5,000 individuals and institutions share in the ownership of CEC through the Lusaka Securities Exchange. Through its infrastructure, CEC enables a competitive power trading market in Southern Africa as a member of the Southern African Power Pool.

A responsible corporate citizen, CEC supports and enables local enterprise through commercial opportunities and invests in the health and education of its employees and local citizens through learning and working opportunities, infrastructure build, improvement of facilities and provision of critical resources.

ABOUT THIS REPORT

The annual report is the principal official communication in the relevant financial period to our stakeholder groups who include our shareholders, customers, employees, 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 1 January to 31 December 2021, 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 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, commercial, social and stakeholder performance. The Chief Financial Officer's report leads the financial performance section of this report, which also details performance through the different annual financial statements.

All the key terms and abbreviations used in this report are explained in the glossary under supplementary information from page 8. Hence, abbreviations and short name versions of terms are not written out in full in the body of the report.

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

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

ASSURANCE

The Audit 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 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 annual financial statements is found on page 92.

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 Committee and supported further by management. To the best of the Board's knowledge and belief, the 2021 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 16th March 2022, approved the release of the 2021 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 159 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 and disposal proceeds of CEC shares in CEC Liquid
"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 31 March 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 119970039070), a public company incorporated in accordance with the laws of Zambia and listed on the LuSE
"CEC-DRC SARL"	CEC DRC Sarl (Registration number 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 and a subsidiary of CEC
"Certificated Shares"	CEC shares which have not yet been dematerialised in terms of the requirements of the 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 where copper has been predominantly mined, 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" or "DFIs"	development finance institution(s)
"Dividend"	a distribution of a portion of the Company's earnings, decided by the board of directors, paid to shareholders

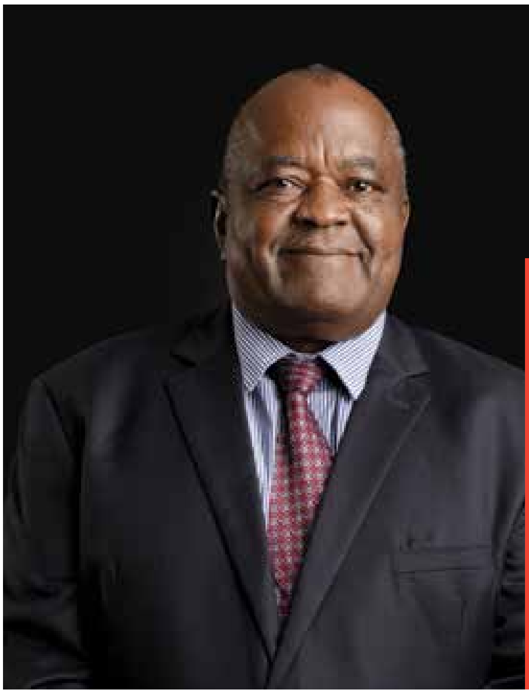
"Documents of Title"	share certificates, certified transfer deeds, balance receipts, or any other documents of title to CEC shares
"DPS"	dividend per share
"DRC"	Democratic Republic of Congo
"Earnings Per Share" or "EPS"	earnings attributable to each CEC share, calculated by dividing the Company's profit attributable to shareholders by the weighted average number of issued CEC shares
"EBITDA"	Earnings Before Interest, Tax, Depreciation and Amortization
"ECL" or "ECLs"	expected credit loss(es)
"ERB"	Energy Regulation Board, Zambia's energy sector regulatory body established under the Energy Regulation Act, No. 12 of 2019
"ESAP"	Environmental and Social Action Plan
"ESG"	Environment, Social and Governance
"ESIA"	Environmental Social Impact Assessment
"ESMP"	Environmental and Social Management Plan
"FFR"	Fatality Frequency Rate
"FY"	the appropriate financial period covering a period of 12 months to 31 December
"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, 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
"ICT"	Information and Communication Technologies
"IFRS"	the International Financial Reporting Standards and Interpretations adopted by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee of the 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 and in which CEC has development interest
"KCM"	Konkola Copper Mines Plc
"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
"Listings Requirements"	the Listings Requirements of the LuSE, as amended from time to time
"LTA"	Lost Time Accident
"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"	the Ministry of Energy of Zambia
"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 for Zambia, 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
"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, Zambian super league side fully sponsored by CEC
"PPE"	personal protective equipment. Also; 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
"SEC"	the Securities and Exchange Commission of Zambia, a statutory regulatory body established under the Securities Act No. 41 of 2016
"SENS"	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"	Statutory Instrument, an executive order of subordinate or secondary legislation having the force of law and issued by a government minister
"SI No. 24 of 2021"	Statutory Instrument No. 24 of 2021, The Electricity (Common Carrier) (Declaration) Regulations, 2021 which declared CEC infrastructure as common carrier
"SI No. 57 of 2020"	Statutory Instrument No. 57 of 2020, The Electricity (Common Carrier) (Declaration) Regulations, 2020 which declared CEC infrastructure as common carrier and was quashed by the High Court in February 2021
"SI No. 94 of 2021"	Statutory Instrument No. 94 of 2021, The Electricity (Common Carrier) (Declaration) (Revocation) Order, 2021 which revoked SI No. 24 of 2021
"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
"TNSP"	Transmission Network Service Provider
"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", "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


STA. Nº

2. HIGHLIGHTS



LETTER FROM THE CHAIRMAN

10.165 million injury-free hours

2021 Environmental Award for Overall Contribution to Sound Management Practices in Industry

Offset **52%** of total carbon emissions produced

>33% staff fully vaccinated against COVID-19

USD16.4 million: capital expenditure

USD51.2 million: Profit after tax

EPS

814% higher

1,875GWh: total energy sold to mine customers

444MW: mine customer average demand

USD37.4 million: Dividend paid

USD1.1 million: Social investment

USD1.1 billion: Local enterprise support

Coming off another period of uncertainty and disruption occasioned by the COVID-19 pandemic and the consequent tumult in the local and global economies, you can be proud as shareholders that your Company has delivered a set of commendable results and performed above expectation.

For the second year running, COVID-19 affected every aspect of life as we had previously known it and while some opportunities arose, particularly in sectors driven by technology and dependent on the movement of information, for businesses like ours many shifts still required some getting used to. Albeit, from an environmental sustainability perspective, a bright spot resulting from some of the Company's responses to COVID-19 was the reduction in the amount of waste produced from consumption, arising from our remote working arrangements, leading to a smaller carbon footprint. Planting nearly 60,000 trees in different parts of the Copperbelt in 2021 to serve as carbon sinks for absorbing carbon dioxide from the environment further reduced our carbon emissions impact.

Financial and Operational Performance

Despite the challenges from a public health, commercial and relationship perspective, your company significantly reduced the level of impairment losses compared to the prior year and delivered demand growth across all business segments, resulting in the restoration of profitability, which came in at USD51.2 million. Operating costs were higher than prior year, largely occasioned by the higher than planned legal costs incurred on the various legal matters the Company was engaged in.

The Board's focus on shareholder value creation and reward motivated the declaration and payment of an interim dividend of USD37.4 million, equivalent to 2.3 US Cents per share compared to 2.1 US Cents per share the previous year. Overall, we remained focussed on delivering consistent shareholder value year-after-year.

On the back of improved energy availability and national grid stability, we pushed more energy through our network, resulting in a positive network import variance of 5.1% over 2020. Capacity sales to our customers were higher by 2%, supported by the strong global appetite for copper. Consequent to the country's hydropower generating reservoirs receiving more water due to good rains, less aggressive demand-side management actions were taken at national level. Hence, the amount of power moved through our network on behalf of ZESCO under domestic wheeling went up 10%.

We maintained the integrity and high performance of our network to meet internal and regulatory benchmarks throughout the year. Even then, our network was affected by three blackouts experienced nationwide, causing widespread loss of load. We responded to the blackouts by deploying our standby generating plants to supply our customers with critical power required to assure the safety of their people and plants.

Our program to invest and reinvest in the assets of the business focused not only on tackling obsolescence through renewal and modernisation of our infrastructure but also on addressing environmental sustainability considerations. In that respect, feasibility studies are underway to assess the possibility of deploying cleaner fuels in order to improve the carbon footprint of our embedded thermal power generating units.

Detailed financial, commercial and operations performance reviews can be found on pages 42 through to 53 and from page 84.

Operating Environment

The Company continued to operate without a formally signed agreement for the services exchanged with ZESCO even as the utilities ensured undisrupted service provision to all customers, pending re-engagement on the outstanding contractual matters, as I have later highlighted.

On the other hand, the colossal KCM debt remained unsettled while the mining operation equally continued to access services from the Company without the necessary agreements in place. The operational risk from the absence of agreements with KCM remains high but the credit risk was significantly mitigated by limiting CEC's service provision to the use of system and grid connection necessities. KCM's accumulated debt of over USD168.0 million remains unpaid. CEC has instituted arbitral proceedings to recover the debt in line with the provisions of the contract under which the services were provided.

Added to this was the general stress in the economy especially through to the third quarter, exacerbated by COVID-19, where the weakened fundamentals, including high inflation and currency depreciation, negatively affected the equity capital market's performance and demanded the Company continues to reign in its expenditure amongst other measures.

CEC performed commendably well on the LuSE, maintaining and then surpassing the momentum from the previous year when the share price recovered from a dip of K0.70 to set a new high of K2.65 in November 2021. It was one of the 11 stocks to register capital gains on the bourse during the year. The stock appreciated 139% over the previous year.

The macro-economic situation began to ease up from around August, supported by positive investor sentiment alongside freer movement of people and goods resulting from the relaxation of COVID-19 restrictions in many countries, partly buoyed by the roll out of vaccines in most countries and adherence to tested coping measures.

COVID-19 Response

The initial jolt to our business and operations from COVID-19 in 2020 settled into pragmatism and solidifying of practices that work. Despite not being spared the tragedy of the loss of some of our people, the Company strove to safeguard its employees and the community around it through provision of information, access to testing and vaccines. At the close of the year, 260 employees had received the Company-arranged free testing. With vaccines becoming available in the country from May 2020, 33% of staff had been vaccinated by year end through the public health vaccination program and Company-arranged drives.

Top of mind in 2021 was supporting and partnering with communities, government and health institutions in providing wide protection against COVID-19. We supported testing, vaccination, provision of personal protective equipment and equipping selected local hospitals with requisites to increase their capacities to provide in-patient care.

Status and Outcome of Key Developments

A number of issues are carry-overs from the previous year, mostly stemming from the commercial and legal disputes affecting the Company:

i. Quashing of SI No. 57 of 2020: Chiefly, CEC commenced judicial review of the decision of the then Minister of Energy to declare its transmission and distribution lines as common carrier, an action CEC argued was intended to enable continued power supply to a defaulting customer – KCM. In February 2021, the High Court found in favour of CEC and quashed the minister's declaration.

ii. Promulgation of SI No. 24 of 2021: Following the court's quashing of SI No. 57 of 2020, the government issued another statutory instrument in April, with the same effect as SI No. 57 of 2020. The Company, again, made an application for judicial review to contest this decision. On 29 December, the Minister of Energy issued SI No. 94 of 2021, which revoked SI No. 24 of 2021, resulting in an amicable resolution of this matter.

iii. Conclusion of legal proceedings: In 2019, ZESCO instituted arbitral proceedings against CEC, demanding, as the main claim, payment of USD54.2 million for purportedly unpaid historical power charges and seeking a declaration that certain sums consequential to the ERB decision to increase electricity tariffs to the mines in 2014 were payable to it should that decision be found lawful in the Zambian courts. The sole arbitrator ruled on the matter and awarded USD16.4 million in principal and interest to ZESCO. The money has already been fully paid and the matter closed.

iv. Continued KCM indebtedness: KCM indebtedness to the Company grew to USD168.2 million as at year end. This is on account of additional accrued charges for network access and interest on delayed payment. It must be noted that the Company continues to incur impairment charges on portions of the KCM debt in compliance with IFRS 9. To recover money owed to it by KCM, CEC has instituted arbitral proceedings in line with its contract with KCM.

Strategy Execution

The current strategic plan covering the period to 2023 is yearly reviewed and updated to account for any significant developments in the environment, which might affect its effective execution.

Enhancing the health of our power network through continued and targeted renewal and replacement of infrastructure components and adopting more effective technologies that are more compliant to the demands of environmentally cleaner operations remain a key priority for the business. Towards this objective, spend on capital items during the year totalled USD16.4 million, doubling the previous year's outlay.

Injecting diversity into the mix of the power we supply our customers by source has been a top-tier objective for the business, for which I am happy that we have made considerable progress so far. Our purchases of energy from IPPs like Dangote and Lunsemfwa rose about four-fold from 89.6GWh to 411GWh. This is a trajectory we will build on going forward.

We continue to record progress on our strategy for organic growth for the DRC market. Amid market challenges, including COVID-19, our sales in that territory registered a 10% jump over 2020. We remain on course to translate the relationships we have cultivated in that market over the years into tangible commercial transactions.

Growing responsibly entails mindfulness about what our growth means not only for the sustainability of the business but, of equal importance, also the planet. We acknowledge that energy is a very critical driver of climate change, hence, the many actions around the globe to shift development and consumption towards its better forms. In that regard, CEC has taken tangible steps towards a low carbon energy future through its plan to invest in renewables; pursuant to which the Company signed an EPC contract for the expansion of its 1MW Riverside Solar PV plant to 34MW.

Leadership and Governance

The Board effectively discharged its oversight and leadership responsibilities, focused on delivering sustainable value to the Company's shareholders, protecting the bona fide interests of all stakeholders and assuring business success and longevity.

The Board met six times during the year while the committees of the board convened quarterly as scheduled and whenever required. In furtherance of COVID-19 prevention, all the meetings of the board and its committees were held virtually. Details of the board and committee meetings can be found on pages xx of the report.

ZECI effected changes to its Board representation, appointing Mr. Siyanga Malumo on 24th February 2021 to replace the long-standing member, Mr. Abel Mkandawire, who died on 4th February 2021. The special shareholder, GRZ, appointed Mr. Arnold Simwaba as the Government Director/Special Shareholder Representative on 28th May 2021, replacing Mr. Trevor Kaunda.

Though not entirely new to the Board and the Company, the Board welcomes Messrs Simwaba and Malumo and relishes the benefit of their knowledge, expertise and skills. Mr. Simwaba previously served as an alternate to past Special Shareholder representatives while Mr. Malumo had served as an ex-officio member of the then Investments Committee.

Notable Achievements

The continued improvements to our integrated management systems have culminated into aligning our management systems with ISO standards. This was affirmed by the Company's achievement of certification to the ISO standards of occupational health and safety (45001:2018), environment (ISO 14001:2015) and quality (ISO 9001:2015). Earning this certification is a major boost to CEC's systems for managing the health, safety, environment and quality assurance aspects of its business.

The Company was recognised by the national environment regulator, ZEMA, for sustaining regulatory compliance and demonstrating commitment to continuous environmental improvement, and promoting sound environmental management within its corporate social responsibility. CEC was the winner of the 2021 Environmental Award for Overall Contribution to Sound Management Practices in Industry.

Looking to the Future

We believe COVID-19 will continue to be a factor in our operations over the coming year, albeit with lesser impact as ever more populations get inoculated and even though vaccine inequality remains, access is improving. This, coupled with other containment measures that countries continue to implement to varying degrees, should help us maintain a defensive stance against contagion, especially in the workplace, and minimise workflow disruption. Hence, we expect that a good number of capital projects that were rolled over should get be fully implemented in the coming year. We are excited and looking forward to the implementation of the project to expand the Riverside solar plant. Apart from increasing our own generating capacity and enabling cleaner operations, the upskilling and knowledge to be gained from developing and executing these projects are a store of value for the business.

Copper is still riding a crest on the international market with prices continuing on an upward trajectory for the foreseeable future, fuelled by the global hunger for a greener, cleaner world. The new government has clearly signalled its intent to capture more value from the metal by increasing production and has already set the desired target. Expectation, therefore, is high that supportive policy and fiscal stance will give weight to this ambition to, in turn, enable better investment into mining assets to actualize higher output. The Company is expectant that its customers will participate in this upturn.

It is hoped that the studies on the potential future market structure and regulatory changes that are on-going, including the CoSS, shall be concluded in full consultation with all stakeholders. Overall, we expect substantial improvements in the operating environment with more harmonious relationships. This should facilitate timely and amicable resolution of any legacy issues from the past two years. This is more so given that early in 2022, our management team re-engaged with the new management team at ZESCO to begin discussions on the outstanding contractual matters between the two companies.

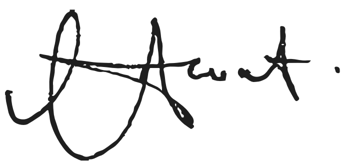
Acknowledgment

I wholeheartedly applaud the belief, commitment, dedication and resilience of our people who have supported the Board and management through a very difficult 24 months. Without their loyalty, we would not have made the strong showing now being reported. They have not been spared the pain of COVID-19 at very deep and personal levels – with some of them losing colleagues and family members – yet they remained unwavering in their commitment to the Company.

I must thank our customers, the reason we are in business. They, too, have ridden a very rough patch keeping afloat in the midst of the pandemic and other uncertainties, including disruptions of their operations. Working together in partnership to craft solutions to their energy challenges and riding out the storms encourages the Company to continue placing their satisfaction at the centre of what we do.

You, our shareholders, have trusted us to steer this Company through very difficult and uncertain times. With the share price having rallied in 2021 to its highest ever, after having hit its lowest, your support serves as your endorsement of our leadership.

Different stakeholders partnered with us in the delivery of our services and especially in our ESG agenda. These include government and non-government institutions and individuals whose insights, availability and willingness to support made possible the Company's strong performance in different areas.



London Mwafulilwa
Chairman

KEY PERFORMANCE INDICATORS

FINANCIAL INDICATORS AND HIGHLIGHTS

REVENUE
USD343m
(8%)
2020: USD371m

EBITDA
USD94m
194%
2020: USD32m

PROFIT AFTER TAX
USD51m
750%
2020: USD6m

CASH BALANCE
USD93m
12%
2020: USD83m

CASH GENERATION
62%
7%
2020: 58%

CURRENT RATIO
1.09
1%
2020: 1.08

RETURN ON EQUITY
16%
700%
2020: 2%

RETURN ON ASSETS
8%
700%
2020: 1%

DIVIDEND PER SHARE
USc2.3
10%
2020: USc2.1

NET CASH
USD74m
32%
2020: USD56m

CAPITAL EXPENDITURE
USD16m
100%
2020: USD8m

ECL IMPAIRMENT
USD13m
(86%)
2020: USD95m

NON-FINANCIAL INDICATORS

ENVIRONMENT

- 0 serious incidents
- 0 legal contraventions

HUMAN CAPITAL

- 55 training hours per employee
- 100% offer acceptance rate
- 0% new joiner turnover rate

OPERATIONS

- 4,997GWh total network energy import
- 3,335GWh mine customers energy sales
- 248MW wheeled for ZESCO
- 444MW average maximum demand
- 84% system load factor

HEALTH AND SAFETY

- 0 Fatalities
- 0.17 LTAFR
- 10.165 million injury-free hours (cumulative)

SOCIAL AND RELATIONSHIPS

- 0 community grievances
- 95,354 online community size
- USD1.1 million in social investment

SALIENT STATISTICS

	2021	2020
FINANCIAL PERFORMANCE (USD'000)		
Revenue	342,520	370,931
Gross Profit	102,301	118,955
Adjusted EBITDA	106,581	108,070
Operating Expenses	36,077	30,337
Adjusted PAT	50,211	55,276
ECONOMIC INDICATORS		
Average ZMW/USD exchange rate	19.96	18.29
Closing ZMW/USD exchange rate	16.67	21.17
SHARE STATISTICS		
Closing share price (ZMW)	2.65	1.10
Average share price (ZMW)	1.61	0.96
Market capitalisation (USD'm)	258.2	84.4
EMPLOYEES		
Total number of employees	341	364
Total number on permanent contracts	323	346
Total number on long term contracts (≥12 months)	16	15
Total number on short term contracts (6-12 months)	2	3
Employee training/skills development spending (USD'000)	141	56
EXTERNAL LABOUR		
Short term (seasonal contractors, up to 3 months)	1,846	1,480
Long term(≥ 12 months)	438	293
Total contracted	2,284	1,773
HEALTH, SAFETY AND ENVIRONMENT		
LTIFR (per 100,000-man hours)	0.05	0.17
System based lost time injury-free hours (millions)	10.165	8.257
LTISR (per 100,000-man hours)	0.26	3.70
SOCIAL AND TRANSFORMATION		
Corporate social investment (USD'm)	1.1	1.4
Community sensitisation engagements	0	2

FIVE-YEAR REVIEW

In thousands of USD	**2021**	2020	2019	2018	2017
INCOME STATEMENT					
Revenue	342,520	370,931	408,272	421,203	389,532
EBITDA	93,986	31,682	35,865	114,402	101,469
Adjusted EBITDA	106,851	108,070	91,200	103,464	101,471
Operating profit	61,354	9,637	17,372	92,182	79,579
Net finance costs	9,551	(3,272)	(4,850)	(1,878)	(4,451)
Share of profits from joint ventures	-	-	-	(92)	448
Profit before tax	70,905	6,675	12,522	90,304	75,128
Taxation	(19,653)	(1,066)	(276)	(34,448)	(26,750)
Net profit attributable to equity holders	51,252	5,609	12,246	55,856	48,378
Adjusted Net profit attributable to equity holders	50,211	55,276	48,274	48,885	49,447
Headline earnings attributable to shareholders	0.0315	0.0030	0.0080	0.034	0.030
BALANCE SHEET					
Property, plant and equipment	494,834	501,641	457,551	441,967	437,533
Investments in Subsidiaries	2,024	1,672	6	6	19,029
Total non-current assets	496,858	503,313	457,557	441,973	455,619
Current assets	178,205	171,642	182,862	200,097	182,426
Total assets	675,063	674,955	640,419	642,070	638,045
CASH FLOW					
Net cash inflow/ (outflow) from operating activities	61,823	57,649	49,777	75,978	74,112
Net cash outflow from investing activities	(16,713)	(10,005)	(20,631)	(16,902)	(15,564)
Net cash (outflow)/ inflow from financing activities	(49,581)	(56,269)	(37,035)	(40,520)	(36,020)
Net cash increase / (decrease) for the year	(4,471)	(8,625)	(7,889)	18,556	22,528
RATIOS AND STATISTICS					
Earnings					
Earnings per share	0.03154	0.00345	0.00800	0.03400	0.03000
Headline earnings per share					
Dividend per share	0.02300	0.02100	0.01900	0.01600	0.01300
Dividend cover	1.37129	0.16437	0.40000	2.10000	2.30000
Profitability					
Adjusted Operating margin	22%	23%	19%	13%	12%
Adjusted Return on capital employed	14%	17%	10%	17%	15%
Adjusted Return on equity attributable to shareholders	15%	18%	14%	13%	15%
Financial					
Debt to equity	6%	9%	15%	16%	22%
Net Cash (Debt) to Equity	22%	19%	7%	7%	-2%
Current ratio	1.09	1.08	1.45	1.88	1.88
Liquidity ratio	1.07	1.06	1.44	1.85	1.85

3. STRATEGY AND PERFORMANCE

MESSAGE FROM THE MANAGING DIRECTOR

Overview

The overall performance of the Company in 2021 was remarkable. This is on the back of our strategy to stabilise the business in the short term from the headwinds we have faced over the last three years while building a strong foundation for consistent performance and steady growth over the medium to long term. We navigated legislative and regulatory threats to deliver strong operational and financial performance. Through broad-based efforts, we engaged constructively with all relevant stakeholders, continuously evaluated all available options and took appropriate and timely action. We did very well in the execution of our strategic priorities, which are: optimizing performance, strengthening power sourcing and contractual arrangements, enhancing relationships and communication, growing organisational capabilities and pursuing sustainable growth. With a significant decline in impairments, our earnings climbed back to the pre-2019 levels, growing 814% year-over-year. This underscores the significant progress we are making in the execution of our strategy. Further, the combination of strong copper prices over the foreseeable future, expected demand growth across all business segments and the ongoing integration of renewables and our drive towards a clean energy future is inspiring sustaining business performance and powering growth.

In the face of the enduring threats and effects of the COVID-19 pandemic, we kept to our plans and measures to maintain a safe and healthy work environment, ensuring we remained responsive to the everchanging COVID-19 situation. We operated a hybrid work environment with our teams alternating between working from home and operating from Company facilities enabling us to yet again efficiently deliver on our top objective of ensuring network availability and service continuity at all times for our customers.

Improving Business Environment

The general elections the country held on 12 August 2021 ushered in a new Government. The new Government has committed itself to upholding the rule of law and always respecting the constitution. On the economic front, the Government has set, as one of its key priorities, the creation of an enabling and conducive business environment that is supportive of a private sector led economy. In this regard, we have observed increasing constructive dialogue amongst Government, regulators and the private sector with a view to attracting and encouraging growing private investment in the various sectors of the economy.

We applaud the new Government for this stance and are confident that an improving business environment that assures the private sector of protection of their property rights and a fair tax regime will increasingly attract private sector investment including FDI. The Company will take the opportunity offered by the improving business environment to engage constructively with the Government, the regulators and other relevant stakeholders to resolve any historical issues. We also see the improving business environment as a unique opportunity for the Company to be more ambitious in seeking investments in its priority areas. These include transmission and distribution infrastructure and distributed clean energy generation technology.

The first national budget announced in November 2021 by the new Government contained some important pronouncements for the business community. In recognition of the fact that the mining sector remains critical to the Zambian economy as the top contributor to foreign exchange earnings, the Government announced its highly ambitious goal to facilitate an increase in copper output from the current 800,000 metric tons to over 3 million metric tons per annum over the next decade. Achieving this goal will require consistent and considerable ramp up in annual production through expansion of existing mines and significant investments in new ones. However, such a feat will only be possible with matched investments in power infrastructure including generation, transmission and distribution. Another important announcement in the 2022 budget was the reduction in applicable corporate tax from 35% to 30% while the mining sector had the non-deductibility of mineral royalty tax reversed. The improving business environment is very critical as we push ahead in the execution of our strategy to deliver for all our stakeholders.

HSES

Health and safety are critically important to our business. In this regard I am pleased to report that we maintained a world class benchmark performance with a lost-time injury frequency rate of 0.05 during the year while continuing to run a fatality free operation. This is a clear demonstration of our continuing disciplined implementation of safety standards, which resulted in the attainment of 10.165 million man-hours without a system based lost-time injury. It is absolutely important that we continue to focus on encouraging good safety behaviour across the entire workforce

A comparatively low carbon emitter, CEC recorded carbon emissions from its operations of 6,563.91 tons, out of which 51.6% was offset. Through the Company's five-year program to help regenerate degraded river sources, nearly 61,000 trees were planted, mainly at the Mutundu Stream water catchment area of the Kafue River in Mufulira. This represents an increase in the carbon absorption capacity from 95.5 tons of CO_2 per annum in 2020 to 399 tons per annum.

The ZEMA recognized our efforts in sustaining regulatory compliance and demonstrating commitment to continuous environmental improvement and promoting sound environmental management as part of our corporate social responsibility. In this regard, we received the 2021 Environmental Award for Overall Contribution to Sound Management Practices in Industry.

Power Availability and Sales

The year witnessed a good balance between supply and demand owing to the improving supply situation in the country predicated on increased water flows at the country's major hydro power stations and the commissioning of at least two new generators of 150MW each by ZESCO at the Kafue Gorge Lower power station. For the first time in six years, the country was able to achieve a good balance between supply and demand from in-country sources with the expectation that over the medium term, Zambia will have excess power for possible export. This has not only resulted in the improved performance of the wider national power network but entails no or little suppression of demand through load curtailment that leads to costly unserved energy. Further, this emerging glut of supply is crucial in encouraging demand growth resulting from new projects by both existing and new customers. With the knowledge that adequate power will be available for new projects, planning for these projects can now be done with more certainty.

More specifically, we made good progress in our strategic objective to move towards a well-diversified portfolio of power sources. We added LHPC and the Dangote co-generation to our supply portfolio and these sources now constitute about 25% of our portfolio of power sources in Zambia. While our power supply portfolio is shaping up well, our efforts to bring in more sources are continuing including the development of solar energy sources (alluded to below). We expect that our supply portfolio will eventually reflect a balance of multiple in-country and regional sources.

On the sales side we performed well across all business segments which include the supply segment (where we supply power to mine customers in Zambia), the domestic wheeling segment (where we wheel bulk power for ZESCO for its non-mining customers), the use of system segment (where we provide use of our transmission infrastructure to third parties), international wheeling (where we wheel power across the border on behalf of third parties) and the power trading segment (where we supply power to mining customers in the DRC).

Power demand by mine customers under the supply business segment recorded moderate growth, with capacity coming in 2% higher at 444MW in 2021 compared to 436MW in 2020. This drove marginal growth in energy consumption, yielding 3,295GWh in 2021 compared to 3,284GWh in 2020. This is on the back of a mining business environment that was far from perfect as mining customers contended with what they perceived as an unfavourable tax regime. With significant improvements already seen in this area (as explained above), we expect pent-up demand from aspects of mining operations that were put under care and maintenance to begin materializing in the new year. This should also catalyse both planned expansions and new mining projects to steadily move to execution phase. With load curtailment having significantly tapered during the year, demand under the domestic wheeling segment grew at an impressive 10% year-over-year. We expect consistent growth over the coming years in this segment powered by expected improvements in the macro-economics and the continuing policy to expand electricity access by the population.

Power trading for our DRC market continues to post notable growth rates, growing by 10% year-over-year. Despite the COVID-19 pandemic and its adverse impacts, our teams have continued to work hard to scale up marketing activities aimed at identifying new demand for power in that market.

Asset Management and Network Performance

We maintained high reliability across our network ensuring that our customers received a service that is safe, secure and reliable. We have continued to efficiently deliver a high-quality service for our customers while seeking continuous improvements in technology and our organisational capabilities. For example, we initiated the first phase of an in-depth independent assessment of the state of our transmission lines. While our transmission lines are some of the very well-maintained assets across the industry, it is important that we, from time to time, institute comprehensive audits of these assets to better understand the effectiveness of our maintenance strategies, inform changes in our methodologies and guide reinvestment decisions going forward. The conclusions from this assignment, expected early in the new year, will be key in informing our asset management strategy for this asset class.

The above notwithstanding, 2021 was not without major challenges on the wider interconnected network. National blackouts are generally a rarity in our industry, sometimes occurring at rates of once in a decade. However, we saw three blackouts at national level which did not spare our network and customers. Given the nature of the operations of most of our customers who operate underground mines with aspects of their operations that require service continuity even during periods of national blackouts such as water pumping, man winders, ventilation etc, we successfully deployed our GTAs in combination with our other emergency power sources to meet their special needs. Our exceptional performance during these challenging times did not go unnoticed. We received kudos from both our customers and a special committee set up to investigate causes of the national blackouts. It is important that we don't rest on our laurels but work with other industry players to avert future incidents of national blackouts and ensure that if they do occur, we are better prepared to ride the storm a lot more efficiently.

In the last two years I have reported on how theft of copper conductors on our transmission lines has introduced new risks to service quality. I am pleased to report that while this scourge remains a threat, working with the state police, we have made considerable progress in identifying some of the people involved and have since successfully obtained court convictions for some of them with associated long jail sentences. The fight, though, is yet to be fully won. We remain focussed on implementing various strategies to ensure we continue to run a safe, secure and reliable network.

We continue to see necessary improvements in the quality and performance of our power assets owing to consistent capital allocation towards asset renewal, modernisation and digitization. Though we have in effect invested less capital in this area in the last two years (2021 inclusive) due to challenges emanating from the effects of COVID-19, such as supply chain bottlenecks, the annual asset health assessment for 2021 showed that the quality of assets on our network has never been better. This is a strong testament to the impact that our rolling 10-year capital expenditure plan has had in not only modernising our network but also greatly improving its performance and efficiency.

Financial Performance

The significant decline in impairments coupled with growing power sales across all business segments drove very strong financial performance in the year, enabling a stellar earnings growth of 814% year-over-year. We delivered growth in both RoE and RoA, coming in at 16% and 8% compared to 2% and 1% in 2020 respectively.

A Comment on Key Contractual Arrangements

The expiry of the BSA between CEC and ZESCO on 31 March 2020 without a solution on the successor agreement left a contractual gap in the commercial relationship between the two companies. This is despite the two parties committing to continue providing services to each other while working towards putting in place a new agreement. The BSA had been at the centre of various services exchanges between CEC and ZESCO.

The delayed conclusion of the successor agreement has, in part, been due to the differences in expectations on key commercial terms between the parties and a lack of political will in the past, broadly required to drive stability in the sector. Post 2021, CEC and the new ZESCO management have jointly and publicly expressed their commitment to work constructively to agree new commercial terms and execute a new contract to guide their business relationship going forward. We see the renewed engagement with ZESCO offering a window of opportunity for the parties to refocus the negotiations and successfully close on the successor agreement to the BSA. It is expected that the new agreement will be signed as soon as possible in the new year.

Reversal of Unfair Legislation

With the initiate statutory instrument (SI No. 57 of 2020) having been successfully challenged by CEC in the High Court and the Court having quashed the decision to enact such a law targeted at CEC's assets, the then Minister of Energy, in defiance of the earlier Court decision, enacted a fresh statutory instrument (SI No. 24 of 2021) in April 2021, redeclaring CEC's transmission and distribution lines as common carrier. The Company was left with no option but to return to the courts of law in defence of its property rights.

I am pleased to advise that the court did not have to repronounce itself on this SI as the new Government took the rightful decision to repeal SI No. 24 of 2021 and end any untoward approach in respect of the Company. This action has fully restored CEC's property and commercial rights over its power infrastructure.

Market Highlights

CoSS: The ZESCO CoSS, spearheaded by the ERB, to determine cost reflective tariffs going forward was nearing completion by year end with the presentation of key findings of the study made to the oversight committee (the Steering Committee) in December 2021. Following comments by the Steering Committee, it was expected that the consultant would update the report and issue the final version. Working with the Ministry of Energy, we expect that the regulator will guide on how and when the outcome of the CoSS will be disseminated and rolled out following full engagement with all stakeholders. CEC remains a keen and active participant in the CoSS.

Other Sector Studies: There are a number of sector-wide studies currently taking place – these include: (i) the Open Access and Market Design (ii) the Transmission and Distribution Pricing Methodology, (iii) the multi-year tariff framework and (iv) the nation's first integrated resource plan, amongst others. Different consultants have been retained to lead these studies while stakeholder participation is happening through information provision, reviewing of reports and provision of comments. The regulator has set up technical working groups consisting of stakeholder representatives to supervise work being done by the consultants. It is expected that the outcome of each workstream will be widely discussed by stakeholders to agree adoption and the migration trajectory where applicable. CEC remains an active participant in all workstreams, contributing to the process of drawing necessary conclusions and shaping outcomes that may determine changes to the industry landscape.

Energy Transition Agenda: We are pro-actively embracing the energy transition agenda and are confident that this will drive sustainable long term shareholder value creation for the foreseeable future. The broad commitment to net zero is steadily shaping innovative efforts in the industry and taking center stage of corporate strategy. As we modernize our power system and seek advances in our systems and work methodologies, at the core of our strategy is the adoption of environmentally friendly technologies that support the wider net zero ambitions. In this regard we made very good progress in our planned roll out of solar generation technology. We commenced the implementation of the planned expansion of our 1MW Riverside solar plant to 34MW following the signing of the EPC contract for the construction of an additional 33MW. We are proud of the progress we are making on this flagship solar project, earmarked for completion before the end of 2022.

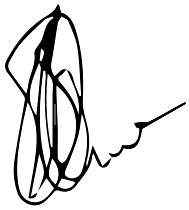
Preparatory work for a second solar plant of 50MW has reached an advanced stage and we expect to announce this project before the end of first half of 2022. This is in an addition to the GET FiT Zambia solar project where our consortium with InnoVent was awarded a tender to develop 2 x 20MW solar plants. Though progress on this project has stalled, we expect to start taking some steps forward once known industry specific challenges associated with credit enhancement requirements are resolved.

Looking Ahead

The improving business environment and the general positive sentiment across markets where we operate is a welcome development that will allow us to move steadily to resolve contractual issues, stabilise the business and focus our efforts on pursuing set key business objectives in 2022 and beyond. The forecast that copper prices will remain strong over the foreseeable future is expected to encourage expansion and development of new mining operations across markets. This should invariably drive demand growth for power and the need for expansion of existing and investment in new power infrastructure across generation, transmission and distribution. The business is well positioned to leverage these opportunities and seek appropriate investments in its priority areas.

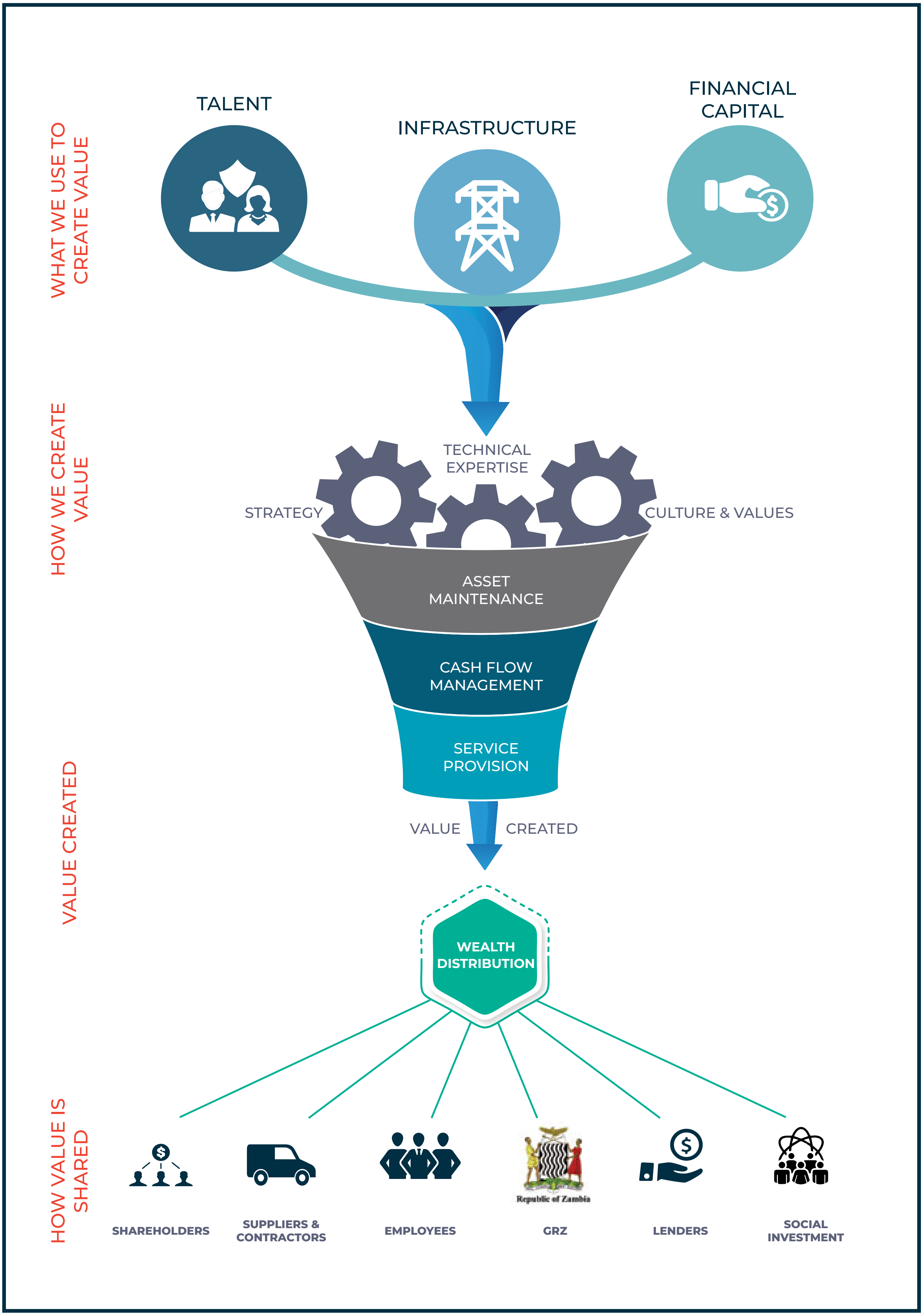
Enhancing organisational capabilities and empowering employees with new skills required to manage the evolving power industry remains a key objective for the Company. In this regard we are continuously developing and sourcing learning and experience sharing activities that enhance key skills of our human capital in support of our goal to contribute to the energy transition agenda. We have the overarching objective of ensuring that the Company is well set up to deliver on the goal of integrating renewables and successfully dealing with any potential challenges associated with driving towards a clean energy future.

Finally, I wish to express my sincere gratitude to all colleagues and the Board who have worked tirelessly across the business, as they effectively played their various roles in ensuring that we keep our network running and the energy flowing to all our customers. Amidst the ever so dynamic environment, it is the dedication of our people that has allowed us to navigate challenging times and emerge stronger.



Owen Silavwe
Managing Director

OUR BUSINESS –
STRATEGY, MODEL, VALUE-CREATION & DISTRIBUTION

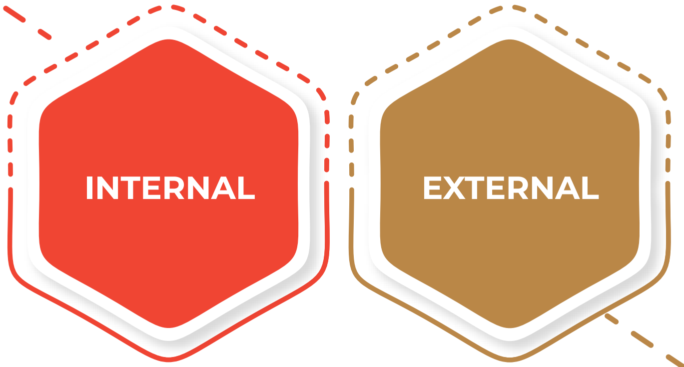


WHAT WE USE TO CREATE VALUE

1. **TALENT**
A highly skilled & dedicated workforce with the right values and work ethic

2. **INFRASTRUCTURE**
Our investment in generation, transmission and distribution infrastructure enables us to provide quality failsafe power to our customers

3. **FINANCIAL CAPITAL**
We fund our business through cash from operations, short term and long term debt while maintaining an appropriate mix of these financing options and prudently managing financial risks



1. **CUSTOMERS**
Mining companies: to whom we provide power requirements and value adding services, such as emergency power supply in order to meet their required levels of satisfaction. Emergency power is critical particularly for underground mine operations and processing units such as smelters.
ZESCO: the main customer for our power wheeling services. On the other hand, ZESCO is the country's main power generator, who supplies most of our power requirements to meet our local supply business.
Regional market: our main customers in this segment are the mining companies in the DRC. We source power from regional utilities and work with SNEL to deliver to our customers.

2. **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 authorities, our supply chain, mining customers, local and regional utilities whose power and services we transport or provide.

3. **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.

3. **HEALTH, SAFETY AND ENVIRONMENT**
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 and equipment but also to comply with the relevant laws and regulations. As part of our operations, we are proud to advise that we achieved 10.165 million hours of injury-free operations, which goes to confirm our high operational safety standards.

HOW WE CREATE VALUE

Our Values and Culture

Our culture combines the values, beliefs and behaviour that characterize our Company and guide our practices. The knowledge and expertise of our employees is fundamental to our business success. To enable our employees reach their full potential, we are investing in building their skills and capabilities. We maintain high standards of ethical business and promote behaviour aligned with our values and culture by recognizing our employees through a reward system that supports both what they achieve and how they have delivered their achievement.

Our Technical Expertise

We use our expertise for provision of efficient and reliable service. We use our efforts to develop a well respected and trusted reputation for engineering excellence. We combine our extensive skills, knowledge and capabilities with innovation to ensure our core competencies continuously create value for shareholders and the wider stakeholders alike.

Our Engineering

The skills of our engineers are vital in delivering safe, efficient, reliable and sustainable performance for the business. Our workforce strives to:

- Find practical and innovative solutions to complex problems;
- Employ risk-based decision making; and
- Adopt common approaches and continuous improvement.

Our engineering expertise supports the delivery of a reliable network.

Capital Delivery

We add value for our stakeholders by ensuring safe and effective delivery of large and complex projects, ranging from independent isolated projects, organic growth projects and, more importantly, projects aimed at driving efficiencies, modernization and automation.

Asset Management

We invest in and maintain our assets across their life as cost effectively as possible. Our focus ensures the efficient and cost-effective management of our assets.

Strategy and Risk Management

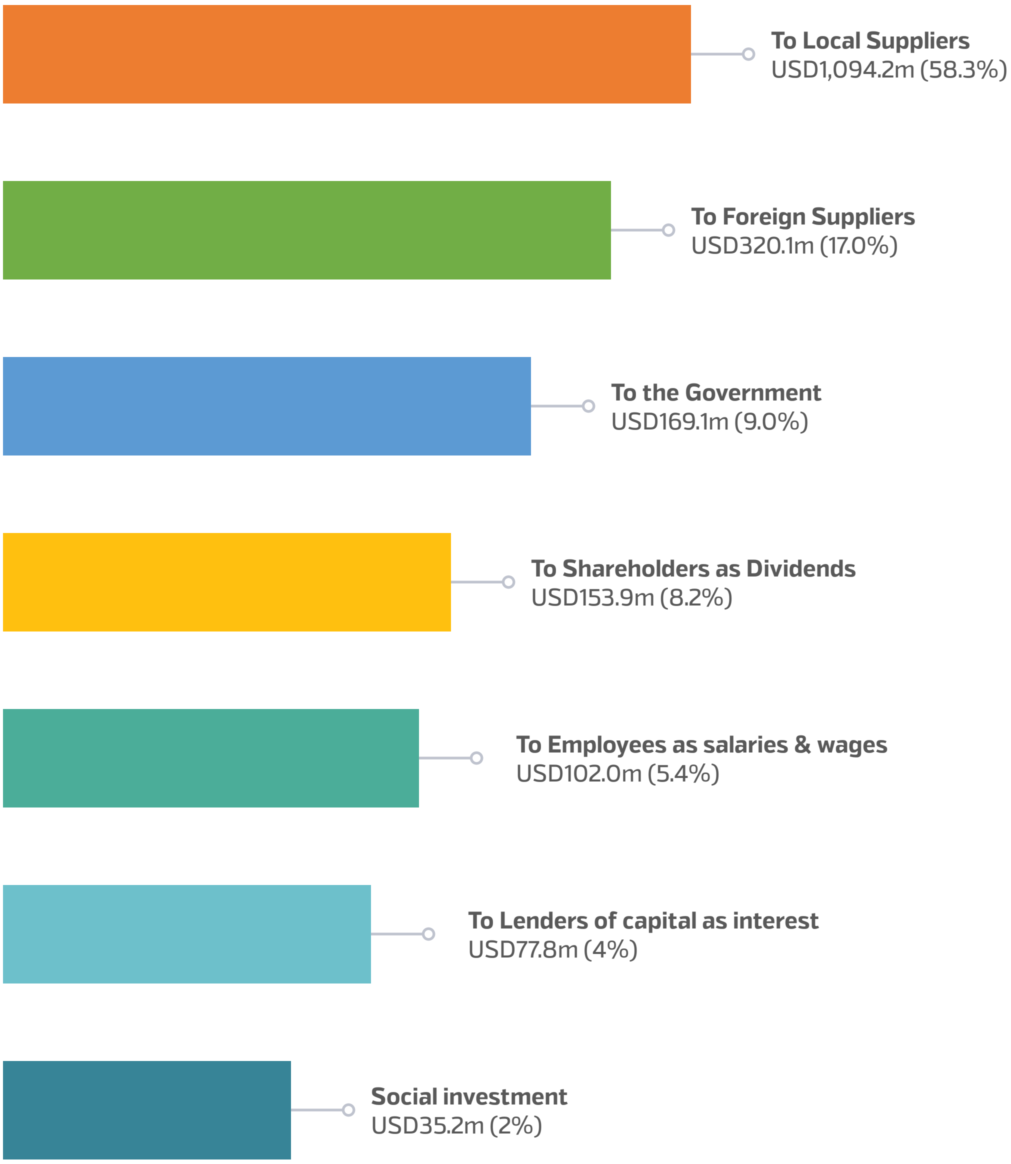
Our strategy places the customer at the heart of our decision-making and consists of the following priorities:

- Optimizing our operational performance;
- A focus on organic growth achieved through growing the core business and extending to non-organic growth;
- Enhanced relationships and shareholder value creation; and
- Power sourcing and pricing.

We have well established governance structures that include comprehensive risk management, strong controls and financial discipline.

HOW WE DISTRIBUTED THE WEALTH WE CREATED

2017 - 2021



Total Economic Contribution

2017 – 2021: USD1,878m

VALUE CREATION FOR OUR STAKEHOLDERS

1. Value for customers

We value our trusted and mutually beneficial relationships with our customers through delivery of quality services to them.

2. Value for suppliers

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

3. Reward for shareholders

We strive to deliver sustainable shareholder value creation to our shareholders through consistent dividend payouts.

4. Government and communities

Our business is partly centered on our partnerships with our operating communities. We collaborate with local councils and government through tax compliance.

5. Value for employees

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.

6. Health, Safety & Environment

Due to the nature of our business, safety is core to our operations. This is achieved through disciplined work ethic and expertise, constructive, transparent and reliable systems and processes.

GOVERNMENT , INVESTOR AND BUSINESS - VALUE PROPOSITION

Reward to the Government

Taxes paid : USD41.7M; 2020: USD20.9M
The ability of the business to settle all its tax obligations as and when they fall due.

Reward to shareholders

Dividends: USD37.4M; 2020 USD34.1M
The business has consistently rewarded its shareholders with dividends in the last five years.

Reward to the business

Capex addition : USD16.4M; 2020 USD8.3M
We invest efficiently in our network to deliver sustainable growth. The focus includes specific investments aimed at modernizing the network to provide a more efficient service.

Cash generation

Cash from Ops: USD61.8M; 2020 USD57.6M
Our ability to convert profit to cash is very critical for the business. By managing our operations efficiently, we have been able to attain a worthy conversion ratio.

ELECTRICITY INDUSTRY OVERVIEW

The Zambian electricity sector comprises an interconnected power system, with installed generating capacity currently sitting around 3,000MW. Presently, electricity production is predominantly hydropower resource based, which accounts for 81% of the energy generated in the country while thermal and solar PV generation account for 16% and 3% respectively. The national peak demand by the end of 2021 was just below 2,200MW; resulting in a power surplus position. The Government, through its policy direction, has maintained the underlying pattern of electricity production on the cleaner, efficient, sustainable and modern energy sources.

ZESCO dominates the Zambian generation, transmission, distribution and supply space. A few IPPs have developed generating plants, with combined generation output of approximately 19% of the installed capacity. CEC is the largest privately owned power utility involved across the value chain in generation, transmission, distribution and supply. Currently, the Company supplies around 25% of the copper mining power requirements.

Broad industry developments during the year revolved around the CoSS, which was earmarked to be completed within the year. CEC participated at both the Study Technical Committee and Study Steering Committee levels. The expectation is that study outcomes will inform industry discussions in the coming year on the tariff adjustments and migration path towards cost reflectivity. The regulator was undertaking other studies, covering (i) Open Access Market Design, (ii) Transmission and Distribution Pricing Methodology, (iii) Multi-year tariff framework, (iv) Review of Transmission and Distribution codes, as well as (v) Integrated Resource Plan, among others. These are expected to be completed or to make significant progress in 2022 and are likely to impact the industry landscape.

Particularly with respect to open access, its promotion has enabled the establishment of intermediary off takers and traders such as Africa GreenCo. It is expected that more players and new transactions will materialize in the ensuing short to medium term.


SIEMENS
TRANSF. NO. 7
220KV
SURGE DIVERTER

OUR SAFETY, HEALTH AND ENVIRONMENTAL SUSTAINABILITY

To ensure a common approach to managing environmental, health and safety and quality performance, and to achieve ongoing improvement throughout the Company, we focus on the systematic identification, management and improvement of those areas of our business that present risk. This approach applies to the management of environmental, occupational health and safety issues across our business as well as the management of the quality of activities affecting our integrated management system, our products and services.

As the global community continues to wake up to the ever deepening effects of environmental degradation and climate change, consensus on reversing the damage is near universal as seen from the common undertaking to limit the global temperature rise to no more than 1.5°C. A comparatively low carbon emitter, in 2021, we measured our emissions from operations and our energy usage at 6,563.91 tons.

CEC is contributing to the natural carbon sequestration by introducing more carbon sinks to the environment. With three years of its five year tree planting program under the belt, the Company has planted 78,800 in three districts in the Copperbelt Province – Kitwe, Chililabombwe and Mufulira and donated 1,000 to community interfacing organisations for onward planting. The programme to restore degraded river sources is in partnership with the Copperbelt Forestry Department and will run from 2019-2023, with the expectation that 444,000 trees would have been planted by the end date. The trees planted so far have the capacity to absorb 399 tons of carbon per annum, a desirable effort in reducing the Company's carbon footprint and setting CEC on the right trajectory to attaining a carbon-neutral status in climate change mitigation.

In the reporting period, 60,700 trees were planted - 45,000 in Mutundu Stream water catchment area in Mufulira; 11,000 at Hippo Pool on the banks of the Kafue River in Chililabombwe and 3,700 trees at Mwekera river source in Kitwe. Another 1,000 trees were donated to local organisation, Permaponics, which is working with other community partners to encourage environmental preservation in communities. The trees were planted in Masaiti District and Fatima Girls Secondary School, among other areas.

This represents an increase in the carbon absorption capacity from 95.5 tons of CO_2 per annum in 2020 to 399 tons per annum in 2021. Tree planting has also yielded a social-economic benefit for the communities where trees have been planted. Members of these communities are contracted at a fee to plant and weed the plants according to the schedule set out by the Company. This contributes to household income generation and uplifting of livelihoods.

At the Mwekera River source, 32 households have been involved since 2019. In 2021, more households were engaged in the areas where trees were planted, totaling 44 and 56 households in Chililabombwe's Hippo Pool and Mufulira's Mutundu Stream respectively.

During the year, the Company established a seed bank starting with 64 endangered indigenous tree species to preserve and enhance the regeneration capacity of endangered indigenous tree species. The seed bank is located at the Forestry Research Centre in Kitwe. More endangered species will be propagated during the project timeline with a target of capturing 100 species. The well-known species in the seed bank are the Mukula Tree (*Pterocarpus Tinctorius*) and Mubanga Tree (*Pericopsis Angolensis*).

The Company considers all the possible and available options to reduce its carbon footprint. In that regard, recycling our waste contributes to our zero-carbon ambitions. Recycling our paper, electronic and plastic waste enables material recovery and lower emissions than would have been produced during the extraction of raw materials, manufacturing and transportation of completely new paper, plastic and electronic equipment.

We sent for recycling 9,409kg of e-waste; 868.5kg of plastic and 1,900kg of paper. This totalled a carbon-equivalent value of 16,561.7kg (2020: 25,508.4kg), being carbon emissions avoided from a life cycle perspective of waste management. A consequence of the COVID-19 pandemic induced remote working was a reduction in the quantity of waste generated as less paper and plastic were consumed. The outcome was a reduction in the quantum of carbon emissions avoided.

CEC's carbon footprint offset was 52.0% of the emissions produced. Attaining carbon negative status mainly lies in deploying and consuming from more renewable power generation sources. This prescription is consistent with the Company's strategy on power sourcing, which includes expanding its renewables portfolio over the next three to five years.

We continued to endeavour to mitigate the environmental risks in our operations and to maintain safe operations and physical environment for both employees and the community. The various actions implemented to ensure a safe environment included pollution prevention, appropriate waste disposal, replacement of incandescent bulbs with chlorofluoro lamps and solar bulbs for security lighting in our substations and phasing out of air conditioning units with ozone depleting substances. In the past four years, we have replaced more than 38% of the air conditioning units with ozone-depleting refrigerant and removed 100% of incandescent bulbs from our workspaces.

Third-party endorsement of our performance serves as an indicator of the strides made as well as the impact of our actions in responsible operations, social and environmental consciousness. The Company emerged winner of the 2021 Environmental Award for Overall Contribution to Sound Management Practices in Industry. The recognition was given and announced by ZEMA at its annual Environmental and Climate Change Awards ceremony.

The accolade was bestowed on the Company in recognition of its sustained regulatory compliance in the last two years, a demonstrated commitment to continuous environmental improvement through timely statutory returns within limits and utilization of Best Available Technology Not entailing Excessive Cost (BATNET) and Best Environmental Practices (BEP). Its corporate social responsibility that promotes sound environmental management was another attribute of the award.

The Company made significant progress on performance underlain by the principles that anchor our health and safety strategy, leadership commitment, risk assessment, provision of safe plant and systems of work, competence, training and awareness, compliance to legal requirements and implementation of best practices.

There were no fatalities at our facilities, demonstrating our continued disciplined implementation of safety standards, which resulted in the attainment of 10.165 million man-hours without a single system based lost-time injury. The LTA frequency rate (number of LTAs per 100,000 hours worked) reduced to 0.05 from 0.17 in 2020 while the road traffic accident frequency rate (number of RTAs per 100,000km) reduced to 0.25 from 0.27. While there is an improvement in the road traffic accident frequency rate, road traffic accidents remain a source of concern to our HSE performance. We will explore how to better deliver programs to enhance road safety awareness and defensive driving skills among our employees and develop new programs where the ones in use are underperforming.

Health guidelines to prevent COVID-19 transmission inhibited the holding of community high voltage sensitizations, hence, none were held. To enhance community safety, we shall devise ways of carrying out community high voltage sensitizations without breaching COVID-19 health guidelines.

We monitor the performance of our contractors through the contractor code of conduct to which contractors are required to strictly adhere with respect to safety rules, methods, processes and regulations laid down by the Company.

We have continued to improve and refine our Visible Felt Leadership, incident investigations and controls to manage OHS risks. Our management staff was trained in managing safely, as part of our strategy to allocate time to develop our line management's ability to influence HSE performance because while incidents and accidents typically occur at the frontline, leaders remain responsible for establishing the physical and cultural setting within which the frontline works. Hence, a safe workplace starts with good leadership and safety success rises and falls on the leadership of any organization.

We continued to strengthen our safety leadership and culture by educating our staff and contractors about health and safety hazards through awareness publications, focus group workshops and emergency drill exercises.

Across our businesses, our integrated management systems were further improved, culminating into robust management systems in accordance with ISO standards of Health, Safety, Environment and Quality (HSEQ). Our external management system auditors (British Standards Institute) affirmed our progress after reviewing our HSEQ policies and programmes via the occupational health, safety, environment and quality audits. The Company achieved certification to ISO standards of occupational health and safety (45001:2018), environment (ISO 14001:2015) and quality (ISO 9001:2015). This achievement reflects our continued commitment to and recognition of the value of quality, safety and environmental stewardship in our operations and service delivery.

Activities centered on climate change adaptation will continue and will mainly focus on tree planting, phasing out of air conditioning units containing ozone depleting substances and responsible management of waste.

Indicator	2021	2020
Safety and Occupational Health		
Man-hours without system based Lost Time Injury *(million hours worked)*	**1.907**	**1.806**
Lost Time Accident Frequency Rate *(Injuries/100000 hours worked)*	**0.05**	**0.17**
System Breaches (*No. of system breaches recorded over a given period)*	**0**	**0**
Road Traffic Accidents incidence rate *(Road traffic accidents /100000km)*	**0.25**	**0.27**
Social Sustainability		
Public HV sensitizations *(As a percentage of planned sensitization programs)*	**0%**	**50%**
Environmental Sustainability		
Legal Compliance-Licensing and permits *(No. of contraventions recorded over a period of time)*	**0**	**0**
Serious environmental incident *(No. of incidents recorded over a given period of time)*	**0**	**0**

OUR HUMAN CAPITAL SUSTAINABILITY

Risks and Opportunities

The business challenges associated with the expiration of the commercial contract with ZESCO remained unresolved during the year under review. Nonetheless, information on developments in this respect was conveyed fluidly and effectively to alleviate employee anxiety. Attributable to a strong 96% Company endorsement, the Employee Net Promoter Score (eNPS) improved to 88%, up from 86% in 2020. This score reflects employees' collective corporate citizenship and engagement that enabled the Company to weather the challenging conditions that prevailed during the year.

The Company continued to enforce measures aimed at achieving efficiency gains through the strategic reduction of headcount. Leavers were only replaced when a business case for replacement had been established. This measure resulted in lower headcount, from 355 at the beginning of the year to 341 at its close, constituting a reduction of 4%.

In addition to the commercial challenges, the Company had to deal with the consequences of COVID-19, which posed the single greatest threat to the Company's productivity and performance. In response, the Company placed considerable focus on prevention and containment measures and invested significant resources to ensure the efficacy of these measures. A variety of well-considered methods were designed and deployed from 2020 to effectively counteract COVID-19. These safeguards were regularly modified and strengthened as the situation evolved, offering a level of assurance against workplace transmission of the disease. In the course of the year, these measures matured in their effectiveness.

Employees received free COVID-19 testing, from which a total of 260 tests were performed utilizing the cost-effective contact tracing method. The test samples taken returned a positivity rate of 37%. Of the 97 employees that tested positive, 74 (76%) recovered while, sadly, three were lost. As at December 2021, four cases were still open.

The Company ran rigorous vaccination efforts from the time vaccines were rolled out in the country through to year end. At the close of the year, 33% of the workforce, numbering 112 employees were fully vaccinated. In recognition of its corporate responsibility, the Company extended its support for COVID-19 testing and vaccination to employees' family members and contractor employees. A total of 103 benefited from these services. According to the results of the annual employee survey, employees' satisfaction with the Company's COVID-19 management increased from 87% in 2020 to 93%. To lower the cost of hiring while also eliminating the risk of COVID-19 transmission during the recruitment process, e-recruitment was adopted.

The Company's Leadership Talent Development Program strives to match leader talent with the future needs of the business, improve supervisory and leadership effectiveness, and mitigate risks associated with succession and leadership readiness. The programme involves talent development based on iterative talent accounting, talent demand planning and talent profiling. A leadership talent report was produced during the year, covering critical information for the development, succession and retention of leadership talent, which will be included in future planning. A talent pipeline report, which evaluated the quality and availability of talent flowing into management, was incorporated in the leadership talent report.

Figure 1: Critical talent succession management

The 2020 People Survey identified development and recognition as areas of opportunity. To foster good recognition and development practices by managers on a day-to-day basis, the 2021 performance agreements for managers included an objective measured by the average score for recognition and development derived from the annual people survey. In addition, leadership training addressing elements of the CEC Leader Framework was provided to managers. However, the results of the 2021 People Survey revealed that the two remain areas of opportunity that require urgent attention. To meet this need, a Recognition Procedure was developed during the year. The procedure will be deployed to facilitate a recognition program through 2022. Plans have also been put in place to enhance employee development during the coming year. Despite the Company's good placement in the labour market, remuneration management was identified as a third area of opportunity in both the 2020 and 2021 People Surveys. To address this issue, a comprehensive compensation review has begun and is likely to take a few years to complete.

Compliance and Governance

All Company people policies, procedures and practices comply with the laws of the Republic of Zambia including the Employment Code Act (ECA No. 3 of 2019), Pension Scheme Regulation Act, National Pensions Scheme Act and any statutory modification or amendment thereto. The Company met its obligations in terms of Pay As You Earn, remittances to the National Health Insurance Scheme, Skills Development Levy and other applicable taxes. Employer contributions were timely remitted to the CEC Pension Trust Scheme, which scheme was fully funded as at December 2021. A session to stress their responsibilities as supervisors in ensuring compliance with the ECA was held with the managers in the Company.

The Company offers competitive remuneration which tracks well above the statutory minimum wage, and equal pay for equal work devoid of discrimination on the basis of gender or any other characteristic. The ratio between the average salary for female employees and male employees (excluding top management) was 1.2 to 1 as of December 2021. To achieve and assure equitable gender distribution, the Company keeps track of female representation in the employee body and across the various categories and indicators, including management, recruitment and internal progression. All the highlighted indicators, except female recruitment, tracked positively during the year. In accordance with its Gender Policy, the Company continued to support female employee recruitment by ensuring that female candidates were represented on recruiting shortlists whenever possible.

No industrial incidents or grievances were experienced, demonstrating the Company's dedication to labour laws and good people practices.

The Mineworkers Union of Zambia is the recognized union at the Company, as required by law. CEC engaged with the union in collective bargaining for the 2022 Collective Bargaining Agreement towards the conclusion of the year.

The Assurance and Internal Audit department conducted a continuous audit of the human resources function to assess the reliability of Company personnel procedures and practices, particularly in the areas of talent acquisition and termination. The audit found no flaws in the control system.

Culture and Performance

Despite the adverse commercial environment, the Company maintained a healthy cultural operating environment, according to the results of the 2021 People Survey. A good cultural operating environment, when coupled with effective leadership and business strategy, will enable long term high performance. Quarterly Values sessions were held for new hires with the goal of instilling good corporate behaviour based on the Company's corporate values.

Compared to 2020, results of the 2021 People Survey show that Corporate Values held at 79% against 80%, Gender Sensitivity was 72% from 73%, Employee Value Proposition improved to 58% from 60%, Reward notched up to 49% from 44%, and the Employee Net Promoter Score appreciated from 86% to 88%. Areas of opportunity include Employability/Development (32%) and Recognition (44%). Further initiatives to improve in these lagging areas will be rolled out during 2022, including a comprehensive recognition programme.

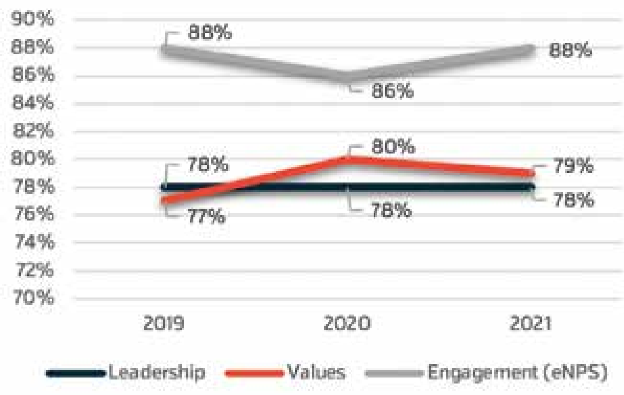


Figure 2: 2019-2021 Leadership, values & employee engagement/motivation

Outlook for 2022

The expectation is that the issues surrounding the Company's commercial arrangements with other market players will begin to be addressed and, hopefully, resolve during 2022. This would reduce the level of uncertainty that adversely impacted employees the last two years and potentially improve engagement and performance.

The Company will, however, continue to maintain a lean organisational structure and to rein in labour-related costs. Concurrently, the Company will increase focus on the employee value proposition, particularly the areas of opportunity identified in the 2021 People Survey, including employee development and recognition. COVID-19 prevention and containment, and general wellness will continue to be of paramount importance and focus in the coming year; as will investing effort in building our talent pipeline and improving leadership talent and succession in the business.

Based on the foregoing, we anticipate a better cultural operating environment and improvements in headline leadership, talent, culture and employee engagement indicators in 2022.

OUR SOCIAL AND RELATIONSHIP SUSTAINABILITY

Being a corporate citizen, we understand that our ability to continue growing and thriving is strengthened by the stability of the other members of our community. Succeeding alone does not engender sustainability, hence, the Company invests financial, material and other resources in uplifting the social and economic well-being of our community members, premised on the principle of sharing value.

Our holistic approach to corporate citizenship begins with ensuring the good health and safety of our people through a visible emphasis on safety culture throughout the business and its operations. Embedding safety and health thinking and doing within the Company gives us a firm place to stand when we step out into the communities attempting to be a force for good.

The nature of the Company's operations carries inherent risk and it is our duty to educate community members on the dangers of high voltage electricity and what practices to avoid when interacting with CEC's electrical infrastructure. This undertaking has no end date and while physical information-sharing activities were not possible in 2021 due to COVID-19 prevention measures, we used digital platforms to disseminate information. Out of the 152 messages put out through our several digital platforms, specifically communicating the business, 14% covered HSE.

Health and safety go hand in glove at CEC, no less during pandemic times when increased mindfulness could mean the difference between good or ill-health. We are saddened to have lost some members of staff to the pandemic despite all efforts by the Company and individuals to observe all the prescribed preventive measures and to provide the necessary medical interventions including access to testing.

Throughout the year, the Company arranged COVID-19 information sessions led by medical experts and free testing drives. Not less than 260 had taken the Company-arranged tests at the close of the year. In addition to testing, CEC enabled on-site vaccination for its employees and extended to their families and contractor staff. More than a third of employees were fully vaccinated at year end while more than 100 members of employees' families and contractor staff benefitted from testing and vaccination.

We took strides to engage with environmental stability at a more micro community level by supporting and participating in community-led environmental sustainability learning and doing activities. Partnering with others with the capacity to engage with sections of society that the Company may not easily reach on its own, enables us to permeate the message even further and galvanises larger community groups in environmental stewardship. Through our partnership with a community-focused permaculture company 1,000 trees have so far been planted in the peri-urban areas of Luanshya and Ndola.

Further afield, we continued to support the public health response to COVID-19. At the height of the third wave, hospitalizations had spiked causing health institutions to

struggle with bed space to cater for patients that required institutional care. CEC donated 20 beds and mattresses to Kitwe Teaching Hospital. Other support covered provision of PPE and sanitary products.

We followed our support to enabling the people of Kanyikezhi Village in North-Western Province have a health facility near them with our donation of an emergency response vehicle to further improve the people's access to health. The ambulance has cut the time it takes to get patients to bigger facilities - 37 and 123 kilometres away respectively - for the treatment of complex cases from as many as five days prior to hours. The expectation is that the recipient community of at least 2,600 people will experience reduced mortality and faster treatment.

Education is an enabler, hence, CEC's keen interest in expanding education access through infrastructure development and provision of furniture for an environment supportive of learning. The construction of dormitory and associated infrastructure at Muchinshi Secondary School in Chingola completed during the year. The facilities were handed over to the government and the school community, enabling nearly 100 learners to stay within school premises, enhancing their safety and expected learner outcomes.

The completion of the project to construct and furnish a classroom block and associated infrastructure at Kitwe's St. Anthony Primary School, recently upgraded from a community school, coincided with the new government's policy of education for all. Increased enrolment numbers require a proportional increase in infrastructure to accommodate the numbers of young learners entering the school system. CEC is happy to contribute to and support the government's efforts in this endeavour, which ultimately seeks to attain the Sustainable Development Goals on education and related human development.

An additional benefit emanating from our social infrastructure projects is the direct and indirect support to local enterprise. Construction and other works that are not undertaken in-house are contracted out to local companies. In instances where furniture is part of the project, the Company has undertaken to procure locally made furniture unless the requirement cannot be met. This enhances the economic trickle down.

Our traditional financial and material support to Power Dynamos continued through the year. 2021 marked the club's golden jubilee, whose celebration the Company supported. Activities included the launch of a hall of fame to honour those that have contributed to the club over the years.

Total social investment in 2021 amounted to USD1.1 million (2020: USD1.4 million).

We continue to find engaging and innovative ways in which we can harness the power of citizenship and community, deepening our partnerships across the different sectors of the community.

3. OUR OPERATIONAL SUSTAINABILITY

STRATEGY & PERFORMANCE

Power Network Quality

The operation of our electricity network is carried out in conformity with internally set and global standards as well as regulatory requirements of the industry, including the regional integrated power system. The integrity and performance of our high voltage transmission and distribution system, therefore, complies with the Company's integrated management system and are benchmarked to the most stringent and appropriate international standards of excellence.

In 2021, our power quality reporting matrices were compliant with all of the Company's requirements and met or exceeded all the relevant regulatory and other selected utility standard power quality reporting parameters.

In the wider context, the country experienced three incidents of national power blackout in August, October and November. All three were from the external interconnected network, with two emanating from the ZESCO grid and one from outside Zambia's borders. Each incident lasted about three hours and a half, with the CEC network shedding an average of 571MW per incident. The ERB appointed an expert team to investigate all the three incidents while the SAPP instituted investigations into the third incident. The incident reports were not yet available at the time of reporting. During the blackouts, our fleet of thermal emergency generating units (GTAs) were deployed to supply the minimum loads essential for the safety of personnel and plant for our largely underground mining customers.

We have been studying the dynamic behaviour of our network and the interconnectors to the DRC. The study was successfully completed during the year and the results will inform the dynamic compensation requirements under various loading conditions for both the local network and the interconnectors in order to assure network stability and power quality for our customers. With adequate compensation, optimal loading of both our network and the interconnectors will be possible, thus, maximising the loading and export potential respectively.

Network Safety and Security

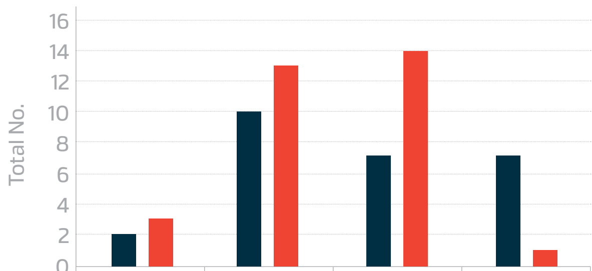
System breach

We did not record any incident of system breach due to human error. The Company has recently revised its system safety regulations whose implementation has, however, been delayed on account of disruptions in the international supply chains to enable the procurement of the necessary materials. Compliance with COVID-19 health guidelines has equally contributed to the delay, as our operations staff could not be sensitized on the new regulations. However, by year end the sensitizations were almost complete and most materials had been procured in readiness for full implementation in 2022.

Vandalism and theft of CEC assets

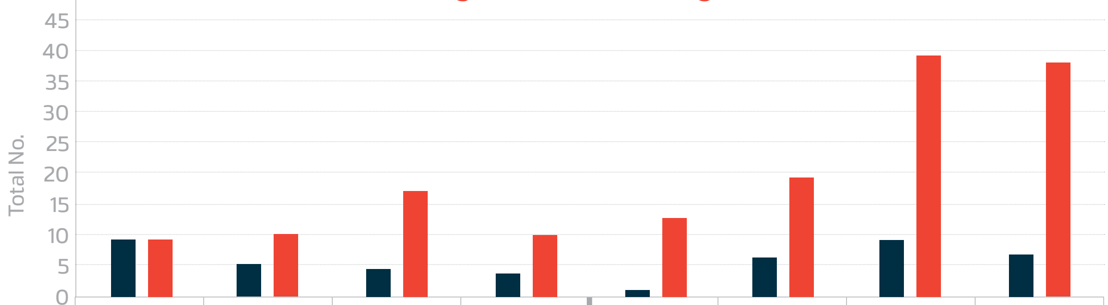
Theft of copper conductors on our 66kV overhead transmission lines continued to be a critical security challenge in our network operations and a potential threat to security of power supply to our customers. During the period under review, we recorded a total of 31 incidents with all but one of them occurring during the first three quarters of the year. The one incident recorded at the tail end of the year reflects the results of intensified security patrols in conjunction with state security. Enhanced collaboration with various state security agencies yielded some encouraging results with a total of six offenders being arrested, convicted in the courts of law and sentenced to terms of not less than five years each in prison with hard labour. Four others were, by reporting time, either appearing before the courts or awaiting sentencing. While we are hopeful that the arrests and prison sentences are succeeding in deterring vandals and thieves, we remain alert. We are also exploring new methods by which we can cost effectively tackle the scourge. Similarly, the other infringements continue to receive deserving attention. We attribute these retrogressive and harmful acts to a combination of social and economic factors that continue to feed the market for transformer oils and scrap metals. Other than criminal sanctions, CEC employs deterrent measures steeped in education and sensitization of communities against the dangers inherent in those acts to both perpetrators and members of the community; the negative impact of loss of power supply on the larger economic assets such as the mines; and the cost to CEC. It is hoped that public understanding of the confluence of the outcomes of these criminal acts will help deter their perpetration.

Figure 1: Overhead copper conductor thefts



	Q1	Q2	Q3	Q4
2020	2	10	7	7
2021	3	13	14	1

Figure 2: Other infringements

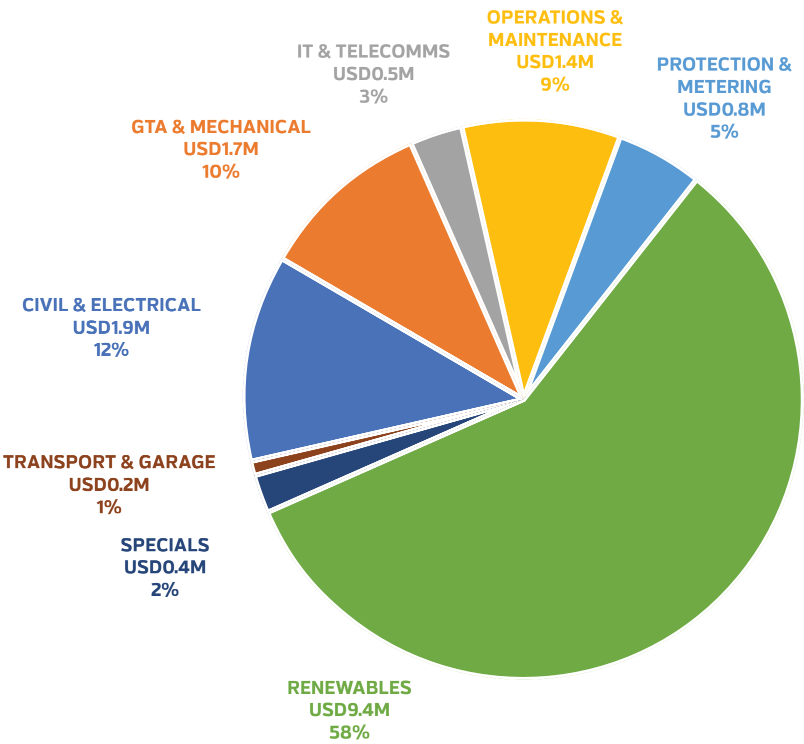


	2020 Q1	2020 Q2	2020 Q3	2020 Q4	2021 Q1	2021 Q2	2021 Q3	2021 Q4
Cables	9	5	4	3	1	6	9	7
Encroachment	9	10	17	10	13	19	39	24

Our 10-year rolling asset replacement program remains the bedrock of supporting the business and quality of the Company's offering to its customers via continuous investment of significant resources, particularly in its primary and secondary equipment. In 2021, the investment program, guided by the Company's six strategic pillars, focused on the emergency GTAs, wayleave roads, transmission system, IT and telecommunications, protection, control and monitoring equipment. We recently installed a state of the art SCADA at our System Control Centre.

The strategic measures formulated to address the impacts of the COVID-19 pandemic and a relatively inhibited business environment in 2021 enabled the successful implementation of mostO the planned projects by year end.

2021 Capital expenditure by category USD'm



Category	Amount (USD'000)
Transport & Garage	206
Specials	418
IT & Telecommunications	459
Protection & Metering	823
Operations & Maintenance	1,417
GTA & Mechanical	1,619
Civil & Electrical Services	1,921
Renewables	9,425
Grand Total	**16,360**

Through a combination of transformer replacement and life extension strategies, we are addressing the challenge of ageing transformers on the network. We replaced the last two transformers which fell in the category of "Extensive Wear", ensuring that for at least the next three years, no 66/11kV transformer replacements will be needed; save for any areas of load growth that may emerge as the business grows.

We have continued to vigorously address the threat of obsolescence and environmental considerations in the area of high voltage switchgear. Despite the impact of COVID-19 on project implementation and disruptions in international supply chains, we installed 20 SF6 circuit breakers to replace the equivalent number of 66kV bulk oil circuit breakers. This project was two-pronged in that it also partially addressed regulatory requirements by completing the first of the 66kV busbar protection schemes at one of the Company's four stipulated 220/66kV switching stations. A busbar protection scheme is meant to protect the busbar (a point of coupling of power sources and feeders) from damage due to electrical faults, thus increasing the reliability of a power system. Four modern 220kV circuit breakers to replace old units were procured and will be installed in 2022, with the last five to be replaced in 2023. Our engineers continue to actively explore and evaluate emerging circuit breaker technologies which will be more environmentally acceptable by utilising insulating mediums other than SF6 gas.

The Company carried on with its programme of refurbishing and modernising the fleet of GTAs in order to sustain reliable operations. Bancroft GTA No. 2, which had been taken out of service in 2020 to facilitate the refurbishment of some critical components, was returned to service in November. Similar works are scheduled for Bancroft GTA No. 1 under the 2022 CAPEX projects. We are also exploring the feasibility of deriving greater economic and commercial value from these units by converting one of them to run on a cheaper fuel and increasing its capacity beyond the current 10MW. We believe this retrofit will embrace the Company's sustainability agenda, enshrined in the strategy, as a practical demonstration of reduced carbon emissions and improved air quality from our operations by using a cleaner fuel. The alternative fuel being considered is expected to lower the costs of running our plant not only by reducing the rate of wear and tear but also because it is cheaper. This has a positive environmental impact on our wider carbon footprint viewed in the context of our supply chain.

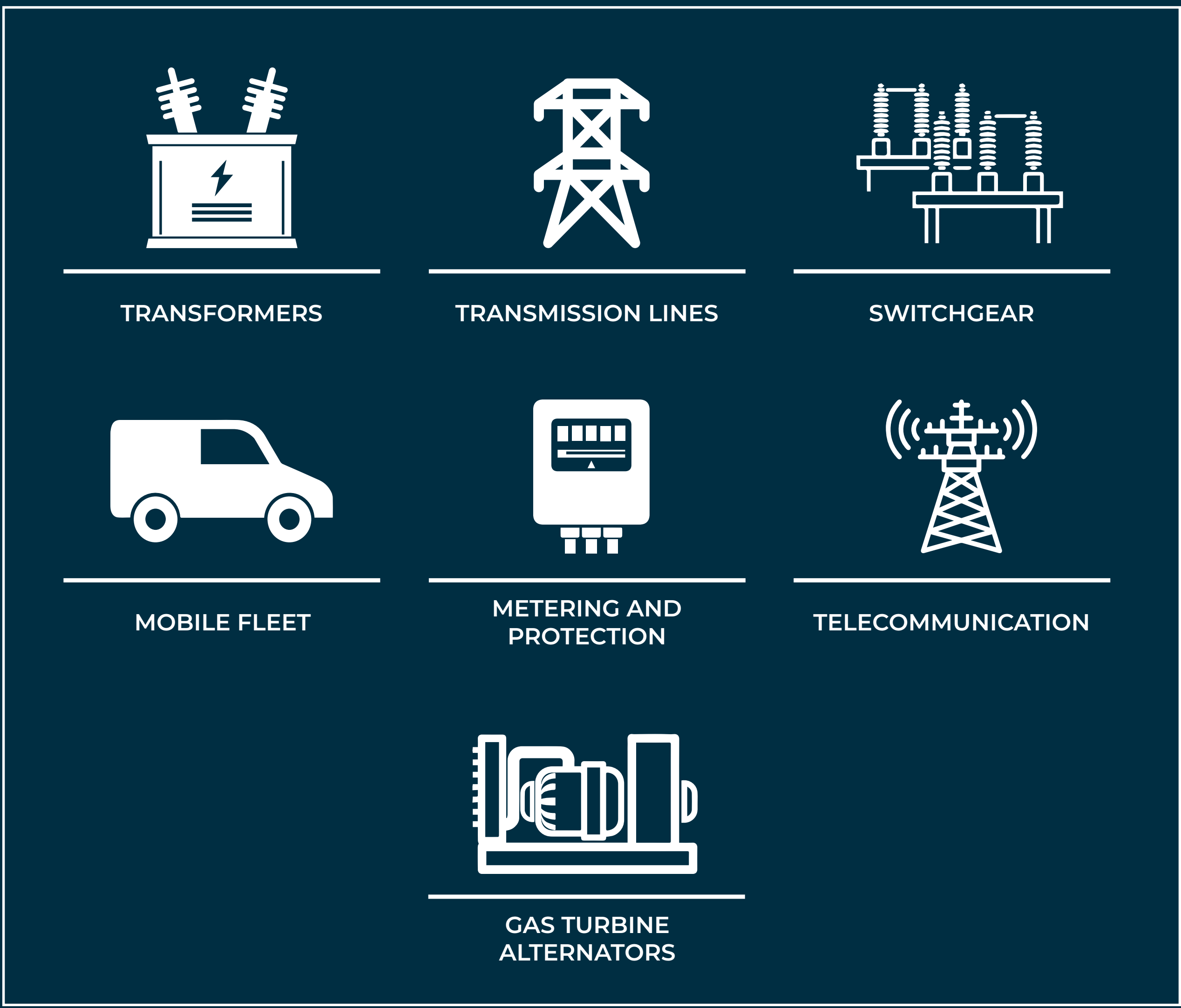


Figure 3: Core and support infrastructure of the asset base

TRANSFORMERS AND CIRCUIT BREAKERS

186 TRANSFORMERS
487 CIRCUIT BREAKERS

TRANSMISSION LINES

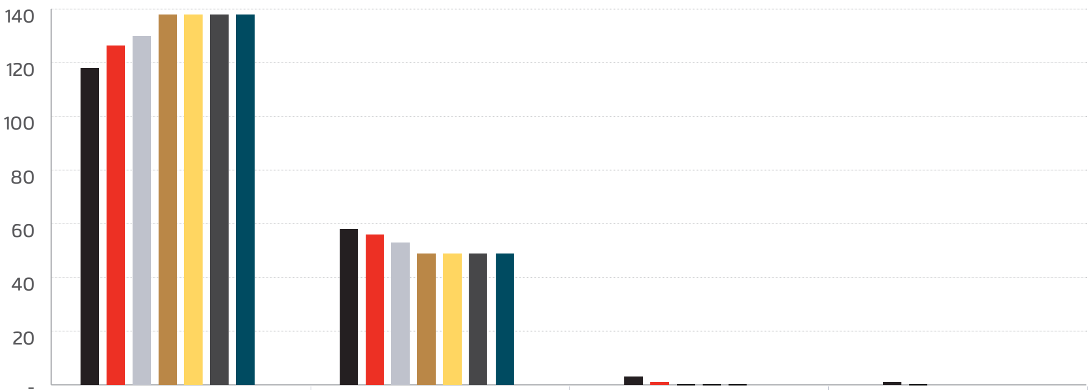
346.18KM OF 220KV
670KM OF 66KV
21.6KM OFF 11KV

GENERATING PLANT

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

Figure 4: Core network assets

Figure 5: Transformer health



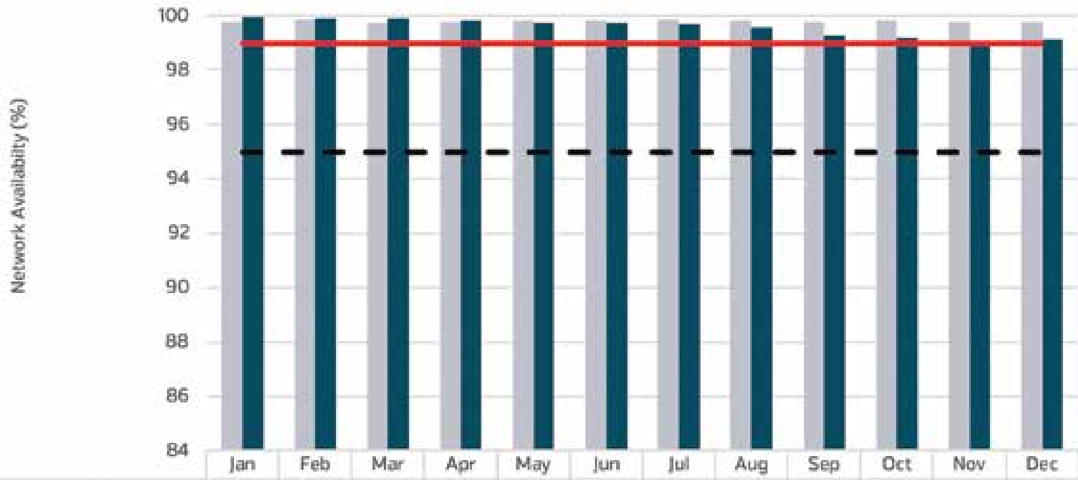
	HEALTHY	MODERATE	EXTENSIVE	END OF LIFE
2018	118	58	3	1
2019	127	56	1	0
2020	131	53	0	0
2021	138	49	0	0
2022	138	49	0	0
2023	138	49	0	0
2024	138	49	0	0

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

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2020 - Actual	99.5	99.17	98.77	99.03	99.19	99.31	99.38	99.44	99.44	99.42	99.41	99.39
2021 - Actual	99.63	99.24	99.39	99.47	99.5	99.4	99.35	99.34	99.35	99.27	99.28	99.31
ERB Target (%) (≥)	85	85	85	85	85	85	85	85	85	85	85	85
CEC Target (%) (≥)	99	99	99	99	99	99	99	99	99	99	99	99

2020 - Actual 2021 - Actual ERB Target (%) (≥) CEC Target (%) (≥)

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



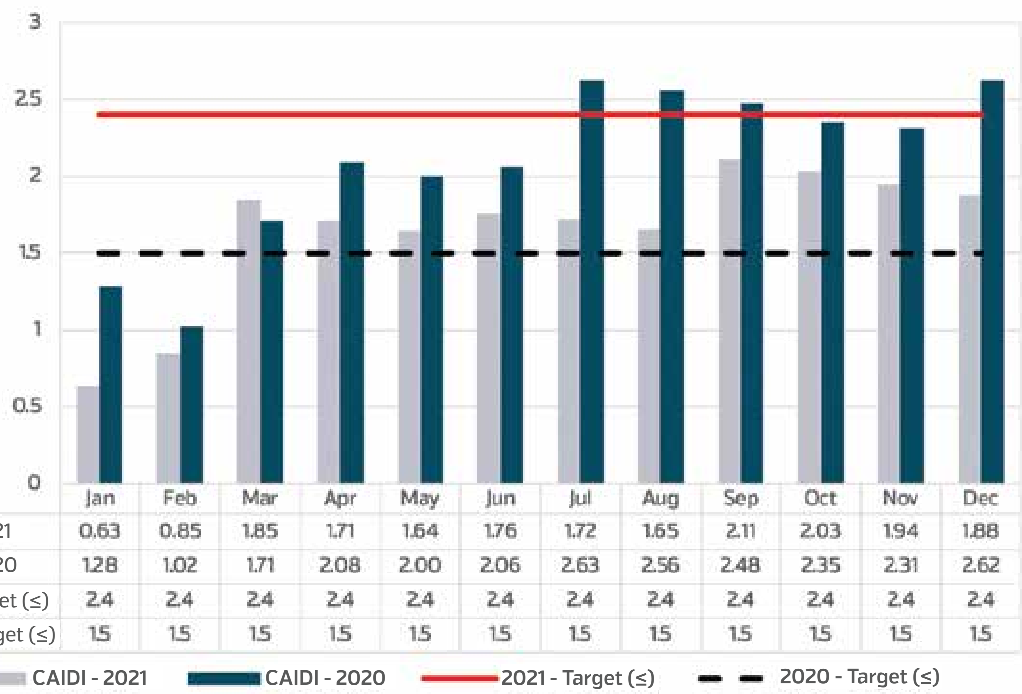
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2020 - Actual	99.78	99.85	99.74	99.79	99.82	99.83	99.85	99.83	99.8	99.81	99.78	99.78
2021 - Actual	99.97	99.92	99.92	99.82	99.72	99.73	99.7	99.57	99.27	99.18	99.07	99.12
ERB Target (%) (≥)	95	95	95	95	95	95	95	95	95	95	95	95
CEC Target (%) (≥)	99	99	99	99	99	99	99	99	99	99	99	99

Cumulative - System Average Interruption Frequency Index (SAIFI) (Faults/Customer/Year)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
SAIFI - 2021	0.11	0.21	0.42	0.53	0.59	0.64	0.67	0.73	0.75	0.85	0.96	1.01
SAIFI - 2020	0.12	0.27	0.47	0.53	0.59	0.62	0.70	0.73	0.76	0.82	0.85	0.94
2021 - Target (≤)	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85
2020 - Target (≤)	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8

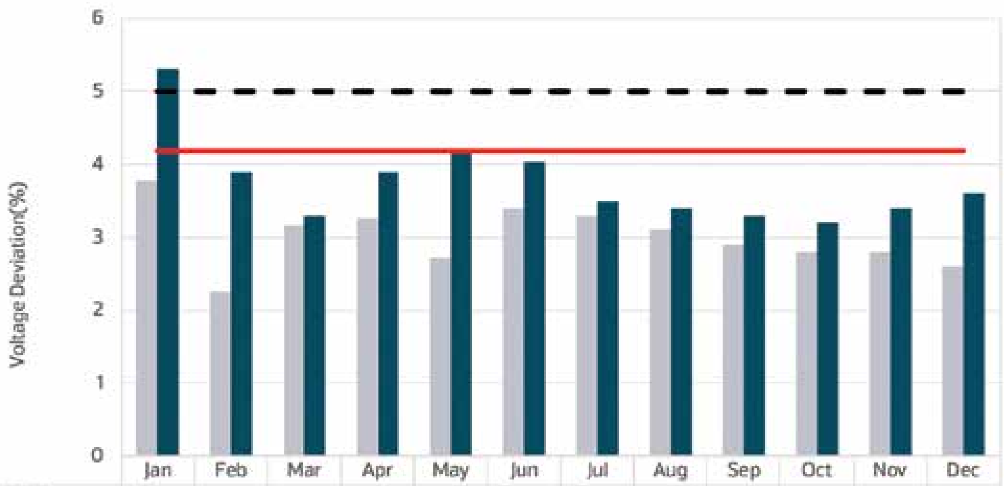
SAIFI - 2021 SAIFI - 2020 2021 - Target (≤) 2020 - Target (≤)

Cumulative - Customer Average Interruption Duration Index (CAIDI) (Hours/Customer Interruptions)



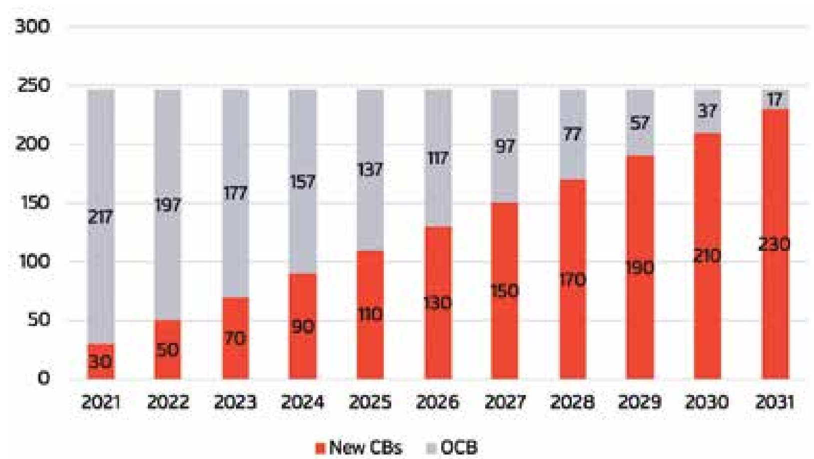
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
CAIDI - 2021	0.63	0.85	1.85	1.71	1.64	1.76	1.72	1.65	2.11	2.03	1.94	1.88
CAIDI - 2020	1.28	1.02	1.71	2.08	2.00	2.06	2.63	2.56	2.48	2.35	2.31	2.62
2021 - Target (≤)	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4
2020 - Target (≤)	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5

Cumulative Average Voltage Regulation Index (%) (Period of voltage deviation outside allowable band/assessment period)

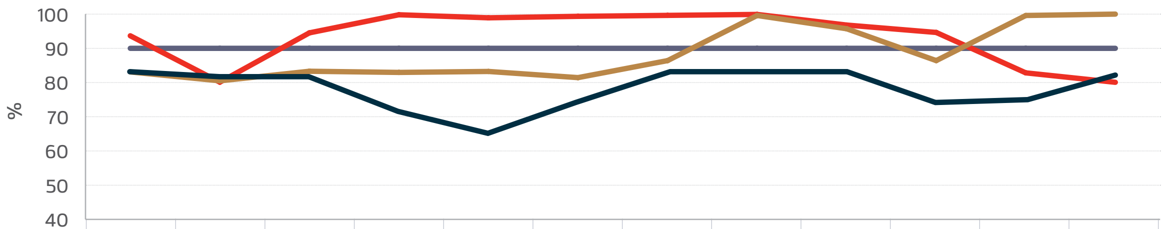


	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2021 - VRI	3.79	2.25	3.16	3.25	2.72	3.4	3.3	3.1	2.9	2.8	2.8	2.6
2020 - VRI	5.3	3.9	3.3	3.9	4.2	4.04	3.5	3.4	3.3	3.2	3.4	3.6
2021 - Target (≤)	4.18	4.18	4.18	4.18	4.18	4.18	4.18	4.18	4.18	4.18	4.18	4.18
2020 - Target (≤)	5	5	5	5	5	5	5	5	5	5	5	5

Oil Circuit Breaker Replacement Plan



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
2021	83.33	82.92	82.62	71.70	66.67	73.07	83.33	82.92	82.54	73.63	75.63	82.77
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

Digital Transformation

The energy sector is not exempt from the significant disruption arising from the inevitable consequences of digital transformation being experienced everywhere. For the past two years, CEC has been probing the possibilities available to it through digital transformation. These include, but are not limited to, running pilots in analytics, business process mapping, process digitization and automation.

Artificial Intelligence (AI) also comes with the promise of increased efficiency and faster collection and collation of system-related intelligence. CEC intends to use AI for line monitoring, incident response to line thefts, CCTV monitoring and subsequent alerting and other processes that generate a lot of digital data that is difficult to consume without the use of technology.

COVID-19 created an opportunity to drive digital transformation because it forced us to lean on digital means of doing what we currently do physically. The Company is now looking at making this digital transformative process the norm.

Process Digitization

In the first phase, CEC collected, documented and mapped all the processes performed by the various business units and, subsequently, created a book of processes. The next phase in our journey will be to re-engineer every single process and generate a new book of processes, which will then undergo digitization, where possible, to usher the Company into the future.

Certain instances have called for immediate and urgent digitization, which has been or will be implemented in the shortest possible time. This includes temperature-sensing in the substations and defect management from our control centre.

Digital Security of our Systems and Infrastructure

The CEC power network is classified as critical infrastructure because of its contribution to the national economy by supplying reliable and quality electricity to the majority of the mining houses in the Copperbelt. We are becoming increasingly aware that this critical role we play is not exempt from the cybersecurity threats and challenges that have rocked companies and even state institutions around the globe, and which continue to increase in frequency and sophistication. To respond to this clear and present danger, CEC built an Industrial Control System Security Operations Centre whose primary mandate is the continuous monitoring of the assets for threats, with the view to timeously respond to attacks should they occur. The SOC provides detection and reaction services to cybersecurity incidents by employing a combination of people, processes and technology and continues to reposition itself to appropriately address the ever-changing security landscape. Going forward, we are looking at developing strategic partnerships with similar organizations in order to share threat intelligence and possibly assist each other in the undesirable event of a successful attack.

Outlook

Despite the negative impact of COVID-19 on international supply chains, which has affected our maintenance and project implementation programmes during the last two years, we are determined to maintain our momentum and achieve all our strategic objectives. We have relentlessly maintained acceptable quality standards which meet the requirements of both our customers and our regulators.

In terms of our asset replacement strategies, particularly the replacement of oil circuit breakers, we remain focused on searching for and implementing new technologies which comply with the best environmental practices. This equally applies to our GTAs modernization programme where, later in the coming year, we intend to launch a pilot modification initiative to use a cheaper and cleaner fuel. This will be followed by a conversion to combined cycle generation to better utilize the waste heat in increasing our generation output from the same plant. We are confident of a successful pilot, which will be replicated on the remaining five generating units.


LUANO
220/66/11 kV
SUBSTATION
DANGER
TEKWIKATA IYO PANTU CHILWANI
MUSAGWIRE ICHI CHIFUKWA NDI CHOIPA
Danger
High voltage

3. STRATEGY & PERFORMANCE

OUR COMMERCIAL SUSTAINABILITY

Our commercial sustainability interlaces 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

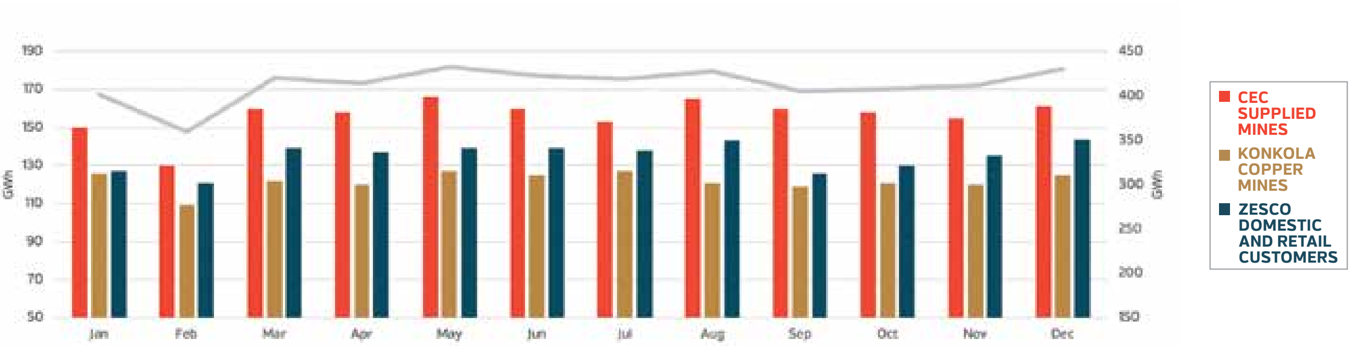
Despite the challenges of 2021, which included the adverse effects of the COVID-19 pandemic, and the uncertainties in the Company's contractual relations with some key stakeholders, our network and teams remained resilient to meet our customers' unchanged need for reliable power supply. The Zambian grid was relatively stable in the year, due to improved availability of hydro based generating capacity following strong water inflows to most hydro power generating reservoirs in the 2020/21 rain season. Consequently, we sourced all the energy requirements for our local mining customers from local suppliers, who included ZESCO, from whom we purchased the bulk of our energy, Lunsemfwa and Dangote.

The total energy import into our network in 2021 increased by 5.1% to 4,997GWh from 4,755GWh in 2020. The increase is attributable to reduced load management activities by ZESCO, leading to improved availability of power supply to domestic customers. The total energy import comprised 1,921GWh purchased for CEC supplied mines, 1,460GWh transported to KCM on behalf of ZESCO and 1,616GWh wheeled for ZESCO.

Total energy sales to our customers was 1,875GWh. This was 2.4% less than that purchased after accounting for technical losses in the power system.

In line with its power sourcing diversification strategy, in 2020, CEC commenced purchasing power from two IPPs – Dangote and Lunsemfwa. Total energy purchased from Lunsemfwa and Dangote in 2021 was 411GWh, up from 89.6GWh in 2020. The increase in purchases is mainly due to both Lunsemfwa and Dangote increasing their energy generation allocation to CEC.

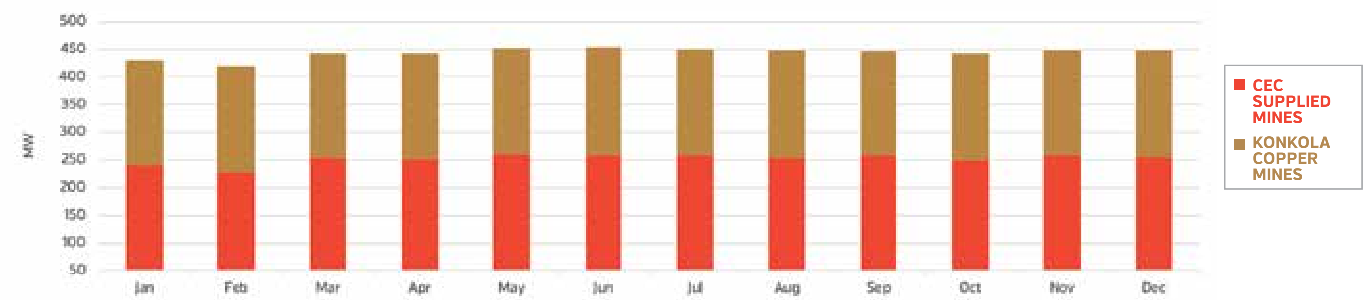
Energy Flows and Sales



Mine customer average demand increased from 436MW in 2020 to 444MW in 2021 and the system load factor marginally reduced to 84% from 85% the previous year due to reduced network utilization mainly by the mine load.

The following graph shows the breakdown of the annual average capacity sales of 252MW to the CEC supplied mines under various PSAs and 192MW to KCM under the Network Access segment of the business.

Capacity Sales



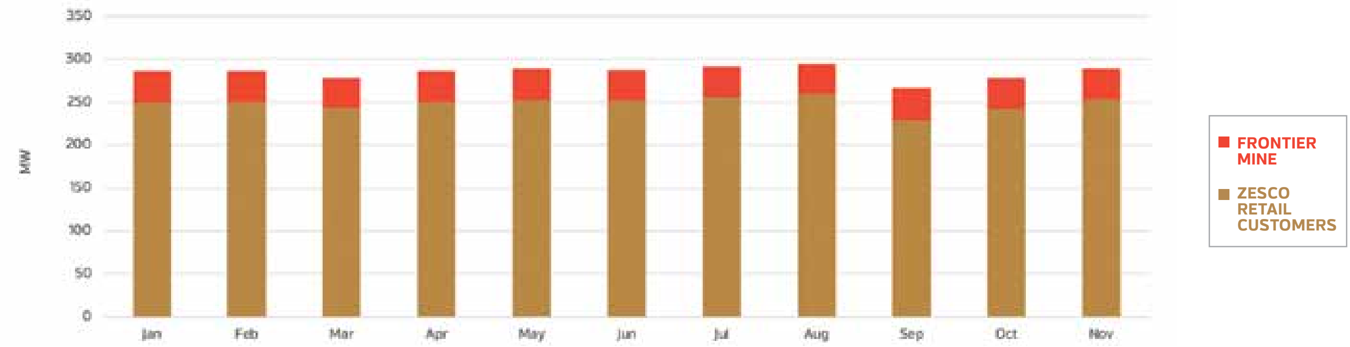
Domestic Wheeling

CEC transports power on behalf of other entities within the country. The largest portion of the Company's domestic wheeling business segment is on behalf of ZESCO. It 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.

The average demand wheeled for ZESCO increased by 10% in 2021 to 248MW from an average of 224MW in 2020. The positive variance is accounted for by reduced load management activities by ZESCO.

Frontier mine, located in the DRC about 500 meters from the Zambian border, is connected to the CEC power network. Hence, all the mine's power requirements are wheeled through this network. The average power wheeled for Frontier mine in 2021 remained largely unchanged at 37MW compared to an average of 36MW in 2020.

Domestic Wheeling

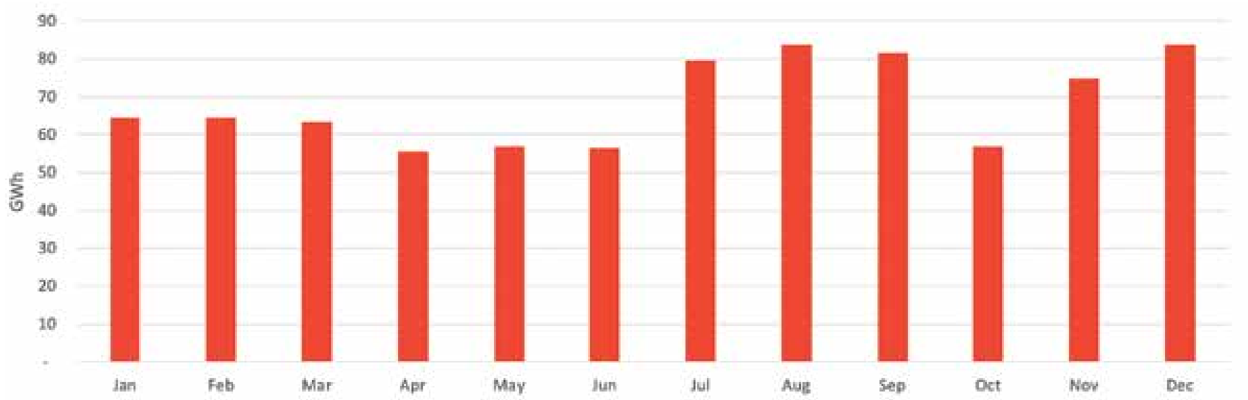


Power Trading

Our energy sales into the DRC increased to 822GWh from 752GWh in 2020. The increase in sales was mainly due to increased demand by some end users.

The unavailability of the transmission path in the ZESCO network that started in 2019 continued throughout 2021.

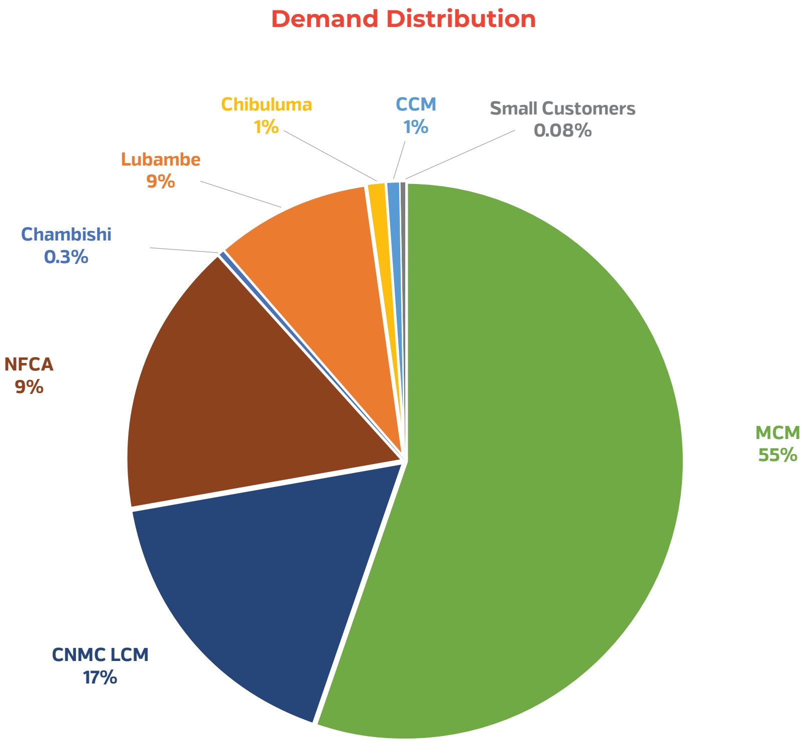
DRC Energy Sales

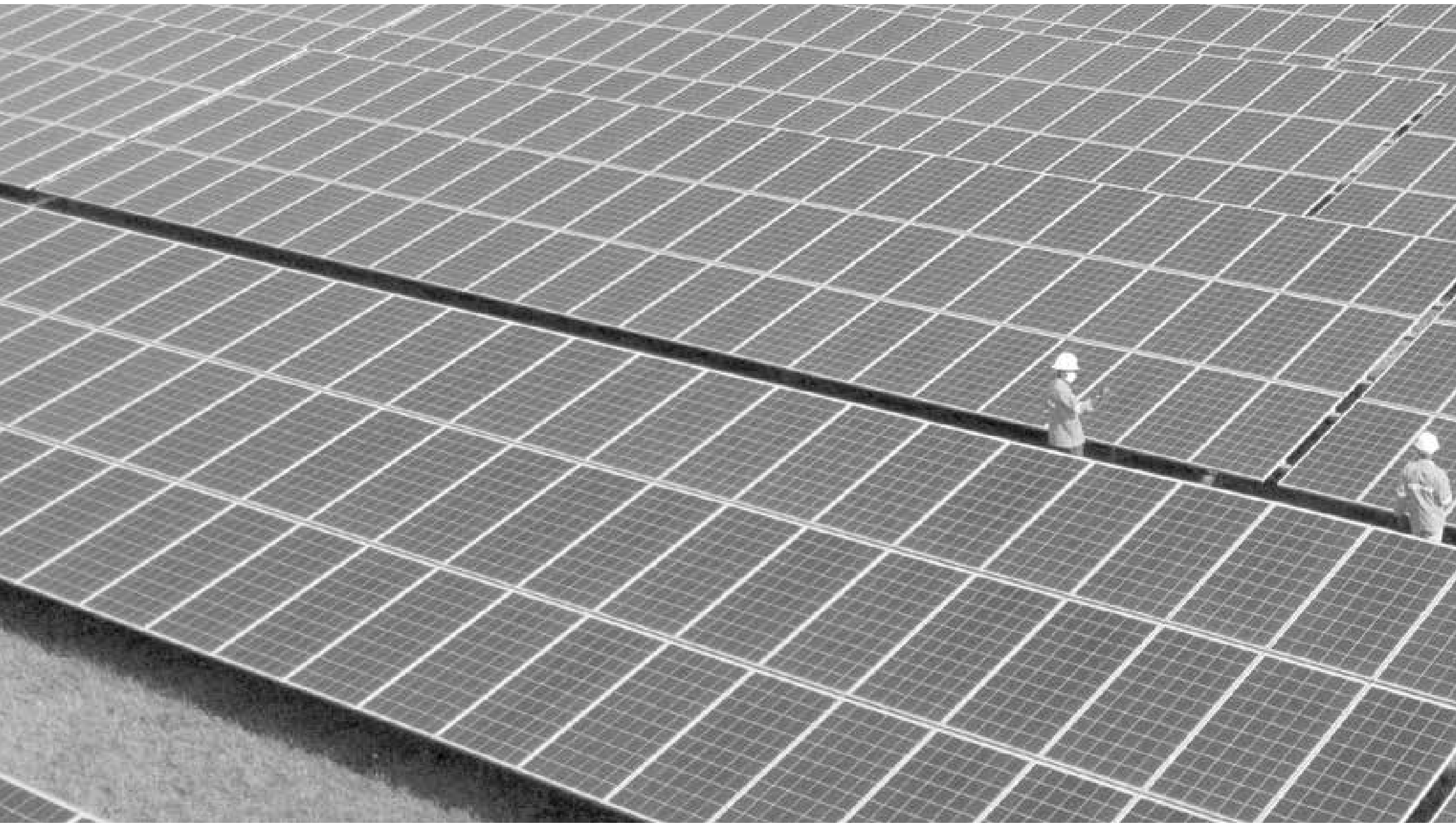


Demand Distribution

CEC supplies power to most of the copper mining operations in Zambia, with our largest customer being Mopani. Our mid-pack customers include CLM, NFC, Chambishi Metals, Lubambe, CCM and Chibuluma mines. Smaller customer categories relate to supplies to small metallurgical processing companies and to the CPC Village, a domestic load.

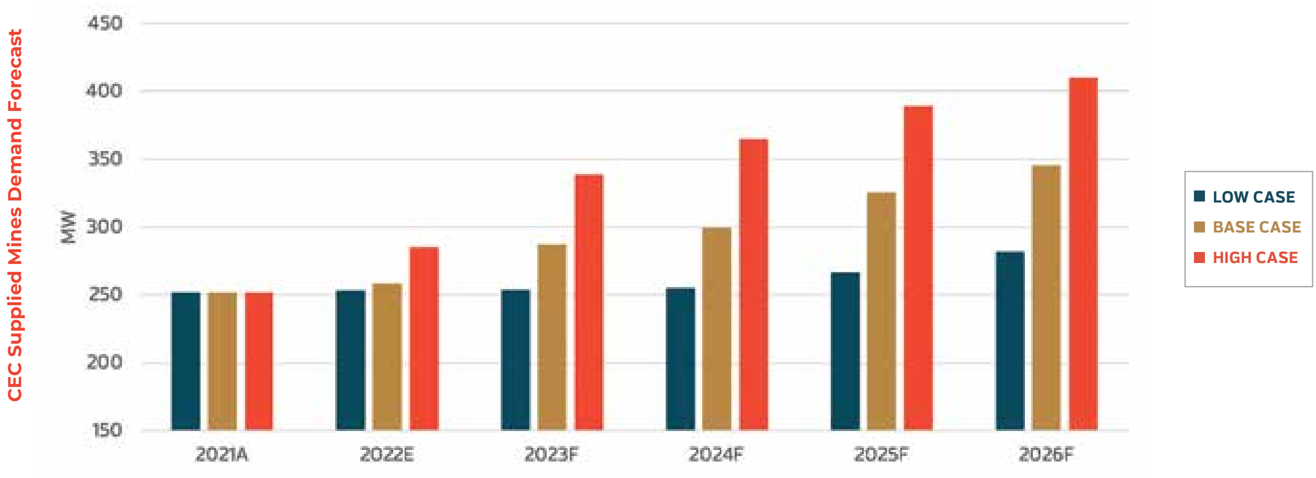
The following graph shows the breakdown of demand contribution by customers but two small customers, China Civil and Nkana Mining, with a combined demand of less than 1% are not captured in the chart

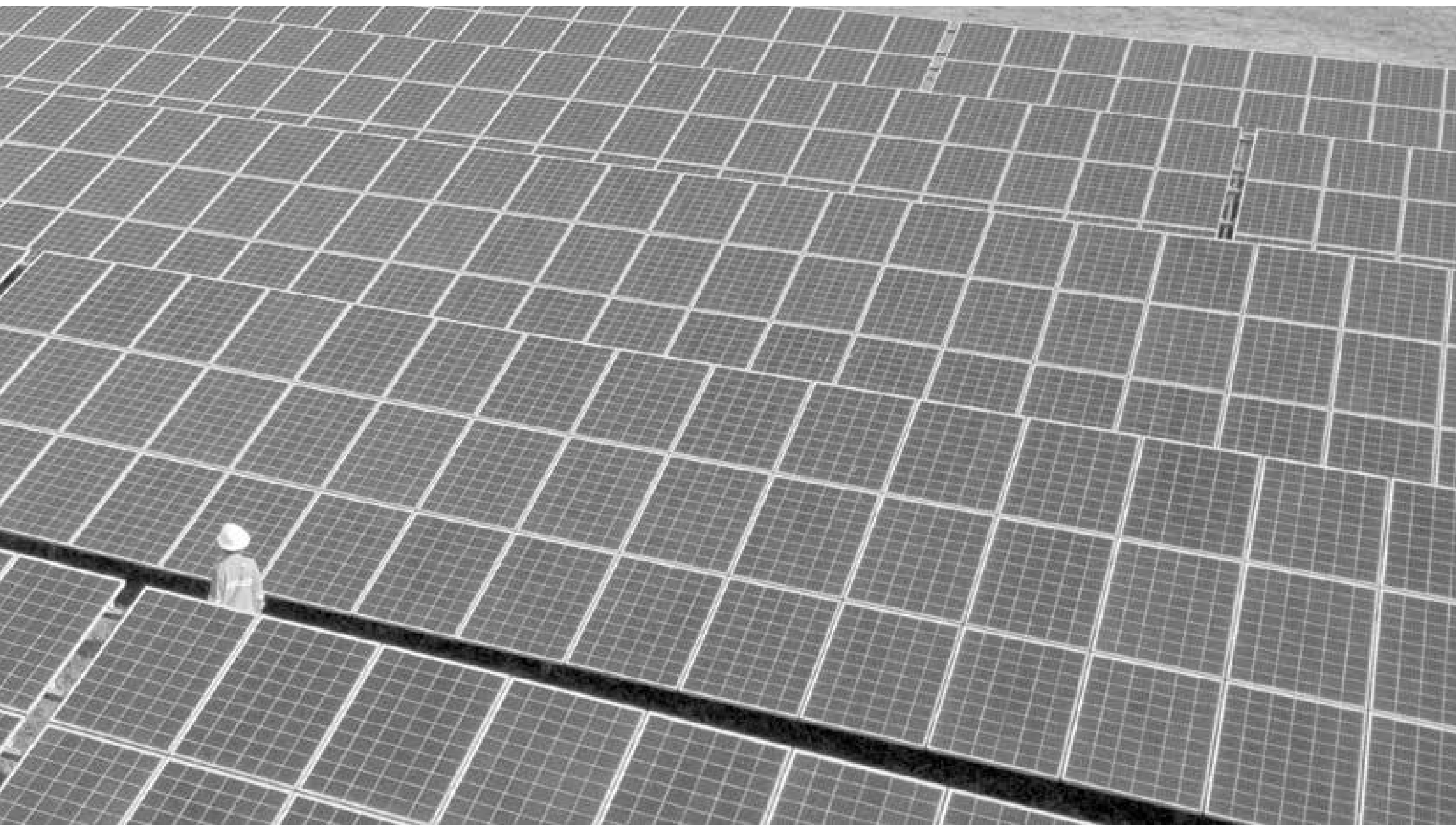




Load Forecasting

Capacity sales are projected to remain stable through 2022 after which limited growth of 36% on the base case if our customers' committed projects are completed. Most of the growth is expected to come from Mopani's Synclinorium Project, Henderson Shaft and Mindola Expansion Project, NFCA South East Ore Body and Macrolink Resources Project.





4. GOVERNANCE AND LEADERSHIP

Corporate Governance Framework and Code of Conduct

The Company's corporate governance philosophy reflects its value-driven culture, including its Board of Directors, management and employees, through embedding principles of governance that are fastened on fairness, accountability, integrity, responsibility and transparency. Good corporate governance is anchored on three pillars – active owners, an involved and well-constructed Board and efficient operating processes.

The Board provides ethical and effective leadership by setting the tone from the top on the way it conducts itself and oversees the business and affairs of the Company. CEC's approach to corporate governance is focused on recognising and adopting practices that reinforce its governance philosophy and objectives, to deliver the highest levels of sustainable value to its shareholders, success and longevity of the business while protecting the interests of all stakeholders.

The Company's Code of Ethics and Conduct serves as the ethical road map for the Board, management and employees. The Code is an integral part of the Company's culture to ensure responsible and ethical business practice. The Company employs an active approach to its Code of Ethics and Conduct and promotes its implementation by effectively communicating its contents to the Board, employees and stakeholders to ensure compliance. The Code works towards driving a common purpose, reliability, responsibility and building committed professional teams and integrity, supportive of the Company's vision and mission. It underpins the Company's values and defines its approach to all aspects of the business, across all governance structures. In addition, the Company has a Conflict of Interest Policy and Guidelines which ensure Directors and employees observe the highest standard of business and personal ethics. The policy and guidelines compel the disclosure of any contemplated or ongoing business or other material transactions or dealings with the Company which have or may result in a conflict of interest. Conflict of interest under the policy includes direct or indirect transactions or dealings through or by interested persons including close associates, family members and others, as defined under the policy.

To further ensure the highest standards of integrity and uphold ethical behaviour, the Company has a Whistle Blowing Policy which sets out detailed procedures on how to make a complaint, procedures after a complaint is received and whistle blower protection. Any whistle blower issues raised are followed up and actioned as required.

CEC has an Insider Trading and Dealing Policy which regulates the trading in securities by the Directors and designated persons in the Company to govern, monitor and report trading by designated persons in CEC's securities. All designated persons are prohibited from undertaking transactions in the securities of the Company during Closed (Black Out) Periods as defined in the policy and at any time during which the individual is in possession of inside information, defined in the policy. The Company has a Board Charter which requires Directors of the Board to obtain clearance of the Chairman for transactions conducted on their own account in the Company's securities.

The Company has adopted the LuSE Code of Ethics under the Listing Regulations, to benchmark and raise corporate governance standards. The Company further complies with the regulations under the Securities Act. During the year, disclosures were made in compliance with governance regulations on all material business and developments to shareholders and other stakeholders.

Together, the various codes and policies provide corporate governance guidelines that ensure good business conduct and practices that support the successful delivery of the Company's purpose and strategy.

Board of Directors

Roles and Responsibilities

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. The Board has overall responsibility for the success of the Company.

The key roles and responsibilities of the Board of Directors of the Company are:

a. devising long term strategy and vision for the Company and monitoring performance against set goals and objectives;

b. overseeing the proper functioning of the Company and striving consistently to ensure that its financial goals and objectives are appropriately monitored and managed;

c. ensuring that policies and procedures and a robust risk management framework are in place;

d. reviewing and, as appropriate, evaluating and approving financial and internal controls;

e. ensuring that the Company's business is conducted with the highest standards of ethical conduct in conformity with applicable Company policies, laws and regulations;

f. approving for recommendation to the shareholders the Company's annual financial statements; and

g. promoting the mission and vision of the Company and its objectives for the benefit and best interest of its shareholders, employees and stakeholders.

Directors are expected, collectively and individually, to constructively challenge and help develop proposals on strategy; scrutinize and monitor the performance of the business; satisfy themselves on the integrity of the financial information and see to it that the financial controls and systems of risk management are robust and defensible. All of these responsibilities are directed at achieving sustainable growth for the business and, ultimately, the best interest of shareholders.

Composition of the Board and Appointments

The Board of Directors of the Company is composed of competent individuals who, together, bring knowledge, skills and a broad range of experience that enables it to discharge its roles and responsibilities effectively.

The Board is comprised of 12 members. The Articles of Association 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 or Directors for any further qualifying 10% thresholds. Conversely, 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 appointing 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.

All members of the Board, other than the Managing Director, are considered independent of the Company's executive management. The Non-Executive Directors of the Board comprise Mr. London Mwafulilwa, Dr. Patrick Nkanza, Mr. Ronald Tamale, Mr. Derek Chime, Mr. Joe M. Chisanga, Mr. Mabvuto Chipata, Mrs. Mildred T. Kaunda, Mr. Siyanga Malumo, Mr. Thomas Featherby, Mr. Munakupya Hantuba and Mr. Arnold Simwaba.

Mr. Mwafulilwa and Dr. Nkanza, who were re-elected for a further term of office by the shareholders at the AGM held on 30th April 2021, are Independent Non-Executive Directors and considered independent of the Company's main shareholders. Mr. Mwafulilwa and Dr. Nkanza hold the positions of Chairman of the Board and Vice Chairman respectively.

Mr. Owen Silavwe, the Managing Director, is the only Executive Director. The seat held by the Special Shareholder is occupied by Mr. Simwaba, who represents GRZ on the Board of the Company as Government Director/Special Shareholder Representative.

[Biographies of the Directors are available on pages 62 to 68 of the Annual Report.]

Board Changes

GRZ and ZECI effected changes to their representation on the Board of Directors. Mr. Arnold Simwaba was appointed by GRZ as Government Director/Special Shareholder Representative on 28th May 2021 to replace Mr. Trevor Kaunda. ZECI appointed Mr. Siyanga Malumo on 24th February 2021 to replace the long-standing Board member, Mr. Abel Mkandawire, who died on 4th February 2021. There were no other Board changes during the year.

Role of Board Chairman

The Chairman is responsible for leadership, strategic direction, oversight and management of the Board. The role of the Chairman is to ensure the effectiveness and 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. The Chairman's function is to promote, foster and facilitate positive relationships among the Directors, their contributions and effective communication among them and the performance of Directors in fulfilling their responsibilities. He oversees matters relating to governance and the effectiveness of the Board and its Committees. In carrying out his role the Chairman is required to provide independent leadership to the Board, identifying guidelines for its general conduct and performance and overseeing its administrative activities, as applicable. The Chairman is the link between the Board and the Company.

The Chairman presides over meetings of the Board, the Nominations Committee and shareholder meetings of the Company.

Role of the Managing Director

The Board appoints the Managing Director who is charged with carrying out the day-to-day management of the Company. 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 the 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 creating 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 and standards. The Managing Director acts as a liaison between the Board and management. He leads the Company's internal and external communication.

The Company Secretary

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. All Directors have access to the advice and services of the Company Secretary.

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 Director's Remuneration Policy limits compensation for Board and Committee 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 paid to the Directors cover any other board or committee meetings over and above the four scheduled meetings. 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 online. 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 2021 are provided in the annual 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

The Board meets quarterly and meetings are limited to six scheduled Board meetings in a year. In 2021, the Board convened on six occasions. Extensive and detailed papers on key business issues are provided to the Directors in connection with the Board and Committee meetings. The papers are circulated in advance so that the Board members have adequate time and information to be able to participate fully and effectively in the meetings. CEC currently uses the eBoard electronic board management system for its Board and Committee meetings.

Board members are expected to prepare for, attend and participate in board and applicable board committee meetings. The Articles of Association permit Directors to call for a board meeting and propose items for inclusion to 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. The issues considered and the decisions taken at board and committee meetings are recorded in minutes and reported at the next meeting. Representatives from the Company's management and specialist roles and functions attend the committee meetings.

Due to health procedures and measures put in place as a consequence of the COVID-19 pandemic, all board and committee meetings were held virtually during 2021.

Performance Evaluation

The Board has established a formal process for annually evaluating its performance and that of its Committees. The questionnaire provided for the evaluation process is designed to obtain Director assessment and comment regarding the performance of the Board, the effectiveness of Board communication, the ability of Directors to contribute to the development of strategy, the effectiveness with which the Board monitors and oversees risk and overall Company performance. Directors are invited to make recommendations for improvement. The Board considers that the self-assessment provides sufficient insight into the effectiveness of the Board, creates a roadmap for improvement and enhances its performance and effectiveness. An external independent Board evaluation process is planned for in 2022.

The Board considers the results of the evaluation process and issues identified, which are presented at a scheduled board meeting. The evaluation is undertaken through the Audit and Risk Committee of the Board.

Annual General Meeting of the Shareholders

An AGM of the shareholders is held annually. The Notice convening the meeting is required to be published 21 days before the date of holding the meeting. The quorum for the AGM is a minimum of two shareholders holding between them a majority in the nominal value of the issued ordinary shares of the Company present at the meeting in person or by proxy.

The authourised share capital of the Company is 2 billion ordinary shares, of which 1,625,000,597 are ordinary issued shares. All holders of ordinary shares of the Company are entitled to attend, speak and vote at the AGM. The Managing Director, Chief Financial Officer and auditors of the Company make presentations at the AGM on the business and its performance, the Directors' Report and annual financial statements and the auditor's report respectively, during the reporting year. The AGM affords shareholders opportunity to present questions to the Board and the senior management who are available at the AGM to answer all questions from the shareholders. Shareholders may exercise their right to vote in person or through an authourised representative or appointed proxy. The requirements for the receipt of a valid proxy are set out in the notes to the Notice convening the meeting. The Company's Annual Report is circulated with the Notice to shareholders and made available on the Company's website. All meetings of the shareholders other than the AGM are called Extraordinary General Meetings (EGM). No EGM was held in 2021.

The Company's 2021 AGM was successfully held by Zoom webinar on 30th April 2021. The passing of resolutions at a general meeting of the Company, including at the AGM, which is other than a special resolution, requires a simple majority vote. To be passed, a special resolution requires a majority of at least 75% of the votes cast. The vote of the shareholders in respect of the business specified in the agenda for the 2021 AGM was conducted by poll on all resolutions tabled at the meeting. The resolutions were passed by more than two-thirds of votes attaching to the shares entitled to vote and held by the shareholders present at the meeting in person or by proxy. There were no special resolutions tabled for consideration at the meeting.

The Board Committees

The Board operates within a clearly defined framework which enables delegation of authority and clear lines of responsibility to the Board Committees while allowing the Board to have effective control. The Committees can make decisions on matters the Board delegates to them, pursuant to the committee instructions, and on other issues in their respective areas of responsibility provided the decisions do not fall within the overall decision making powers of the Board. The Committees are required to report the decisions to the Board. The Board understands the importance of having a membership possessing the right balance of skills, experience and diversity and, therefore, the composition of the Committees is regularly reviewed. Through the committees, the Board ensures there is a strong representation of experience, requisite knowledge, independence, foresight and good judgement to ensure it functions effectively and is able to discharge its duties.

The Board has appointed five committees, comprised of:

a. The Executive Committee
b. The Audit and Risk Committee
c. The Health, Safety Environmental and Social Committee
d. The Nominations Committee
e. The Renumeration and Employee Development Committee

All Committees are chaired by Non-Executive Directors. The Executive Director is not part of the membership of the Nominations, and Audit and Risk Committees which are fully composed of Non-Executive Directors. The Committees operate in accordance with the written terms of reference, approved by the Board. In carrying out their functions, the committees may not exceed the authority delegated to them by the Board. The task of constituting committees is taken under the mandate of the Nominations Committee.

All committees meet quarterly and as may be required on ad hoc basis to attend to any special business.

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 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 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 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 Executive Committee remained very active in 2021 in its interface role of facilitating decision-making between board meetings and providing guidance on ongoing daily implementation of the Company's strategies and policies. The committee continued with its important oversight role as a standing committee between board meetings. The work of the committee helps to streamline many of the Board activities and decision-making processes, as mandated, on material Company strategy issues, emergency situations and early Board decision demands. The committee effectively carried out this role in 2021, in particular on the critical matters and challenges the business continued to experience. The committee's membership is comprised of two Independent Non-Executive Directors, three Non-Executive Directors, one Executive Director and the Chief Financial Officer. Meetings of the committee are attended by senior management. During the year, the Committee met seven times.

Audit and Risk Committee

The Committee has an independent role for accountability to both the Board and the shareholders. It 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 annual financial statements present a true and fair reflection of its operations. It is responsible for ensuring that appropriate accounting policies, controls and compliance procedures are in place and operating effectively. It further ensures the effective management of risk, namely the uncertainty of events, the likelihood of such events occurring and their effect, both negative and positive, within the Company's operations.

The purposes of the Audit and Risk Committee are to:

- Review the annual financial statements, interim reports, preliminary results announcement and ensuring compliance with IFRS
- Review and approve the appropriateness of accounting policies, disclosure policies and the effectiveness of internal financial controls
- Evaluate the reliability and integrity of information and the means used to identify, measure, classify and report such information
- Evaluate the systems established to ensure compliance with policies, plans, procedures, laws and regulations, which could have a significant impact on the Company
- Oversee the functioning of the Internal Audit department and approve the internal audit annual plan

The Committee is governed by a charter approved by the Board and complies with relevant regulation and good corporate governance codes. It recommends to the Board the appointment and remuneration of the external auditors. The Committee reports that the auditors were appointed in line with the mandate and their tenure is reviewed annually at the AGM, but not exceeding five years. The Committee also holds separate meetings with the Head Internal Audit and the external auditors when required, in order to enhance auditor independence.

The Committee is chaired by a Non-Executive Director and consists of five Non-Executive Directors. The committee meets at least quarterly and at such other times as may be required.

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

- Annual financial statements and directors' report
- External auditor's management letter
- Luse corporate governance compliance report
- Quarterly management accounts
- Quarterly directors' and senior management expenses report
- Half year financial statements
- Operating and capital budget
- Internal audit reports
- Annual external audit timelines
- Company risk profile

Internal Controls

Systems of internal control are designed to manage the risk of failure to achieve business objectives and to provide reasonable assurance about whether the annual financial statements are free from material misstatements, whether due to fraud or error.

While the Board is responsible for the internal control systems and for reviewing their effectiveness, the responsibility for their actual implementation rests with executive management.

The Company maintains a comprehensive system of internal controls to mitigate identified risks and to ensure that its objectives are consistently achieved. The Company'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. These assurance services enable an effective control environment, support the integrity of information used for internal decision-making by management and the Board and its committees, and support the integrity of the Company's external reports.

Health, Safety, Environment and Social Committee

The committee provides oversight on the effectiveness of the Company's occupational health, safety and environmental performance. It 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, 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 proposed management initiatives to improve and reduce the record of road traffic accidents, incidents or similar initiatives
- Monitors the Company's preparedness and response measures to the COVID-19 pandemic

The committee meets at least once a quarter and at such other times as may be required. During 2021, the committee held four meetings.

The purpose of the committee is to:

- Ensure that management of HSE in the Company is aligned with the overall business strategy and is geared towards attainment of its commitments and obligations in these fields.
- Review HSE policies, strategies and standards and monitor the effectiveness of management systems in place.
- Review compliance to HSE policies, strategies, standards and legislation.
- Monitor key HSE performance indicators.
- Review the Company's HSE performance, progress and continuous improvement.
- Review significant HSE incidents.
- Report to the Board on developments, trends and/or forthcoming significant legislation on HSE matters which may be relevant to the Company's operations, assets or employees.

The committee consists of five Non-Executive Directors and one senior management executive and is chaired by a Non-Executive Director.

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 on the Board of Directors, for recommendation and appointment by shareholders at the AGM, where a vacancy (or vacancies) arises. The Committee has no scheduled meetings but meets as and when required.

The role of the Nominations Committee is to ensure, the:

- Directors and the Company Secretary have the appropriate composition of skills, expertise and knowledge to execute their duties effectively
- 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 ongoing training and development of the Directors
- Review and selection of candidates for appointment to the role of Independent Non-Executive Director for consideration by the Board and appointment by the shareholders at the AGM

A meeting of the Nominations Committee was held on 23rd February 2021 to consider and make recommendations for the appointment of Independent Non-Executive Directors to the Board for final approval by the shareholders at the AGM. The meeting also re-constituted the membership of the Board Committees due to the changes that occurred on the Board, reported earlier.

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 2021 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
Siyanga Malumo	Non-Executive
Thomas Featherby	Non-Executive
Christopher Nthala	Executive

Nominations Committee

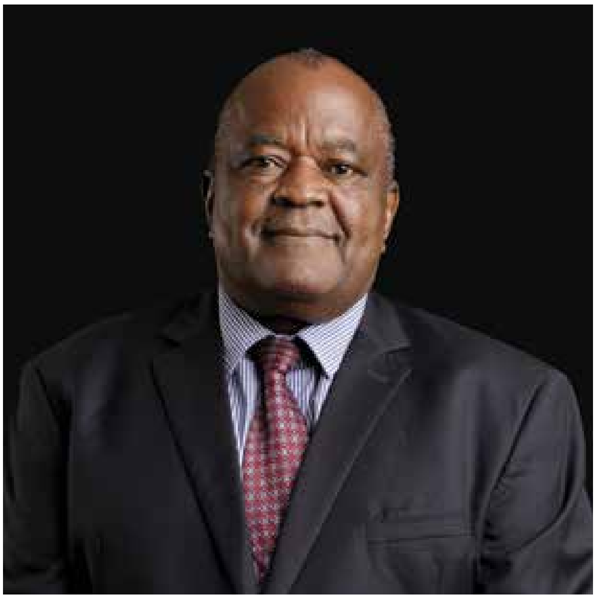
DIRECTOR	CATEGORY
London Mwafulilwa	Independent Non-Executive (Chairman)
Ronald Tamale	Non-Executive
Mildred T. Kaunda	Non-Executive

Remuneration and Employee Development Committee

DIRECTOR	CATEGORY
Munakupya Hantuba	Non-Executive (Chairman)
Mabvuto Chipata	Non-Executive
Joe M. Chisanga	Non-Executive
Derek Chime	Non-Executive
Siyanga Malumo	Non-Executive
Owen Silavwe	Executive


RESERVE ZONE
220 KV BUSBAR PROTECTION
CHECK ZONE
220KV BUSBAR PROTECTION

OUR BOARD OF DIRECTORS



Mr. London Mwafulilwa

Nationality: Zambian
Qualifications: Bachelor of Engineering, Mechanical (University of Zambia)

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 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. 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 six 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.

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 a Fellow of the Institute of Directors of South Africa 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. He is also an Insolvency Practitioner. 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. He sits on the board of Zambia Metal Fabricators (ZAMEFA) where he chairs the Audit and Risk Committee. 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 strategic communications firm Cutting Edge PR. She is a results oriented senior executive with over 30 years' experience in communications, reputation management and financial services across Sub-Saharan Africa, having worked and lived in Southern, East and West Africa. Mildred previously worked in various international financial institutions, including Investec, Standard Corporate and Merchant Bank, Trade and Development Bank (formerly the PTA Bank) and Deloitte. She serves as a director on other boards. She is a member of the Executive, Nominations and Audit and Risk committees.

Mr. Munakupya Hantuba

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

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 chairs the Remuneration and Employee Development Committee and is a member of the Executive 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.

Dr. Patrick Nkanza

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

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: Executive MBA (University of Lusaka), Bachelor of Science, Mathematics and Computer Science (University of Zambia)

Experience:

Trevor served as 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. 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.

Resigned: 28th May 2021

Mr. Owen Silavwe

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

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.

Mr. Mabvuto Tembo Chipata

Nationality: Zambian
Qualifications: Bachelor of Accountancy, (Copperbelt University) 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. He sits on the Remuneration and Employee Development and the Safety, Environment and Social committees.

Mr. Siyanga Malumo

Nationality: Zambian
Qualifications: MBA Finance, Marketing (McGill University), Bachelor of Business, Economics, Law (University of Zambia), Diploma, French (University of Madagascar)

Experience:

Siyanga has vast experience in international banking and finance with first-hand project finance experience. He has notable capabilities in structuring, packaging and raising funds for infrastructure projects in Africa. He has held senior management and board positions in several financial institutions and power companies across different geographies on the African continent. Siyanga has chaired a number of power sector company boards in Africa, among then, CEC Africa and Africana Finance and Investments. He is the current chairman of the Luchenene-Mutinondo 100MW Hydropower Company Zambia and Mulembo-Leyla 100MW Hydropower Company Zambia. Siyanga has had a hand in lecturing at both local and international institutions in the areas of public finance, development economics and development banking. He sits on the Remuneration and Employee Development Committee and the Health, Safety, Environment and Social Committee.

Appointed: 24th February 2021

Mr. Arnold Milner Simwaba

Nationality: Zambian
Qualifications: Master of Engineering, Mechanical (Russian People's Friendship University, Moscow, Russia), Bachelor of Engineering, Mechanical (Russian People's Friendship University, Moscow, Russia)

Experience:

Arnold has held several positions at the Ministry of Energy since taking up his first role, as Senior Electrification Officer, in 2004. In March 2017, he was appointed to act as Director in the Department of Energy, a position he has held to date, and who's chief purpose is the management and coordination of the development of energy policies and programmes to improve accessibility and sustainable resource utilisation. Notable achievements during his service include the development of Zambia's first Rural Electrification Master Plan in 2006 and Power Systems Development Master Plan. He has been part of the teams that have successfully negotiated various IPP and PPP Implementation Agreements for the development of power generating plants, including Ndola Energy and Itezhi-Tezhi; and participated in the final review of the Electricity Bill (now the Electricity Act, 2019). Arnold is a registered member of the Engineering Institution of Zambia.

Appointed: 28th May 2021


COPPERBELT
energy
LUELA - COSAK 220kV LINE
DANGER
HIGH VOLTAGE ELECTRICITY
KEEP AWAY
TEKWIKATA IYOO PANTU CILWANI
20

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

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

Refer to Board listing for bio data.

Mr. Mutale Mukuka

Chief Financial Officer

Nationality: Zambian
Qualifications: MBA (IE Business School) Spain, Chartered Management Accountant (UK), 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.

Mr. Christopher Nthala

Chief Operating Officer

Nationality: Zambian
Qualifications: Bachelor of Engineering degree, Electrical (University of Zambia), 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.

Mrs. Julia Chaila

Chief Legal Counsel/Company Secretary

Nationality: Zambian
Qualifications: Bachelor of Laws (University of Zambia), Advocate of the High Court and Supreme Court for Zambia, Chartered Arbitrator (UK)

Experience:

Julia is the management head of the in-house Legal Department, which she established in 1997. The Department provides highly skilled professional legal services to the Company and its subsidiaries. Julia is also Company Secretary for the Board and secretary to the Executive and Nominations committees. Julia possesses competent and extensive experience in a wide range of legal practice areas extending over 30 years, more specifically in Corporate and Commercial law, specialising in energy, construction and mining law. Julia has previously held several senior positions in both the private and public sectors. She is a director of several state owned, private, non-governmental and community based boards, some of which she has headed as chairperson. Julia is an active member of the Law Association of Zambia, was previously a member of the Legal Practitioners Committee and currently sits on the Electoral Board of the Association.

Mr. Vincent Nyirenda

Chief Projects Officer

Nationality: Zambian
Qualifications: Bachelor of Engineering, Mechanical (University of Zambia), 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.

Mr. Titus Mwandemena

Chief Commercial Officer

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

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.

Mr. John Simachembele

Chief Human Resources Officer

Nationality: Zambian
Qualifications: MBA (Strathclyde University), MSc Human Resources Management (Heriot-Watt University), Doctoral Candidate, 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.

4. GOVERNANCE & LEADERSHIP

RISK MANAGEMENT, ASSURANCE AND CONTROLS

Ensuring Appropriate Risk Management

CEC faces inherent risks with the potential to impact its business. Identifying and mitigating these risks is one of the most important aspects of the Company's strategy and daily activities.

CEC's risk management process is aligned with risk management standards (ISO 31000) and the Committee of Sponsoring Organizations principles, the Company's code of ethics and the Board of Directors' directives on effective and efficient management of risks in the Company to provide it the ability to achieve its mission, vision and strategic objectives.

Risk Management Process

The Company's risk management process is based on a company-wide approach to the identification and assessment of risks and the manner in which they are managed and monitored. Risk registers, covering strategic, operational, financial and compliance risks are completed across the various departments, with the impact and likelihood of occurrence for each risk determined.

The business faces both qualitative and quantitative risks, which include reputational, financial, legal, regulatory, commercial, technical, safety and environmental.

Enterprise Risk Management

CEC applies the Enterprise Risk Management framework to identify potential events or circumstances that may affect it and in managing the associated existing and emerging risks. The risk management framework comprises a number of discrete steps to identify, assess, mitigate and report the risks.

The Board of Directors has overall responsibility for the Company's risk management strategy. Roles and responsibilities for managing risks across the Company are clearly defined, as shown in the diagram below.

Emerging Risks

There continues to be a focus on identifying and assessing potential or emerging risks. These can be newly identified risks or known risks that have evolved over time. All directorates formally review emerging risks and undertake horizon-scanning to monitor any potential disruptions that could dramatically change the industry and/or our business, from both a risk and opportunity perspective. New risks are added to the risk registers when they are identified and considered to have become material.

CEC employs statistical tools, such as the heat map, to categorize various anticipated risks to the business and to inform the formulation of strategies to address such risks. Risk heat maps depicting risks identified for specific periods are developed, typically on a quarterly basis.

The qualitative and quantitative risks the business faces include reputational, financial, legal, regulatory, commercial, technical, safety and environmental. Currently, only the top five risks are escalated and reported to the risk committee of the Board, during its quarterly meetings, with recommendations for actions or monitoring. This enables the Directors to exercise oversight based on the provisions of the approved risk management tool.

Risk Description

For the period under review, the Company's business operations were characterized by the absence of commercial contracts with key players, ZESCO and KCM, the declaration of the Company's infrastructure as common carrier pursuant to SI No. 24 of 2021 and payment defaults by key customers. These are the five business risks depicted in the heat map as at December 2021. Although it is not among the top five business risks, the impact of the COVID-19 pandemic on the Company's business operations was recognized as a risk to note and monitor.

Risk mitigation measures, including legal interventions, were actively implemented and monitored through engagement of various stakeholders to achieve a win-win outcome, to the benefit of our business and key stakeholders such as our power suppliers, customers and the Zambian economy. While most of these risks remained unresolved, there was, in the last quarter of the year, positive outcomes from actions taken in addressing these issues.

Roles	Responsibilities
BOARD	Overall responsibility for corporate strategy and risk management. Defines the Company's appetite for risk.
AUDIT AND RISK COMMITTEE	Reviews the effectiveness of the Company's risk management framework and internal controls. Oversees the effectiveness of the Assurance and Internal Audit department.
RISK AND BUSINESS CONTINUITY COMMITTEE	Manages and delivers the Company's risk strategy. Monitors key risks and compliance with relevant laws. Regularly reviews the Company's risk management framework.
DIRECTORATE MANAGEMENT	Oversight and review of operational risk.
ASSURANCE AND INTERNAL AUDIT	Monitors compliance with the Company's internal controls and policies. Conducts internal audits.

Key Business Risks Heat Map

Extreme	**C6**	**21**	**30**	3 **32**	**34**	**35**	1 **36**
Major	**C5**	**17**	**27**	**28**	**29**	**31**	2 **33**
High	**C4**	**14**	**22**	**23**	5 **24**	4 **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					

Risk Description

Under this thematic area, where they have a common thread such as Financial Risk, the five risks in the heat map have been categorised into four for descriptive purposes.

Commercial & Regulatory

Risk
Absence of new commercial agreements for power supply and use of networks

(#2)

Impact
Continuing disputes between CEC and key suppliers and customers on tariffs and other arrangements relating to:
Power supply
Domestic wheeling
International wheeling
Transmission Use of System
Grid Access and Connection

Financial

Risk
Customer debts for power supply and other services (#1, 3 & 5)

Impact
Negative impact on cash flow
Reduced liquidity
Adverse impact on overall financial position
May affect the Company's ability to meet its financial obligations

Financial & Operational

Risk
Impact of COVID-19 on business performance (#6)

Impact
Disruption to business operations due to:
Slow down in international supply chains and travel restrictions
Reduced employee productivity and loss of skills
Increase in health care costs

Financial & Regulatory

Risk
Erosion of value due to effects of SI No. 24 of 2021 (#4)

Impact
Loss of business control
Loss of revenue


MR
Q1

DIRECTORS' REPORT

The Directors have pleasure in submitting to the shareholders, their report on the annual financial statements for Copperbelt Energy Corporation PLC ("the Company") for the year ended 31st December 2021.

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 2021, the Company 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. The DRC mines are supplied 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 its excess capacity of optic fibre 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 billion ordinary shares of a par value of K0.01 each and one 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 2021, the shareholding in the Company was as follows:

Marina IV/Marina V (Singapore) Pte Ltd	466,558,433
ZCCM Investments Holdings PLC	391,795,562
Private Individuals/Institutions	350,640,378
Zambian Energy Corporation (Ireland) Limited	215,315,790
Standard Chartered Zambia Securities Services Nominees Limited	104,360,219
Standard Chartered Private Equity	96,330,215
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 2021, substantial shareholding (5% or more) in the Company's share capital was as follows:

Marina IV/Marina V (Singapore) Pte Ltd	28.71%
ZCCM Investments Holdings PLC	24.11%
Private Individuals/Institutions	21.58%
Zambian Energy Corporation (Ireland) Limited	13.25%
Standard Chartered Zambia Securities Services Nominees Limited	6.42%
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:

	2021	2020	2019	2018	2017
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	5,128,980	3,628,981	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					
Siyanga Malumo	81,437,063	81,437,063	55,940,759	55,940,759	219,375,081

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 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.

An interim dividend of USD37.4 million, representing an increase of 9.6% over 2020 (USD34.1 million), was declared and payable to our ordinary shareholders.

Activity of Company Shares on the LuSE

The Company continued to be listed and actively traded on the LuSE. A total of 36,743,312 shares were traded in 2021 (2020: 66,440,959) in 3,395 trades. Total turnover was ZMW55.0 million (USD3.3 million) against prior year's ZMW53.6 million (USD3.0 million). The share price averaged ZMW1.66, between a 12-month high of ZMW2.65 and a low of ZMW1.11, and closed the year at ZMW2.65. The share price moved from a low of ZMW1.11 to close at ZMW2.65 in the last quarter in response to the interim dividend declaration of ZMW0.3727 per share announced on 13 September 2021. CEC ranked third on the LuSE by volume (12.15% of the total volume traded) and second place by turnover (2.49% of total turnover) during the 2021 trading year. The Company's shares are traded in the dematerialized form. CEC's transfer agent is Corpserve Transfer Agents Limited.

Financial Results

Below is a table of financial trends highlights covering a five-year period.

In thousands of USD	2021	2020	2019	2018	2017
Revenue	342,520	370,931	408,272	421,203	389,532
Gross Profit	102,301	118,955	101,960	113,922	130,438
PBIT	70,101	9,947	17,372	92,182	79,579
Net profit/(loss) attributable to equity holders	51,249	5,609	12,246	55,856	48,378
Total non-current assets	496,858	503,313	457,557	441,973	455,619
Inventory	2,836	1,870	1,605	3,044	3,391
Current assets	178,203	171,642	182,862	200,097	182,426
Total assets	675,061	674,955	640,419	642,070	638,045
Current liabilities	163,676	159,486	124,000	106,397	96,899
Loans	19,025	26,725	53,375	59,535	73,555
Non-current liabilities	181,746	212,995	162,790	164,657	172,151
Equity	329,640	302,474	353,629	371,016	350,910
Acid test ratio (Times)	1.06	1.06	1.45	1.85	1.85
Adjusted EBITDA	106,581	108,070	91,200	103,464	101,471
Return on Assets	8%	1%	2%	9%	8%
Return on Equity	16%	2%	3%	15%	14%
Earnings per share	0.0315	0.0035	0.0080	0.0340	0.0300

Going Concern

The primary activities of the Company remained unchanged. These activities include (i) the provision of transmission and distribution services to third parties who desire to use CEC infrastructure to transfer power from one end of the network to the other. This service is mostly used by ZESCO for the supply of power to its industrial, commercial and domestic customers in the Copperbelt. The service is also used by ZESCO for the supply of power to KCM and for its power exports to the DRC; (ii) local power supply with associated services such as provision of emergency generation to the mining companies in the Copperbelt, provided under their respective PSAs on one end and power sourced from generators such as ZESCO, Lunsemfwa and Dangote; and (iii) regional power supply to the mines in the DRC through the state utility (SNEL) for power sourced from SAPP and bilateral contracts with regional utilities.

As part of the going concern assessment, the Directors have taken note of the fact that the contract underpinning (i) provision of power by ZESCO to the Company, (ii) the provision of wheeling services on behalf of ZESCO for its non-mining customers in the Copperbelt as well as for its power supplies to the DRC, terminated by effluxion of time in March 2020. There is a recognition that despite the contract having terminated, the parties; being GRZ, ZESCO and CEC, have agreed to continue facilitating an efficient and economic supply of power to the consumers in the Copperbelt.

Additionally, following the termination of the KCM PSA by effluxion of time on 31st May 2020, under which USD156.7 million remains unpaid for power supplied and the subsequent KCM load shift from the supply to the Use of System segment, the parties do not have an agreement to support commercial arrangements between them. Despite the seemingly working operational arrangements, the risk attendant to operating without key contracts cannot be over emphasized.

For the reporting period, the Company made a profit of USD51.2 million (2020: USD5.5 million). At the balance sheet date, the Company's current assets exceeded the current liabilities by USD14.5 million (2020: USD2.8 million) while the cash and cash equivalents were USD92.6 million (2020: USD83.0 million).

The Directors have assessed 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 annual financial statements; the impact of COVID-19 on the business 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. Further, the Directors have taken into consideration the fact that the Company and ZESCO have commenced negotiations for a new agreement.

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 continued with its programme of asset mordenisation, renewal and upgrade in order to adequately serve existing and upcoming customers. The asset renewal process required some assets to be retrofitted while others were refurbished, with a view of achieving renewed asset life and improved compliance with both regulatory and ISO standards. This also assures the high HSES standards required for the Company's operations. The strategic direction for capital expenditure is targeted at mitigating business risks, ensuring customer satisfaction and securing the Company's ability to continue providing services in the long term.

Due to the continuing COVID-19 pandemic, implementation of projects was relatively slower than planned due to supply chain disruptions negatively affecting the delivery lead times for most of the equipment. Furthermore, travel restrictions coupled with the requirement for social distancing affected the availability of personnel and the foreign expertise required to support certain equipment installation and commissioning. In the latter part of the year, implementation of the 33.1MW Riverside Solar Extension project commenced. USD16.4 million was spent on capital items (2020: USD8.3 million).

Insurance

The Company insures its operational assets against property damage and business interruption. CEC also retains 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 for the year were USD1.4million (2020: USD1.3 million).

Operations

The performance of the CEC network continued to be satisfactory, following strategic measures taken to ensure that implementation of critical maintenance and other operational activities on the network did not suffer as we responded to the COVID-19 pandemic. The key quality performance indicators of network availability and other quality parameters were maintained above both regulatory and internal targets.

However, in August, October and November the country suffered three national power blackouts in which our network shed in excess of 2,000MW of load in total for both the local and export markets. The causes of the incidents were external to the CEC network. Two of the incidents emanated from the ZESCO grid while the last one was attributed to the external interconnected network. The regulator and the SAPP investigated the respective incidents. CEC submitted reports on all the incidents and nominated a member to sit on the local investigating panel.

After a good rain season, the country's main reservoirs had sufficient water to support full generation at all the hydro plants. Supported by thermal and other generating plants, the country had sufficient generation to meet the national power demand.

Theft of copper conductors from some of the Company's overhead transmission lines remained a major challenge as more incidents were recorded compared to previous years. However, security surveillance and night patrols were intensified in close collaboration with state police. A number of apprehensions were made, with some perpetrators convicted in the courts of law and handed sentences ranging five to more years in prison, with hard labour. Mainly as a result of these efforts, only a single incident was recorded in the last quarter, at the tail end of the year.

Human Resources

Staff Cost

The total employee benefits and staff related costs amounted to USD18.5 million in 2021 compared to USD17.7 million in 2020.

Staff Headcount

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

Month	Headcount
January	355
February	352
March	348
April	347

Month	Headcount
May	345
June	342
July	342
August	345

Month	Headcount
September	342
October	342
November	342
December	341

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 2021 was as follows:

Non-Executive Directors

London Mwafulilwa – Chairman
Patrick Nkanza – Vice Chairman

Ronald Tamale
Derek Chime
Joe M. Chisanga
Munakupya Hantuba
Mildred T. Kaunda
Mabvuto Chipata
Siyanga Malumo
Thomas Featherby
Arnold Simwaba

Independent Non-Executive Directors

London Mwafulilwa
Patrick Nkanza

Executive Director

Owen Silavwe

Schedule of Directors' meeting attendance

The table below shows the attendance of each Director and Alternate Director at Board and committee meetings (scheduled and unscheduled) held during the months of February, March, April, May, September and November 2021.

	Board	Excom	Audit/ Risk	RED	HSES	Nominations
Number of meetings held in the year	6	7	6	4	4	*
Director						
London Mwafulilwa	6	7	*	*	4	*
Munakupya Hantuba	6	6	1	4	*	*
Derek Chime	6	*	*	4	4	*
Siyanga Malumo was appointed on 24th February 2021	6	*	*	2	3	*
Trevor Kaunda resigned on 28th May 2021	0	*	*	*	*	*
Ronald Tamale	6	7	6	*	*	*
Owen Silavwe	6	7	1	4	*	*
Joe M. Chisanga	6	*	6	4	*	*
Mildred T. Kaunda	6	7	6	*	*	*
Thomas Featherby	6	*	6	*	4	*
Patrick Nkanza	6	7	6	*	*	*
Mabvuto Chipata	5	*	*	4	4	*
Arnold Simwaba was appointed on 28th May 2021	3	*	*	*	*	*
> Mutale Mukuka	*	7	1	*	*	*
+ Christopher Nthala	*	*	*	*	2	*

* 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: Detail on Board composition, its role and the 2021 Board changes are contained on pages 54 to 56.

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 USD0.5 million to the Executive Director as remuneration and USD0.6 million to the Non-Executive Directors as Directors' fees in 2021.

There were no outstanding loans from the Executive Director at 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 2021, the focus was education and health, particularly in response to the COVID-19 pandemic, with emphasis on continued testing and vaccine sensitization and provision for our employees, their families and contractor staff. A total of USD1.1 million (2020: USD1.4 million) was spent on social investment in 2021. The expenditure included the annual grant to Power Dynamos Football Club.

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 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 of their remuneration will be tabled at the AGM.

By order of the Board

Julia C Z Chaila
Company Secretary

5. CHIEF FINANCIAL OFFICER'S REPORT

We beam with pride to present outstanding financial results for the year, supported by strong operational performance and disciplined capital investments. A significant milestone achievement towards the Company's long term strategic plans, this exceptional performance firmly demonstrates CEC's resilience in the face of economic, social, legal and contractual challenges navigated during the year. Added to this cocktail of difficulties was the COVID-19 pandemic which, without doubt, not only triggered unprecedented disruptions to commerce but also compounded an already severe economic environment. The concept of 'normal life' has forever been distorted by the destructive social and economic effects of this pandemic.

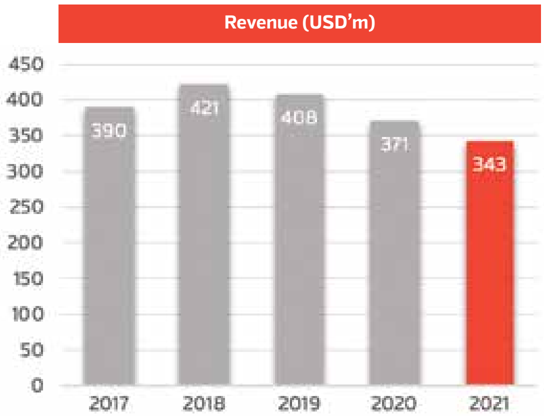
Compared to the previous year, revenue reduced by 8% from USD370.9 million to USD342.5 million on account of the KCM load shift from the supply to the use of system segment. This means that while CEC is not responsible for sourcing power for KCM, the miner still uses CEC infrastructure to receive power from its supplier. Hence, the Company's compensation and service provision are limited to KCM's use of CEC infrastructure for power transportation. Below is the analysis of the revenue segmentation per business line:

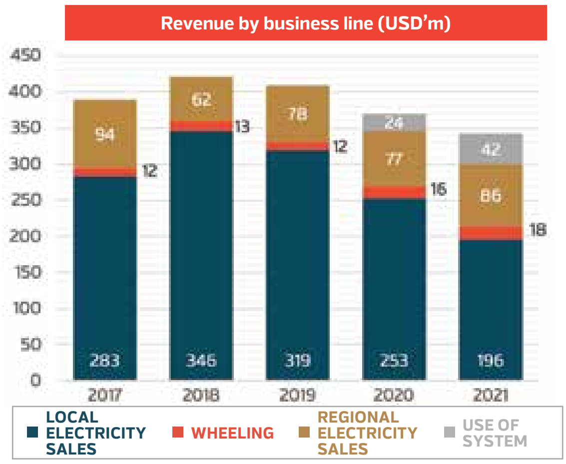
i. Local power sales represent power sold to the mines in the Copperbelt region. Sales fell 23% to USD196.4 million, down by USD57.0 million, from USD253.4 million. This is on account of the KCM load shift earlier explained.

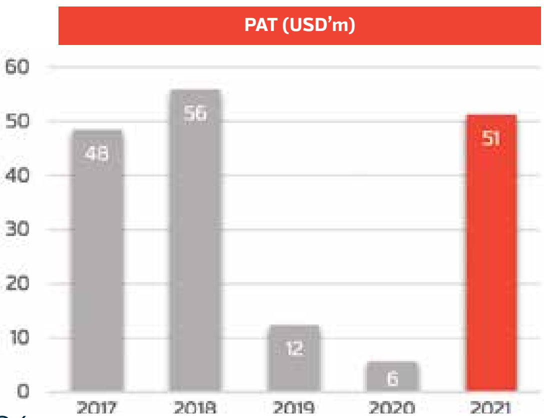
ii. Regional electricity sales, representing power sold to the mines in the DRC through the state utility, SNEL, increased 11.6% to USD85.6 million from USD76.6 million in 2020.

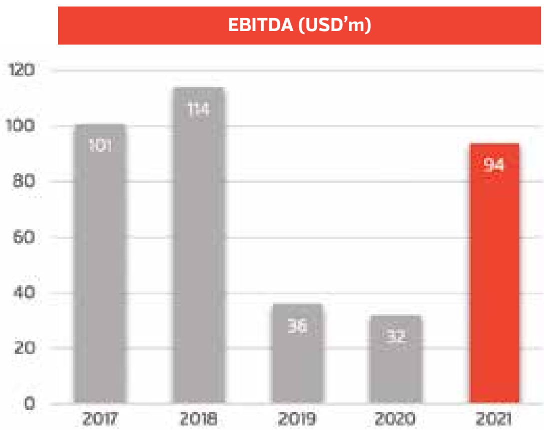
iii. Wheeling services increased 10% from USD16.5 million to USD18.1 million on account of ZESCO's significantly reduced load shedding of its Copperbelt commercial and residential customers as well as its increased exports to the DRC.

iv. Revenue attributed to the use of system relates to the provision of services to third parties supplying power to mining companies. Revenue for the year was USD42.4 million (2020: USD24.4 million). The comparable income represents revenue for seven months whereas the current period covers a twelve-month period.









Profitability Metrics

All profitability matrices generally improved, underpinned by better quality of sales which positively impacted the impairment losses relative to prior periods.

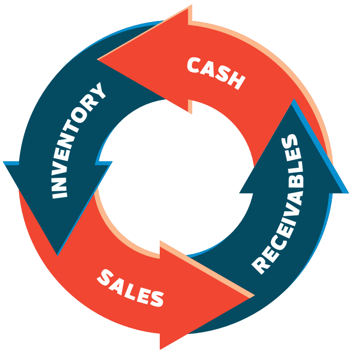
EBITDA rose to USD94.0 million from USD31.7 million, an increase of 197%. The increase in EBITDA was on account of the reduction in impairment losses from USD94.9 million to USD12.6million. On the cost front, cash costs increased, driven by the higher than usual number of legal matters involving the business.

Profitability rose 814% from USD5.6 million to USD51.2 million. Other than the reduction in impairment losses already referred to above, the effect of the change in income tax rate from 35% to 30% effective 1 January 2022 gave rise to a gain of USD9.2 million in the overall income tax charged. Resulting from the change in income tax rate, future taxes, previously deferred and recognized on our balance sheet as a deferred tax liability, were reduced. The reduction in future income taxes payable was charged through the income tax charge for the year.

Liquidity Position and General Working Capital Position

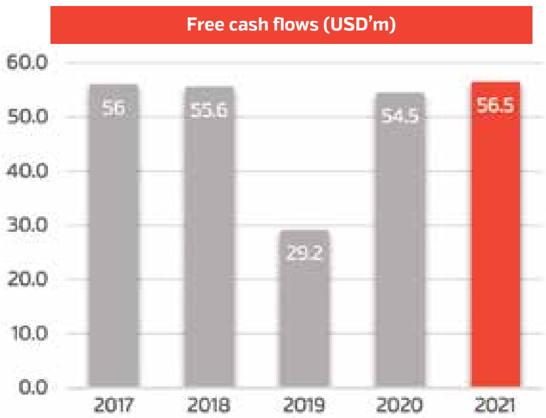
The importance of cash in any business can never be over-emphasized as it is the single most important financial factor to the survival and, therefore, the going concern of any business. Consequently, having cash and managing it well is key to a successful business. Understanding and actively managing the Company's working capital has lately become paramount owing to the payment default by KCM, which in turn triggered significantly higher levels of impairment losses.

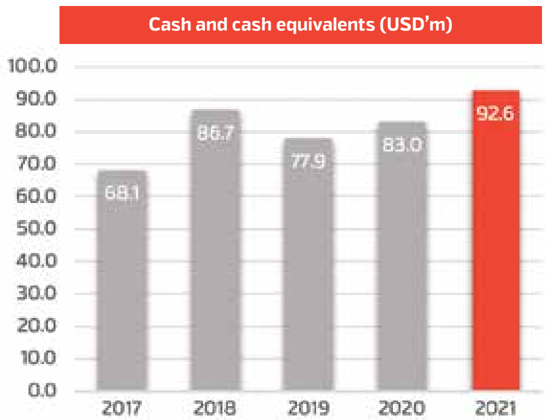
During the year, the business defended its working capital management under very difficult circumstances. We use a measure of free cash flow (FCF) to assess the effectiveness of our working capital. FCF is the cash generated by the Company after accounting for outflows to support operations, investments in capital/reinvestments before debt repayment and distributions to our shareholders. To allow for normalized comparison, FCF has been adjusted to exclude non-operational payments and receipts that have the effect of distorting the trend. Against the payment default alluded to earlier, the business generated USD56.5 million in free cash flow for the year compared to USD54.5 million the prior year.



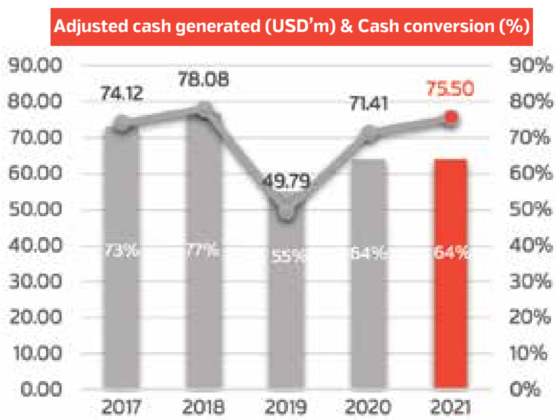
Actively managing our working capital as a strategy has positively impacted on cash generation and improved the cash balance, giving the business the ability to respond to needs as they emerge whilst considering the risks and opportunities it faces.

The relevant liquidity ratios attest to the results of the Company's active working capital management. The current ratio, which typically measures the Company's ability to cover its obligations in the short term from existing resources is computed by comparing current assets to current liabilities. CEC has a current ratio of 1.15 (2020: 1.08) against a typical benchmark of 1, which demonstrates improvement in the Company's liquidity position.





*Cash and cash equivalents comprise cash on hand, deposits held on call and investments in money market instruments.



Investments and Capital Expenditure

Being a capital-intensive operation, our assets make the core of our existence. Typically, we use our network to provide cost-efficient services to our customers. Reinvesting in our network is paramount to enabling the Company's continued provision of the required level of service to customers. Our strategy for investing in our assets is broadly split into the following core anchor pillars:

Investments in renewables are a priority for the business for two main reasons: scaling up on its power generation agenda, critical to its power sourcing strategy, and reducing its carbon footprint. Investing in renewable energy is critical for the Company's contribution to accelerating the global energy transformation and reap benefits from it, while achieving the climate and development targets. We are building on the experience gained from developing and operating the 1MW Riverside solar PV plant to develop more capacity and have embarked on a 33.1MW plant, expected to cost USD19.2 million out of which USD9.2 million was paid during the year.

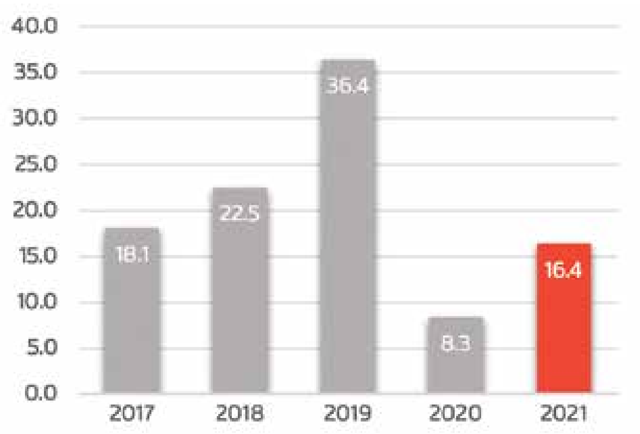
We seek ways to support our customer's **expansion projects** by extending our network to facilitate the provision of power to the areas of growth.

We continually make prioritized investments to **modernize and digitize** our network, taking advantage of technological advancements that should bring about the much-required efficiencies and enable the business to be more novel in its service provision.

Our **asset replacement program** investments are typically undertaken on the basis of age and usage, in line with our replacement strategy, which seeks to renew or extend the life of existing assets. This type of investment includes prioritized **HSE-related expenditure** as well as expenditure related to **regulatory compliance**.

During the year under review, a total of USD16.4 million (2020: USD8.3 million) was spent on various capital expenditure investments captured in the broad categories above.

Capital Expenditure in USD'm



Shareholder Value Creation

We have continued to apply the capital allocation framework of directing cash where it can generate the best returns in the long term. However, in doing so, we recognise that conflating short termism with value creation often puts both shareholder value and stakeholder interest at risk. Therefore, we do not evaluate or compare strategic decisions in terms of the estimated impact on reportable earnings but rather we measure against the expected incremental value of future cash flow. This approach reinforces our long term play or sustainable approach to value creation, instilled in our decision-making approach through our governance structures.

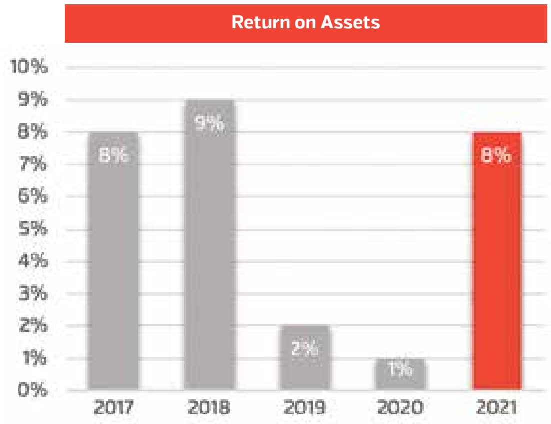
We recognise that value creation should be all-inclusive as sustainable value can only be created if all the stakeholders' interests are considered. To reinforce this, the Company has in place a compensation scheme rooted in its short, medium and long term business performance. This alignment of interests of shareholders and managers of the business, addresses the potential agency problem. The compensation structure includes annual performance bonus, periodic Employee Share Ownership Plan and a Long Term Incentive Plan for executive level managers. Additionally, the business is in the process of adopting an Environmental, Social and Governance proposition going forward.

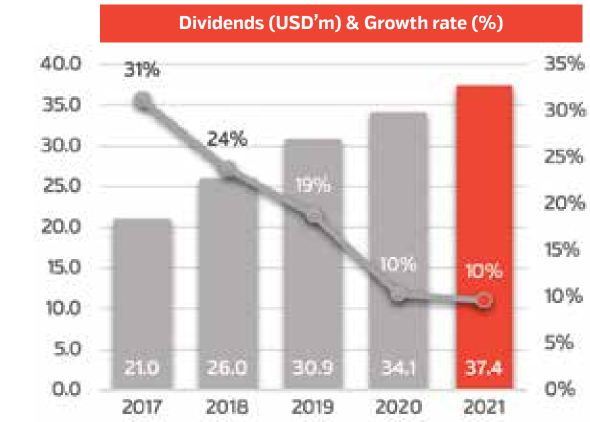
Continuously investing in projects that enable organic growth and making other investments that best align with our existing business is part of our strategy. The key phrases "alignment with our business" and "cultural fit" remain cardinal to our investment philosophy as they anchor our long term provision of quality service and remain critical considerations for project evaluation. Encouraged by these principles, we invested in our network and its expansion, and remain confidently excited that we will continue to better the reliability of our network and the efficiency of our service delivery.

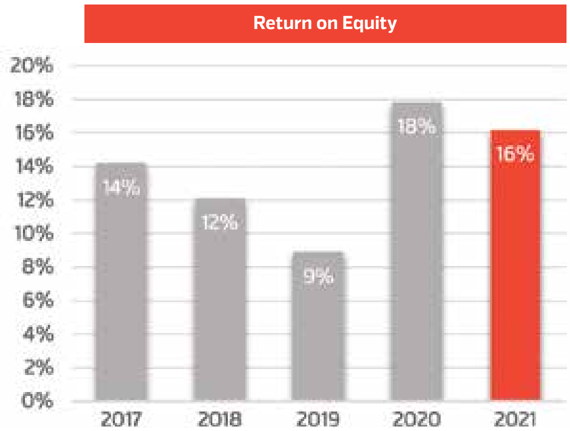
To the extent possible, we aim to maintain some leverage in the business to aid the value creation process by lowering the overall weighted average cost of capital. The business enjoys low gearing at present, giving us head room to secure debt once the business has been de-risked. Related to leverage, we are desirous to maintain cash at levels that are prudent for the business when matched with our commitments but also sufficient to attract and unlock possible new power supply offtake arrangements.

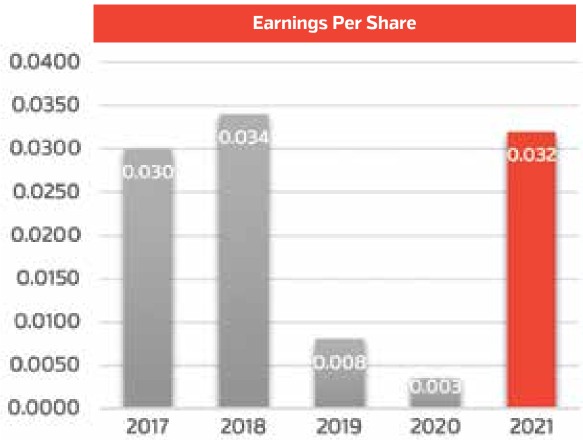
We are conscious of the need to provide liquidity and returns to our shareholders through dividend distribution. Returning shareholder funds also ensures that the business does not retain excess funds. Excess cash could lead to a possible lowering of overall shareholder returns or making investments that destroy value. Although the Company has, as yet, never utilized share buy-back schemes as a way of value creation, it recognizes them as a lever available for use in instances where the Company's stock is trading below management's best estimate of value and where no better return is available from investing in the business.

Accordingly, the Board remained unswervingly committed to adhering to the policy of investing in the business for the long term, in accordance with the capital allocation priorities touched on earlier. On the strength of this and as guided by the dividend policy, a dividend of USD37.4 million (2020: USD34.1 million) was declared and paid during the year. This translates to a dividend payout of USc2.3 per share (2020: USc2.1 per share) representing an increase of 10%. Over a period of five years, total dividends paid to shareholders amounts to USD149.5 million, with a five-year compounded annual dividend growth rate of 15.6%









Taxation

The business is alive to the truth that addressing stakeholders' needs engenders sustained growth. Our public sector stakeholders include the central government, local councils and municipalities, and government agencies responsible for driving the national social services provision agenda. We, therefore, are duty-bound, and rightfully so, to comply with the various tax laws that require us to contribute to the treasury and enabling service provision. In addition to paying the right amount of tax directly, CEC collects and pays tax indirectly on behalf of our employees, such as PAYE and skills levy, withholding tax on services provided to the Company, interest payments on amounts borrowed and dividends to shareholders. Our total contribution to the treasury in 2021 was USD41.7 million relative to USD20.9 million.

From a five-year historical perspective, the Company's contribution to the central treasury has significantly reduced, owing to (i) the resultant impact of impairment losses arising from the KCM payment default which reduced the quantum of corporate income taxes payable; (ii) the VAT incentive extended to MCM by the Government; and (iii) the impact on the Company's net VAT payments arising from the much-anticipated VAT refunds from ZRA. The table below shows the taxes paid per tax type.

From an accounting perspective, the tax charge for 2021 was lower, relative to the expectation, because of the reduced corporate income tax rate which took effect on 1 January 2022. The effect was the reduction in the amount recognized as future tax payments through the deferred tax liability account. Hence, the deferred tax liability charged through the statement of income reduced by USD9.2 million.

Taxes Paid by Tax Type in USD'm

Description	2021	2020	2019	2018	2017	TOTAL
Corporation Tax	17.3	6.8	24.0	40.0	5.0	93.1
PAYE	5.4	5.6	7.0	8.0	7.0	33.0
VAT	6.5	6.1	24.0	23.0	15.0	68.1
WHT	9.6	0.8	4.0	4.0	3.0	21.4
Employer NAPSA	0.5	0.5	0.4	0.3	0.4	2.1
Customs	1.8	0.3	2.0	2.0	2.0	8.1
Council Rates	0.4	0.6	0.3	0.3	0.3	1.9
Skills Levy	0.1	0.1	0.1	0.1	0.1	0.5
Employer Medical Levy	0.2	0.1	0.4	0.0	0.0	0.7
Total	**41.7**	**20.9**	**62.2**	**77.7**	**32.8**	**228.9**

Investor Engagement and Communication

Engaging our shareholders and debtholders is essential to ensuring that they are carried along in understanding our strategy, risks and opportunities, and our operational and financial performance to enable them more accurately assess the value of the CEC stock and the opportunities to finance our business expansion and working capital. This group of stakeholders is broadly interested in appreciating the Company's strategic priorities to gain perspective on the focus areas and long term business outlook.

Our communication to this stakeholder group emphasizes disclosures encompassing sound corporate governance and how it dovetails with the Company's decision-making processes to drive a sustainable business model aimed at rational value creation. Our investors and debtholders are keen on understanding the expertise and succession plans of the leadership at the core of driving the business. Our communication with them in this respect also covers the alignment of leadership compensation for improved productivity and elimination of agency problems. We fully appreciate our investors and debtholders core need to understand our financial performance and the resultant shareholder returns. We equally communicate on the other areas critical to our operations, including the progress being made in the environmental, social, health, inclusion and diversity arena.

The business uses various channels to effectively communicate with its stakeholders. Using a diversity of digital and traditional media channels that enable direct engagement with the appropriate offices in the Company, CEC has ongoing engagements with shareholders. The Company also utilizes the Stock Exchange News Service platform of the LuSE and engages through participation in investor conferences, company meetings such as the AGM, other investor meetings and calls.

Going Concern

The Directors, in assessing the viability of the Company, reviewed the factors likely to impact its strategy and operations. These factors are set out in the strategy, business model and risk management sections of the report, found at pages 28 to 33 and 74 to 76 respectively. The directors also reviewed the Company's financial health and specifically, its trading forecast and working capital requirements for the foreseeable future, taking into account these key issues:

- Disruptions caused by the COVID-19 pandemic, which has brought material uncertainty to the business and its operations as well as the specific effects 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 unpaid debt of USD168.2 million.
- The unavailability of the key contracts to anchor ZESCO's supply of power to the Company and ZESCO's use of the Company's infrastructure to supply its customers in the Copperbelt and DRC. Nevertheless, all the parties – being the Government, ZESCO and the Company – have agreed to ensure uninterrupted power supply to the Copperbelt customers. 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 operations, cash and, ultimately, overall working capital.
- The Company's cash and cash equivalents balance of USD92.6 million (2020: USD83.0 million) compared with total borrowings of USD19.0 million, out of which USD7.7 million is payable in 2022.
- The net current asset position of USD14.5 million (2020: 12.2 million) as at the reporting date and the profit of USD51.2 million (2020: USD5.6 million).

Having considered all the factors above in the assessment of the Company's going concern, the Directors took the view that there is sufficient alternative actions and risk mitigations or measures within the control of the Company. Therefore, they concluded that the going concern basis is the most appropriate on which to prepare the annual financial statements.

Looking Ahead to the Challenges and Priorities in 2022

While we remain vigilant to the continued uncertainty in the external environment in which we operate, we are desirous to prioritize and continue monitoring certain factors in 2022.

i. While uncertainties persist in relation to COVID-19, we remain reasonably hopeful that with the increase in the general number of vaccinations globally, which has in part led to the easing of the restrictions in most parts of the world, the world will adapt and start to treat COVID-19 like any other disease. We will, however, continue to foster adherence to the health guidelines to ensure that we continue to work in a safe environment and limit transmissions. Reduced disease and disruption, the assumption of economic improvement and general growth in GDP as advised through the National Budget, combined with the growth potential from implementing our strategic objectives should bode well for our business plans.

ii. The unpaid amounts by KCM for power and services provided (use of the Company's infrastructure to access its power supply) and there being no immediate agreed plans for settlement remains one of the Company's major risks. USD156.1 million is the outstanding amount owed by KCM for power supplied and consumed, with accrued interest as at the reporting date. Separately, USD12.1 million remains unpaid for the use of the Company's infrastructure since June 2020. The 2022 strategy is focused on prioritizing our efforts to collect the debt, which will allow CEC to settle its obligations to its creditors in part, improve its working capital and lead to an improved balance sheet.

iii. The Company has continued to operate without the major agreements that support its business transactions. Specifically, the transmission use of system arrangements between CEC and ZESCO for the supply of power to KCM, the grid connection or network access agreements between CEC and KCM, the wheeling arrangements to facilitate the use of CEC infrastructure by ZESCO for the supply of power to ZESCO's customers in the Copperbelt and DRC, and the power supply agreement for the supply of power by ZESCO to CEC. Without a doubt, the risks attendant to operating without these contracts is reasonably high. We will, therefore, prioritize the resolution of these agreements.

iv. The business has identified the strategic need of being an early adopter in building modern, resilient and sustainable energy systems which have become a compelling investment proposition. Renewable energy investments remain below their realizable potential, particularly in Africa. CEC has undertaken to use the advantage presented by the recent and ongoing changes to policy frameworks and the overall global energy transformation drive to actualize its renewable energy investments for its power sourcing agenda and contribute to the national and global climate and development targets. In this regard, progressing the development of solar projects remains an important priority in 2022. The Company will seek green financing as the first option to fund its pipeline of renewable energy investments.

Appreciation

I extend unfeigned gratitude to my colleagues for their hard work and support over the year. They set and maintained high standards in supporting the business with the required financial, commercial and treasury support necessary for reporting and decisions. As we look ahead, we remain steadfast in serving our stakeholders and delivering on our objectives.

Mutale Mukuka
Chief Financial Officer

6. ANNUAL FINANCIAL STATEMENTS

COPPERBELT ENERGY CORPORATION PLC

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity with IFRS as issued by the IASB and the requirements of the Companies Act.

The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of 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 96 to 139 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. 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.

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.

Signed on behalf of the Board of Directors

Director
London Mwafulilwa

Director
Owen Silavwe

Director
Joe M. Chisanga

Date: 16th March 2022

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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 2021, 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 96 to 139 and comprise:

- the statement of financial position as at 31 December 2021;
- 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
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A list of Partners is available from the address above

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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
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 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 indicates 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 2021. The recoverable amount of the CGU has been determined based on a value in use calculation. Key assumptions used in the calculation include estimation of the following: · the level of asset utilisation; · future tariffs; · the level and timing of future capital expenditure; · the most appropriate discount rate; · the most appropriate terminal growth 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 cash flow forecasts to the updated financial projections prepared by management; · tested for the appropriateness of the tariffs and demand loads by agreeing to customer contracts and historical performance respectively; · obtained a memo from our experts on the assessment performed regarding the appropriateness of the discount rate to ensure it was representative of the risks specific to the CGU; · agreed the projected future cash inflows and outflows arising from capital expenditure investments to the approved schedule of commitments; · Assessed the reasonableness of the long term growth rate against the historical growth rate of the business; · we evaluated the sensitivity of the value in use to fluctuations in the key assumptions applied to ascertain the extent to which the key inputs would have to change before goodwill would be considered impaired.

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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.

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- 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.

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

Wednesday, 23rd March 2022

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	Year ended 31 December 2021 US$'000	2020 US$'000
Revenue from contracts with customers	6	342,520	370,931
Cost of providing services	8	(240,219)	(251,976)
Gross profit		**102,301**	**118,955**
Other income	7	7,724	15,917
Net impairment losses on financial assets	4(b)	(12,594)	(94,898)
Administrative expenses	8	(36,077)	(30,337)
Operating profit		**61,354**	**9,637**
Finance income	10	19,028	7,443
Finance costs	10	(9,477)	(10,405)
Profit before income tax		**70,905**	**6,675**
Income tax expense	11	(19,656)	(1,066)
Profit for the year		**51,249**	**5,609**
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Revaluation surplus	20	-	57,886
Defined benefits plan actuarial gains	24(iii)	(1,091)	(1,772)
Deferred income tax	26	14,382	(78,753)
Other comprehensive income for the period, net of tax		13,291	(22,639)
Total comprehensive income for the year		**64,540**	**(17,030)**
Profit attributable to:			
Major shareholders		25,758	2,957
Minority shareholders		25,491	2,652
		51,249	5,609
Total comprehensive income for the period is attributable to:			
Major shareholders		32,438	(8,978)
Minority shareholders		32,102	(8,052)
		64,540	(17,030)
Basic and diluted earnings per share	19	0.032	0.003

The notes on pages 100 to 139 form an integral part of these annual financial statements.

Statement of financial position

In thousands of USD

	Notes	As at 31 December 2021 US$'000	2020 US$'000
Non-current assets			
Property, plant and equipment	12	494,834	501,641
Investment in subsidiaries	13	2,024	1,672
		496,858	503,313
Current assets			
Inventories	14	2,836	1,870
Trade and other receivables	15	82,177	80,167
Cash and cash equivalents	16	92,619	83,039
Current income tax receivable	11	573	6,566
		178,205	171,642
TOTAL ASSETS		**675,063**	**674,955**
EQUITY AND LIABILITIES			
Equity attributable to owners			
Share capital	17	2,849	2,849
Share premium	17	60,078	60,078
Revaluation reserve	20	152,408	147,407
Retained earnings		114,304	92,140
		329,639	302,474
Non-current liabilities			
Borrowings	21	11,325	19,025
Customer payables	22	16,337	17,548
Customer security deposits	23	9,994	13,452
Defined benefits obligation	24	2,774	1,385
Deferred income	25	20,653	22,895
Deferred income tax	26	120,665	138,690
		181,748	212,995
Current liabilities			
Borrowings	21	7,700	7,700
Customer payables	22	3,158	4,244
Derivative financial instrument	27	646	1,520
Trade and other payables	28	152,172	146,022
		163,676	159,486
TOTAL EQUITY AND LIABILITIES		**675,063**	**674,955**

These annual financial statements were approved by the Board of Directors on **16th March 2022** and were signed on its behalf by:

Director **Director** **Director**

The notes on pages 100 to 139 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 2020					
At start of year	2,849	60,078	180,263	110,439	353,629
Profit for the year	-	-	-	5,609	5,609
Other comprehensive income:					
Revaluation surplus (Note 20)	-	-	57,886	-	57,886
Excess depreciation (Note 20)	-	-	(11,369)	11,369	-
Defined benefits plan actuarial losses (Note 24(iii))	-	-	-	(1,772)	(1,772)
Deferred tax on items above (Note 26)	-	-	(79,373)	620	(78,753)
Total comprehensive income for the year	-	-	7,944	(24,974)	(17,030)
Transactions with owners					
Dividends declared (Note 18)	-	-	-	(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
Year ended 31 December 2021					
At start of year	2,849	60,078	147,407	92,140	302,474
Profit for the year	-	-	-	51,249	51,249
Other comprehensive income:					
Revaluation surplus (Note 20)	-	-	-	-	-
Excess depreciation (Note 20)	-	-	(9,054)	9,054	-
Defined benefits plan actuarial losses (Note 24 (iii))	-	-	-	(1,091)	(1091)
Deferred tax (Note 26)	-	-	14,055	327	14,382
Total comprehensive income for the year	-	-	5,001	59,539	64,540
Transactions with owners					
Dividends declared (Note 18)	-	-	-	(37,375)	(37,375)
Total transactions with owners	-	-	-	(37,375)	(37,375)
At year end	2,849	60,078	152,408	114,304	329,639

The notes on pages 100 to 139 form an integral part of these annual financial statements.

Statement of cash flows

In thousands of USD

	Notes	2021	2020
Cash flows from operating activities			
Cash generated from operations	29	72,060	62,877
Interest income (excluding FX differences on cash and bank)	10	10,278	7,133
Benefits paid	24(i)	(1,104)	(1,114)
Interest paid	21(i)	(2,105)	(4,416)
Income tax paid	11	(17,306)	(6,831)
Net cash generated from operating activities		61,823	57,649
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(16,361)	(8,340)
Capital contributions in subsidiaries	13	(352)	(1,666)
Proceeds from disposal of property, plant and equipment		-	1
Net cash used in investing activities		(16,713)	(10,005)
Cash flows from financing activities			
Loan principal repayments	21(i)	(7,700)	(26,650)
Dividends paid*	18	(41,882)	(29,619)
Net cash used in financing activities		(49,582)	(56,269)
Net decrease in cash and cash equivalents		(4,472)	(8,625)
Movement in cash and cash equivalents			
At start of year		69,587	77,902
Net decrease		(4,472)	(8,625)
Effects of exchange rate changes on cash and cash equivalents	10	8,750	310
At year end	16	73,865	69,587

*Dividends paid in current year include withholding tax on prior year dividends paid in 2021.

The notes on pages 100 to 139 form an integral part of these annual financial statements.

Notes to the annual financial statements

1 General information

CEC is incorporated in Zambia under the Companies Act as a public limited liability company. The Company's principal activities are power generation, transmission, distribution and supply. 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 IFRS and interpretations issued by the IFRS Interpretations Committee 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 31 December 2021 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 higher degrees 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 2021.

The amendments to accounting standards below, effective for the reporting period 1 January 2021, 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.

2 Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

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

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.

IFRS 16, 'Leases' COVID-19-Related Rent Concessions Amendment. Annual periods beginning on or after 1 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.

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 31 December 2021 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.

Amendments to IAS 16 'Property, Plant and Equipment': 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;

2 Summary of significant accounting policies (continued)

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

- 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.

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).

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 PSAs 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 that entity's retail and mining consumers. Tariffs are charged per units delivered to retail and mining consumers.

2 Summary of significant accounting policies (continued)

c) Revenue from contracts with customers (continued)

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.

- *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) do 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.

2 Summary of significant accounting policies (continued)

c) Revenue from contracts with customers (continued)

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 date, 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.

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.

2 Summary of significant accounting policies (continued)

e) Property, plant and equipment (continued)

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
- Equipment distribution network: 12-67 years
- Motor vehicles: five years
- Furniture and fittings: five 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 (CGUs). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

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".

2 Summary of significant accounting policies (continued)

f) Leases (continued)

i) *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 recognised 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 end of the reporting period, and unchanged from prior year, 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.

ii) *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.

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.

2 Summary of significant accounting policies (continued)

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 at 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 include 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 expected credit loss model. The ECL model is applicable to financial assets classified at amortised cost and contract assets under IFRS 15 Revenue from Contracts with Customers.

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 are 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.

2 Summary of significant accounting policies (continued)

i) Financial instruments (continued)

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 annual 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 cost 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

As a result of the generic growth of the Company's customers, which in turn necessitates additional power requirements, the Company enters into CAs with its customers. 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 pre-agreed contractual minimum demand load (capacity). Where the customer does not meet the minimum demand load, the repayment is waived and recognised in profit or loss as other income.

Where the agreed consideration paid by the Company is lower than the cost incurred by the customer in constructing the asset at the point of transfer, the differential is accounted for as non-cash consideration paid by the customer in accordance with IFRS 15.

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.

As this is an outright purchase of assets based on deferred contingent consideration, the Company has adopted the financial liability model under IAS 16 as a basis for initial and subsequent measurement of the liabilities. The liabilities are initially recognised at fair value based on discounted cash flows using a current borrowing rate, with a corresponding entry to the assets. The liabilities are subsequently measured at amortised cost with remeasurement changes in the cash flows 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 to which the contributions relate. The Company contributes 10.7% and the employees 5% of each employee's basic salary towards the scheme.

2 Summary of significant accounting policies (continued)

r) Employee benefits (continued)

(i) 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.

(ii) 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 recognized 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 the applicable tax regulation is subject to interpretation. The Company 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 statement.

2 Summary of significant accounting policies (continued)

t) **Income tax (continued)**

ii) *Deferred income tax (continued)*

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.

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 instruments**

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

The valuation techniques involve calculation of the present value of the estimated future cash flows based on observable yield curves.

3 Critical accounting estimates and judgements

The preparation of annual financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also exercises judgement in applying the Company's accounting policies. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included together with information about the basis of calculation for each affected line item in the annual financial statements.

The estimates and assumptions that have significant risk, 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*

Excess asset capacity is considered a common indicator of impairment in the Energy and Utilities industry.

Per accounting policy in (q), the Company enters into 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 indicates that the constructed network assets may be operating below the level that makes them economically viable.

An assessment is undertaken to determine whether network assets constructed under CAs are impaired on an annual basis.

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) *Impairment of financial assets*

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history and existing market conditions, as well as forward-looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Note 4(b).

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 period end.

In the absence of an agreed contractual agreement, based on management's judgements and estimates, the Company recognises revenue using an independently determined tariff in accordance with the relevant provisions of the local Electricity Act and cost of service study performed by the Company.

iv) *Defined benefit obligation*

Refer to Note 23.

4 Financial risk management

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, credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity.

a) ***Market risk***

i) *Foreign exchange risk exposure*

Foreign exchange risk arises when recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

The Company is exposed to foreign currency risk arising from various currency exposures, primarily with respect to the Zambian Kwacha. To manage foreign exchange risk, the Company holds bank balances in the relevant foreign currencies and continuously monitors markets and purchases any foreign currency required at the spot rate.

The Company's exposure to foreign currency risk at the end of the reporting period, expressed in US Dollars is detailed in the table below.

	2021	2020
	US$'000	US$'000
Cash and cash equivalents	10,078	2,625
Trade and other receivables	3,553	13,839
Trade and other payables	(4,434)	(2,993)
	9,197	13,471

Sensitivity

At 31 December 2021, if the Kwacha had weakened/strengthened by 20% (2020: 20%) against the US Dollar with all other variables held constant, pre-tax profit and shareholders' equity for the Company would have been USD1.8 million (2020: USD2.3 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 (2020: Nil).

4 Financial risk management (continued)

a) *Market risk (continued)*

iii) *Cash flow and fair value 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.

The exposure of the Company's borrowings to interest rate changes at the end of the reporting period are as follows:

	2021	% of total loans	2020	% of total loans
	US$'000		US$'000	
Variable rate borrowings	19,025	100%	26,725	100%

The percentage of total loans shows the proportion of loans that are currently at variable rates in relation to the total amount of borrowings.

The Company has loans that are referenced to the interbank bank offered rates (IBOR). However, as the effective date of the IBOR reform has been extended to 2023, there has been no changes in referenced rates. Management and lenders plan to agree on new referenced rates by the end of 2022.

Sensitivity

At 31 December 2021, an increase/decrease of 1% in denominated borrowings (2020: 1%) would have resulted in an immaterial increase/decrease in pre-tax profit and shareholders' equity (2020: Immaterial).

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.

i) *Risk management*

For banks and financial institutions, the Company only accepts reputable well-established financial institutions. The Company's risk control unit assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal ratings in accordance with limits set by the Board. Compliance with credit limits by the customers is regularly monitored by line management.

ii) *Security*

The Company does require collateral in form of cash advance payments for power supplied to the DRC market. Refer to Note 23 for details.

iii) *Impairment of financial assets*

The Company has three types of financial assets that are subject to the expected credit loss model:

- trade receivables
- Cash and cash equivalents
- Other financial assets at amortised cost

4 Financial risk management (continued)

b) *Credit risk (continued)*

iii) *Impairment of financial assets (continued)*

Trade receivables

The Company applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. 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 expected loss rates are based on the payment profiles or sales over a period of 36 months before 31 December 2021 or 1 January 2021 respectively and the corresponding historical credit losses experienced within this period. 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, gross domestic product and inflation of the country in which it sells its goods and services 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 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 31 December 2021 and 31 December 2020 was determined as follows for trade receivables:

31 December 2021

	Current	46-60 days past due	61-80 days past due	Over 81 days past due	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Gross carrying amount	45,229	8,295	1,247	172,898	227,669
Less customer security deposits (Note 23)	-	-	-	(9,994)	(9,994)
	45,229	8,295	1,247	(162,904)	217,675
Loss rate	0.02%	0.07%	0.10%	100%	
Loss allowance	(9)	(6)	(1)	(162,904)	(162,920)
Amortised cost	45,220	8,289	1,246	-	54,755

31 December 2020

	Current	46-60 days past due	61-80 days past due	Over 81 days past due	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Gross carrying amount	35,207	9,479	8,723	163,756	217,165
Less customer security deposits (Note 23)	-	-	-	(13,452)	(13,452)
	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	9,4728	8,715	-	53,387

4 Financial risk management (continued)

b) *Credit risk (continued)*

iii) *Impairment of financial assets (continued)*

The loss allowances for trade receivables as at 31 December reconcile to the opening loss allowances as follows:

	2021	2020
	US$'000	US$'000
At start of year	150,326	55,428
Impairment charge for the year	12,594	94,898
At end of year	162,920	150,326

Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company and a failure to make contractual payments for a period greater than 90 days past due.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

The loss allowance recognised is categorised as follows:

	2021	2020
	US$'000	US$'000
Performing debtors	16	22
Non-performing debtors	162,904	150,304
	162,920	150,326

Cash and cash equivalents

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Other financial assets at amortised cost

Other financial assets at amortised cost relate to staff debtors and sundry debtors. All of the Company's other financial assets at amortised cost are considered to have a low risk of default and the debtors have a strong capacity to meet their contractual cash flow obligations in the near term.

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 implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions.

Due to the dynamic nature of the underlying businesses, management maintains flexibility in funding by maintaining availability under committed credit lines and monitors rolling forecasts of the Company's liquidity reserve (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows.

4 Financial risk management (continued)

c) *Liquidity risk (continued)*

i) *Financing arrangements*

The Company had no undrawn borrowing facilities at the end of the reporting period (2020: Nil).

ii) *Maturities of financial liabilities*

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 2 and 5 years	Over 5 years	Total
	US$'000	**US$'000**	**US$'000**	**US$'000**
At 31 December 2021				
Trade and other payables*	141,463	-	-	141,463
Derivative financial instruments	646	-	-	646
Customer long term payables	4,522	16,606	3,061	24,189
Borrowings	9,545	12,775	-	22,320
	156,176	29,381	3,061	188,618
At 31 December 2020				
Trade and other payables*	126,946	-	-	126,946
Derivative financial instruments	1,520	-	-	1,520
Customer long term payables	4,244	17,261	6,928	28,433
Borrowings	9,919	21,398	-	31,317
	142,629	38,659	6,928	188,216

*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 (continued)

d) *Capital risk management*

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio, which is calculated as net debt divided by total 'equity' (as shown in the statement of financial position).

During 2021, the Company's strategy, which was unchanged from 2020, was to maintain a gearing ratio of less than 50%. As at the end of the reporting period, the cash balances exceeded the borrowings as disclosed in Note 21(iv)). Therefore, the gearing ratio was nil (2020: Nil).

Compliance with debt covenants

As at the end of the reporting period, the Company complied with all the financial debt covenants. Refer to Note 21(ii) for details.

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).

At 31 December 2021	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Property, plant and equipment	-	-	494,834	494,834
Liabilities (FVPL)				
Derivative financial instrument	-	646	-	646
	-	646	494,834	495,480
At 31 December 2020				
Property, plant and equipment	-	-	501,641	501,641
Liabilities (FVPL)				
Derivative financial instrument	-	1,520	-	1,520
	-	1,520	501,641	503,161

4 Financial risk management (continued)

e) ***Fair value estimation (continued)***

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. 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 Segment reporting

The Executive Committee (the "Committee") is the Company's chief operating decision-maker. The Board of Directors have determined the operating segments based on the information reviewed by the Executive Committee for the purposes of allocating resources and assessing performance. The Board considers the activities of the Company to substantially fall within the same product range. The services are distributed to similar classes of customers using similar distribution channels. The Executive Committee assesses the performance of the Company based on EBITDA. The Company does not incur any non-recurring expenditure and, therefore, does not adjust EBITDA.

The segment information provided to the Executive Committee for the reportable segment for the year ended 31 December 2021 is as follows:

Sale of electricity	**2021 US$'000**	**2020 US$'000**
Revenue from external customers	342,520	370,931
Fixed and variable expenses	(248,534)	(339,249)
EBITDA	93,986	31,682
Interest income	9,404	6,662
Interest expense	(9,317)	(9,796)
Depreciation	(23,168)	(21,872)
Income tax expense	(19,656)	(1,066)
Profit after tax	51,249	5,609
Total Assets	675,063	674,955
Total Liabilities	345,424	372,481

6 Revenue from contracts with customers

Local electricity sales	196,397	253,437
Regional electricity sales	85,615	76,638
Wheeling services - retail consumers	18,075	16,473
Wheeling services - mining consumers	42,433	24,383
	342,520	370,931
Timing of revenue recognition		
Over time	342,520	370,931

7 Other income/(expenses)

	2021 US$'000	2020 US$'000
Discharge of excess accruals from prior years	-	12,488
Recovery of impaired loan receivable	-	6,224
Discharge of customer payable waived (Note 22)	4,244	4,054
Amortisation of deferred income (Note 25)	2,242	2,242
Sundry income	1,639	955
Loss on disposal of property, plant and equipment	-	(40)
Net foreign exchange losses on working capital	(401)	(10,006)
	7,724	15,917

8 Breakdown of expenses by nature

	2021 US$'000	2020 US$'000
Cost of sales		
Power purchase costs	219,728	230,798
Depreciation on network assets (Note 12)	18,181	17,981
Power generation and related costs	2,310	2,317
	240,219	251,976
Administrative expenses		
Employee benefits costs (Note 9)	18,496	17,658
Depreciation on other assets (Note 12)	4,987	3,891
Consultancy	2,941	1,927
Insurance costs	1,378	1,287
Stores and maintenance	1,908	1,638
Corporate social responsibility	1,109	1,407
Auditor's remuneration	136	62
Other miscellaneous expenses	5,122	2,467
	36,077	30,337
Total cost of providing service and administrative costs	276,296	282,313

9 Employee benefits expenses

	2021 US$'000	2020 US$'000
Salaries and benefits	17,412	16,518
Retirement benefits:		
NAPSA contributions	466	548
Staff medical costs	618	592
	18,496	17,658

10 Finance income and costs

	2021 US$'000	2020 US$'000
Finance income		
Interest income on overdue debtors	8,026	6,685
Interest income on bank deposits	1,378	286
Fair value gain on interest swap (Note 27)	874	162
Foreign exchange gains on cash and cash equivalents	8,750	310
	19,028	7,443
Finance costs		
Interest expense on overdue bills	(5,265)	(3,667)
Interest expense on borrowings (Note 21)	(2,105)	(4,416)
Interest expense on customer payables (Note 22)	(1,947)	(1,713)
Other bank charges	(160)	(609)
	(9,477)	(10,405)
Net finance income/(costs)	9,551	(3,272)

11 Income tax expense

A change in tax rate from 35% to 30% was substantively enacted on 29 October 2021, with effect from 1 January 2022. The change has no impact on current tax liabilities arising before its effective date except for the relevant deferred tax balances, which have been remeasured as disclosed in Note 25.

The impact of the change in tax rate has been recognised in tax expense in profit or loss, except to the extent that it relates to items previously recognised outside profit or loss.

	2021 US$'000	2020 US$'000
Current income tax charge	23,299	7,249
Deferred income tax charge/(credit)	2,381	(3,662)
Impact of change in tax rate (Note 26)	(9,224)	-
Under/(over)provision of deferred income tax (Note 26)	3,200	(2,521)
	19,656	1,066

i) *Numerical reconciliation of income tax expense to prima facie tax payable*

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:

	2021 US$'000	2020 US$'000
Profit before income tax	70,905	6,675
Tax calculated at the statutory income tax rate of 35% (2020:35%)	24,817	2,336
Tax effects of:		
Expenses not deductible for tax purposes	1,239	1,251
Impact of change in tax rate (Note 26)	(9,224)	-
Income not subject to tax	(376)	-
Under/(over)provision of deferred income tax (Note 26)	3,200	(2,521)
	19,656	1,066

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

	2021 US$'000	2020 US$'000
At start of year	(6,566)	(6,984)
Current income tax charge	23,299	7,249
Payments during the year	(17,306)	(6,831)
At end of year	(573)	(6,566)

12 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
As at 31 December 2019	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
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
Depreciation charge	(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 Hydro Power project site, which accounts for over 70% of the works in progress as at 31 December 2020.

12 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
As at 31 December 2020	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
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
Year ended 31 December 2021							
Opening net book value	46,613	331,356	64,221	5,030	4,905	49,516	501,641
Additions	-	-	-	-	-	16,361	16,361
Transfers	2,908	2,499	2,545	1,067	289	(9,308)	-
Depreciation charge	(2,351)	(11,904)	(6,277)	(1,949)	(687)	-	(23,168)
Net book value	47,170	321,951	60,489	4,148	4,507	56,569	494,834
As at 31 December 2021							
Cost or fair value	49,788	337,676	67,935	6,434	5,617	56,569	524,019
Accumulated depreciation	(2,618)	(15,725)	(7,446)	(2,286)	(1,110)	-	(29,185)
Net book value	47,170	321,951	60,489	4,148	4,507	56,569	494,834

Included in capital work in progress are the development costs incurred towards the early construction works of a power station at the Kabompo Hydro Power project site, which accounts for over 60% of the works in progress as at 31 December 2021.

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

12 Property, plant and equipment (continued)

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

	2021	2020
	US$'000	US$'000
Cost	374,786	358,425
Accumulated depreciation	(73,359)	(55,770)
	301,427	302,655

13 Investments in subsidiaries

This relates to the cost of equity 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	Capital contributions	Total
	US$'000	US$'000	US$'000
At start of year	6	1,666	1,672
Additions	-	352	352
At year end	6	2,018	2,024

14 Inventories

	2021	2020
	US$'000	US$'000
Fuel	879	580
Spares and consumables	1,957	1,290
	2,836	1,870

Inventories recognised as an expense during the year ended 31 December 2021 amounted to USD1.6 million (2020: USD2.3 million).

15 Trade and other receivables

	2021	2020
	US$'000	US$'000
Trade receivables	217,675	217,165
Less: impairment allowance (Note 4(b))	(162,920)	(150,326)
	54,755	66,839
Prepayments and deposits	772	2,259
VAT receivable	3,194	10,673
Other receivables	23,456	396
	82,177	80,167

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

16 Cash and cash equivalents

	2021 US$'000	2020 US$'000
Cash at bank and in hand	92,619	83,039

i) *Reconciliation to cash flow statement*

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

	2021 US$'000	2020 US$'000
Balances as above	92,619	83,039
Customer security deposits (Note 23)	(18,754)	(13,452)
	73,865	69,587

ii) *Classifications as cash equivalents*

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours' notice with no loss of interest.

iii) *Restricted cash*

The cash and cash equivalents balance disclosed above includes restricted cash of USD20.8 million (2020: USD30.0 million) from the secured lenders, which cash arose from the sale of the Company's shares in CEC Liquid Telecom as well as:

17 Share capital

	2021 US$'000	2020 US$'000
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 authorised share capital of the Company remained unchanged at 20 million ordinary shares at a par value of K0.01 each. The issued and fully paid-up share capital remained at 1.625 million ordinary shares at a par value of K0.01 each. The special share relates to a golden share held by the Government of the Republic of Zambia. The value of shares was converted to US Dollars at a historical rate of K7.02.

Ordinary shares entitle the holder to participate in dividends and to share in the proceeds of winding up the Company in proportion to the number of and amounts paid on the shares held.

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

18 Dividends per share

On 9 September 2021, the Directors of the Company approved the payment of an interim dividend of US Cents 2.3 per ordinary share, which translates to 37.27 Ngwee (ZMW0.3727) 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, 29 October 2021. The total dividend declared amounted to USD37.4 million (2020: USD34.1 million). Payment of USD42.7 million, inclusive of withholding tax from prior year, (2020: USD29.6 million) was effected on Monday, 1 November 2021.

19 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

	2021	2020
Profit attributable to equity holders of the Company (US$'000)	51,249	5,609
Weighted average number of ordinary shares in issue	1,625,001	1,625,001
Basic and diluted earnings per share in US$	0.032	0.003

20 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.

	2021 US$'000	2020 US$'000
At start of year	147,407	180,263
Revaluation surplus (Note 12)	-	57,886
Excess depreciation	(9,054)	(11,369)
Deferred income tax (Note 26)	14,055	(79,373)
	152,408	147,407

21 Borrowings

Non-current portion	11,325	19,025
Current portion	7,700	7,700
	19,025	26,725

The Company has a syndicated facility from the 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 8.51% (2020: 8.27%).

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.

21 Borrowings (continued)

i) Movement in borrowings on the statement of financial position

This section sets out an analysis of the movements in bank loans for each of the periods presented.

	2021 US$'000	2020 US$'000
At start of year	26,725	53,375
Loan principal repayments	(7,700)	(26,650)
Interest charged	2,105	4,416
Interest paid	(2,105)	(4,416)
At end of year	19,025	26,725

ii) Compliance with loan covenants

Under the terms of the borrowing facilities, the Company is required to comply with the following financial covenants:

	Target	2021	2020
Senior interest cover ratio: (EBITDA/Interest)	>4.5	44.6	7.2
Current ratio: (Current assets/Current liabilities)	>1.05	1.09	1.08
Minimum tangible net worth: (Total equity in $'000)	>160,000	329,639	302,474
Solvency ratio: Equity/Total assets	>30%	49%	45%
Security cover ratio: Total assets/Senior debt	>2.11	35.48	25.26
Senior debt service cover: (Senior debt/EBITDA)	<2.50	0.20	0.84
Debit service cover ratio: (Cash flow/Senior debt service)	>1.4	5.49	3.96

The Company complied with the financial covenants of its borrowing facilities throughout the reporting period.

iii) Fair value

Management has determined that the fair values are not materially different from their carrying amounts as interest payable on those borrowings is close to current market rates.

iv) Net debt reconciliation

This section sets out an analysis of net debt for each of the periods presented. Net debt is calculated as total borrowings less cash and cash equivalents.

	2021 US$'000	2020 US$'000
Cash and cash equivalents (Note 16)	92,619	83,039
Bank loans (Note 21)	(19,025)	(26,725)
Cash surplus	73,594	56,314

Liabilities from financing activities in the cash flow statement are as disclosed above in the movement for borrowings.

22 Customer payables

	2021 US$'000	2020 US$'000
Non-current portion	16,337	17,548
Current portion	3,158	4,244
	19,495	21,792

i) *Movement in customer payables on the statement of financial position*

This section sets out an analysis of the movements in customer payables for each of the periods presented.

	KCM US$'000	MCM US$'000	NFCA US$'000	Total US$'000
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
Year ended 31 December 2021				
At start of year	16,600	2,235	2,957	21,792
Discharge of payable waived	(3,061)	(761)	(422)	(4,244)
Interest charge	1,132	198	617	1,947
At end of year	14,671	1,672	3,152	19,495

KCM

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

The long term payable matures in 2031 and is unsecured.

During the year, the pre-agreed contractual minimum demand load (capacity) was not achieved by KCM. Accordingly, a payable of USD3.0 million (2020: USD3.0 million) to KCM for the year was waived and recognised in profit or loss per the terms of the CA.

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 pre-agreed contractual minimum demand load (capacity) was not achieved by MCM. Accordingly, a payable of USD0.8 million (2020: USD0.7 million) to MCM for the year was waived and recognised in profit or loss per the terms of the CA.

22 Customer payables (continued)

i) *Movement in customer payables on the statement of financial position (continued)*

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 pre-agreed contractual minimum demand load (capacity) was not achieved by NFCA. Accordingly, a payable of USD0.4 million (2020: USD0.3 million) to NFCA for the year was waived and recognised in profit or loss per the terms of the CA.

23 Customer security deposits

For some trade receivables, in particular, those arising on customers from the DRC market, the Company obtains security in the form of cash advance payments which can be called upon if the counterparty is in default under the terms of the contract. The amounts are refundable to customers at the date of expiry of the contracts. As the contracts span over two years, the liabilities are recognised as non-current liabilities.

The movement in customer security deposits on the statement of financial position was as below:

	2021 US$'000	2020 US$'000
At start of year	13,452	1,412
Security deposists (utiilised)/received from customers	(3,458)	12,040
At end of year	9,994	13,452

24 Defined benefit obligation

	2021 US$'000	2020 US$'000
Present value of unfunded obligation	2,774	1,385

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.

24 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 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.

i) *Movement in defined benefit liabilities*

	2021 US$'000	2020 US$'000
At start of year	1,385	1,208
Interest cost	547	120
Current service cost	157	125
Benefits paid	(1,104)	(1,114)
Actuarial gains	1,091	1,772
Foreign exchange losses/(gains)	698	(726)
At end of year	2,774	1,385

i) Recognised in profit or loss

Interest cost	547	120
Foreign exchange losses/(gains)	698	(726)
Current service costs	157	125
	1,402	(481)

ii) Recognised in equity

Actuarial losses/(gains) arising from:		
Financial assumptions	491	(355)
Experience adjustment	600	2,127
	1,091	1,722

24 Defined benefit obligation (continued)

iv) *Actuarial assumptions*

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

	2021	2020
Discount rate	26.0%	33.5%
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 2021 and 2020 by the amounts shown below:

	2021 US$'000	2020 US$'000
Discount rate (+1%)	(115)	(59)
Discount rate (-1%)	127	63
Salary increase (+1%)	146	75
Salary increase (-1%)	(132)	(70)

The scheme does not have any assets, therefore, benefits are met as they become due. The duration of the scheme is 16.05 years.

25 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.

The section below sets out an analysis of the movements in deferred income for each of the periods presented.

	Indefeasible Right of Use	Capital grant	Customer contributions	Total
Year ended 31 December 2020	**US$'000**	**US$'000**	**US$'000**	**US$'000**
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
Year ended 31 December 2021				
At start of year	5,308	5,835	11,752	22,895
Amortisation charge	(884)	(233)	(1,125)	(2,242)
At end of year	4,424	5,602	10,627	20,653

Indefeasible Right of Use

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 and a consideration of USD9.8 million. The consideration was paid in advance and is being amortised over 15 years. In April 2018 and a new IRU was entered into for additional assets worth USD2.0 million with a tenor ending aligned to the first IRU.

25 Deferred income (continued)

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 Eastern and Southern Africa, the East African Community and the Southern African Development Community under the Tripartite Trust Fund. The grant is being amortised over 30 years.

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.

Therefore, the Company requires customers who require additional capacity to make customer contributions, which come in form of 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 the PSA with the customer.

26 Deferred income tax

As deferred income tax is expected to reverse in 2022 and beyond, the balances have been measured using the substantively enacted rate of 30% for 2022 (2020: 35%). The movement on the deferred income tax account is as follows:

	2021	**2020**
	US$'000	**US$'000**
At start of year	138,690	66,120
Charge/(credit) in profit or loss	2,381	(3,662)
Under/(over)provision of deferred income tax from prior years	3,200	(2,521)
(Credit)/charge in equity	(14,382)	78,753
Impact of change in tax rate	(9,224)	-
At end of year	120,665	138,690

26 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$'000	Impact of change in tax rate in profit or loss US$'000	Under/ (over) US$'000	Profit or loss US$'000	Equity US$'000	At end of year US$'000
Year ended 31 December 2021						
Deferred income tax liabilities						
Property, plant and equipment	64,265	(9,338)	3,200	(2,099)	-	56,028
Revaluation surplus	79,373		-	-	(14,055)	65,318
Unrealised foreign exchange gains	-	(25)	-	175	-	150
Deferred income tax assets						
Loss allowance (general provision)	(855)		-	855	-	-
Unrealised foreign exchange losses	(3,609)		-	3,609	-	-
Employee benefits	(484)	139	-	(159)	(327)	(831)
Net deferred income tax liability	138,690	(9,224)	3,200	2,381	(14,382)	120,665
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

Analysis of deferred income tax	2021 US$'000	2020 US$'000
Reversal expected within 12 months	2,578	5,249
Reversal expected beyond 12 months	120,825	133,441
	123,403	138,690

Deferred tax assets and liabilities are offset as there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax balances relate to the same taxation authority.

27 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 three-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.

	2021	**2020**
Current portion:	**US$'000**	**US$'000**
Citibank	486	1,145
Standard Chartered Bank	160	375
	646	1,520

Movement in the fair value gains on the interest swap rate derivative in the statement of financial position:

	2021	**2020**
	US$'000	**US$'000**
At start of year	1,520	1,682
Gains on interest swap rate derivative in profit or loss	(874)	(162)
At year end	646	1,520

28 Trade and other payables

Trade payables	140,054	132,840
Statutory liabilities	1,949	5,894
Other payables	10,169	7,288
	152,172	146,022

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

29 Cash generated from operations

	2021 US$'000	2020 US$'000
Cash flows from operating activities		
Profit before tax	70,905	6,675
Adjustments for:		
Loss/(gains) in changes in employee benefits (Note 24(ii))	1,402	(481)
Depreciation on property, plant and equipment (Note 12)	23,168	21,872
Interest income (excluding FX differences on cash) (Note 10)	(10,278)	(7,133)
Interest expense on borrowings (Notes 10)	2,105	4,416
Interest expense on customer payables (Note 10)	1,947	1,713
Fair value gains on interest swap rate derivative (Note 10)	(874)	(162)
Loss on disposal of property, plant and equipment (Note 7)	-	40
Write-off of property, plant and equipment (Note 12)	-	223
Amortisation of deferred income (Note 7)	(2,242)	(2,242)
Discharge of customer payable waived (Note 7)	(4,244)	(4,054)
Foreign exchange gains on cash and cash equivalents (Note 10)	(8,750)	(310)
Non-cash movement	(795)	-
Changes in working capital:		
Inventories	(966)	(264)
Trade and other receivables	(2,010)	16,204
Trade and other payables	6,150	14,340
Customer security deposits (Note 23)	(3,458)	12,040
Cash generated from operations	72,060	62,877

30 Related party transactions

The Company is listed on the LuSE and has various shareholders. There is no ultimate controlling parent entity. There are other companies related to the Company through common shareholdings and common directorships. The major shareholders with over 20% ownership interest are as below:

Name	Type	Place of incorporation	Ownership interest 2021	Ownership interest 2020
Marin IV (Singapore) Pte	Major shareholder	Singapore	26.15%	26.15%
ZCCM-IH PLC	Major shareholder	Zambia	24.11%	24.11%

i) ***Subsidiaries***

The Company's principal subsidiaries as at 31 December 2021 and unchanged from prior year are set out below. Unless otherwise stated, the subsidiaries have share capital consisting solely of ordinary shares that are held directly by the Company and the proportion of ownership interests held equals the voting rights held by the Company. The country of incorporation or registration is also their principal place of business.

Entity	Place of incorporation	Ownership interest
CEC-Kabompo Hydro Power Limited	Zambia	100%
Power Dynamos Sports Limited	Zambia	100%
CEC DRC Sarl	Democratic Republic of Congo	100%
CEC-InnoVent Garneton South Solar	Zambia	49%
InnoVent-CEC Garneton North Solar	Zambia	49%

30 Related party transactions (continued)

ii) ***Directors with ownership interest in the Company***

This section shows the Directors who held shares in the Company as at the end of the reporting period.

	Number of shares held	
	2021	**2020**
Owen Silavwe - Managing Director	5,128,980	3,628,981
Munankupya Hantuba – Non-Executive Director	343,615	343,615
Siyanga Malumo – Non-Executive Director	81,437,063	81,437,063
Mabvuto Chipata – Non-Executive Director	1,180	1,180

iii) ***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 USD1.0 million (2020: USD1.3 million) in cash sponsorships.

- *Dividend payments to shareholders of the Company*

Refer to Note 18 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 USD0.4 million (2020: 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 services or provide any goods 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.

iv) ***Outstanding balances arising from transactions with related parties***

There were no outstanding balances arising from transactions with related parties as at year end (2020: Nil).

30 Related party transactions (continued)

v) ***Key management compensation***

Key management includes Directors and members of senior management personnel. The compensation paid or payable to key management for employee services is shown below:

	2021 US$'000	2020 US$'000
Short term employee benefits	3,770	3,377
Post-employment benefits	753	813
	4,523	4,190

vi) ***Directors' remuneration***

Director remuneration (Non-Executive), which comprises directors' quarterly fixed fees, board and board committee sitting allowances amounted to USD0.6 million (2020: USD0.8 million).

31 Commitments

i) *Capital commitments*

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities was USD3.4 million (2020: USD5.3 million).

ii) *Operating commitments*

Contractual obligation for future repairs and maintenance not recognised as a liability was nil (2020: Nil).

32 Contingencies

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 tariff increase of 2014*

In April 2014, the ERB decided that there should be an electricity tariff increase to ZESCO, applicable to all mining companies with effect from 2 April 2014. The ERB communicated that the BSA tariffs payable by the Company to ZESCO should be adjusted upwards by 28.8%. Most of the mines contested this tariff increase and commenced an action in the High Court by way of Judicial Review.

In reliance on the ERB decision, 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. However, CEC's payments to ZESCO from April 2014 to December 2016, and the mining customers' payments to CEC, were on the basis that the disputed ERB tariff adjustment is not applicable (pending determination in the High Court).

The value of potential claims against the Company that could result from an unfavourable outcome, as at 31 December 2021, is estimated at USD228.0 million.

The parties agreed a new tariff, from January 2017 onwards without retrospective application.

32 Contingencies (continued)

i) *ZESCO unilateral tariffs of 2020*

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

ZESCO charges 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 provisions of the BSA for all services exchanged with ZESCO until the parties negotiate and agree a mutually acceptable contract.

Management is in the process of estimating the value of potential claims against the Company as there are intricacies involved.

33 Events occurring after the reporting period

Beyond 2021, the existence of the novel coronavirus disease (COVID-19) has continued to cause disruptions to businesses and economic activity.

To date, the Company has not seen, nor does it expect to see in the near future, a major impact on its operations arising from the pandemic. However, should the pandemic continue for an extended period, there is a possibility that the risks will materialize. Hence, the pandemic may have a significant impact on the Company's financial performance.

7. SHAREHOLDER INFORMATION

Analysis of Shareholders as at 31st December 2021

Size of Holding	Number of Shareholders	Number of shares	% of issued shares
1 - 1,000	1,604	724,843	0.04
1,001 - 5,000	1,988	5,489,664	0.34
5,001 - 10,000	546	4,198,299	0.26
10,001 - 100,000	835	25,360,779	1.56
100,001 - 1,000,000	166	41,279,511	2.54
1,000,001 - 100,000,000	50	369,917,497	22.76
>100,000,001	4	1,178,030,004	72.49
TOTALS	**5,193**	**1,625,000,597**	**100.00**

Description			
Local Individuals	4,917	117,860,268	7.25
Foreign Individuals	120	7,313,402	0.45
Local Companies	72	4,060,369	0.25
Foreign Companies	8	64,227,912	3.95
Significant Shareholders	5	1,232,666,562	75.86
Pension Funds	71	198,872,084	12.24
TOTALS	**5,194**	**1,625,000,597**	**100.00**

Top 5 Shareholders – 31st December 2021

Rank	Shareholder Name	Holding	%
1	Marina IV (Singapore) Pte Ltd	424,864,776	26.15
2	ZCCM-IH	391,795,562	24.11
3	Zambian Energy Corporation (Ireland) Limited	215,315,790	13.25
4	Standard Chartered Zambia Securities Services Nominees Ltd	104,360,219	6.42
5	Standard Chartered Private Equity Limited	96,330,215	5.93

Share trading statistics	2021	2020
Shares traded as a % of total shares in issue	2.3	4.1
Average daily volume of shares traded*	148,947	267,967
Average trading price (ZMW)	1.61	0.96
Opening price (ZMW)	1.10	1.25
Closing price (ZMW)	2.65	1.10
Highest price traded during the year (ZMW)	2.70	1.25
Lowest price traded during the year (ZMW)	1.00	0.70
Market capitalization (ZMW'm)	4,306	1,788
Market capitalization (USD'000)	258,169	84,356
Shares in issue	1,625,000,597	1,625,000,597
Number of shares traded during the year	36,938,735	66,456,013
Value of shares traded during the year (ZMW'm)*	56	57
Turnover to Market Capitalization Ratio (%)	1.3	3.2
Number of trades	3,395	1,010

**based on 248 trading days*

Valuation indicators	2021	2020
Market capitalization (USD'000)	258,169	84,356
Share price (ZMW)	2.65	1.10
Earnings per share (USD)	0.032	0.0035
PE Ratio	4.97	14.83
Dividend per share (USD)	0.023	0.021
Dividend yield (%)	14%	40%
Dividend cover (times)	1.371	0.167
Net asset value per share (USD)	0.20	0.19
Number of shares	1,625,000,597	1,625,000,597
Closing exchange rate	16.67	21.17
Average exchange rate	19.96	18.29
Net Asset Value (USD'000)	329,969	302,517

Shareholders' Diary

Financial year end	31 December
Annual financial results	March
Annual report distribution	March
Annual general meeting	27 April
Interim financial results	August

NOTICE AND AGENDA OF THE TWENTY-FOURTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Fourth Annual General Meeting (AGM) of the Members of Copperbelt Energy Corporation PLC will be held at 10:00 hours on Wednesday, 27th April 2022.

The AGM proceedings will be held virtually on 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 – Friday, 30th April 2021**
To consider and adopt the minutes of the Twenty-Third Annual General Meeting held on Friday, 30th April 2021.

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 2021, together with the Report thereon of the auditors.

D. **Resolution 3 - Ratification of Dividend Payment**
To ratify the dividend payment made on 1st November 2021.

E. **Resolution 4 - Appointment of Auditors**
To consider and adopt the recommendation for the appointment of Messrs PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to set their remuneration.

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 **Resolution 6 - Revision of Directors' Fees**
To consider and approve the revision in the Directors' fees as may be proposed by the Board.

H. **Resolution 7 - Amendment of Articles of Association**
To consider and, if found fit, approve by Special Resolution the amendments to the Articles of Association of the Company to align the Articles with the Companies Act, 2017 and the Securities Act, 2016 and to authorise the Directors to do all deeds, acts and things as may be necessary or expedient to give effect to the resolution.

I. 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 address.

(d) The window for registration for the AGM shall open on 6th April 2022 and automatically close at the commencement of the AGM on 27th April 2022 at 10:00 hours.

(e) After registering, a Member will receive a confirmation email or SMS containing information about joining the AGM.

(f) After registering, a Member will also receive their Lusaka Securities Exchange 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, at the Lusaka offices of CEC on 2nd Floor Green City, Stand 2374, Kelvin Siwale Road, Off Thabo Mbeki Road, Lusaka opposite the show grounds 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) An Explanatory Statement is annexed to the Notes in respect of Item H - Resolution 7 of the AGM agenda.

(l) Resolutions 1 to 6 will be passed at the AGM as Ordinary Resolutions by a simple majority, representing 50% of the voting rights attached to the shares and entitled to vote at the AGM. Resolution 7 will be passed as a Special Resolution if 75% or more of the votes representing the nominal value of the shares represented at the AGM vote 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 2021 and other relevant documents. The Company's web address is https://cecinvestor.com.

MINUTES OF THE ANNUAL GENERAL MEETING OF THE MEMBERS OF COPPERBELT ENERGY CORPORATION PLC CONDUCTED ELECTRONICALLY VIA ZOOM ON FRIDAY, 30TH APRIL 2021 AT 10:02 HOURS

PRESENT:

Mr. London Mwafulilwa	-	Chairman

MEMBERS PRESENT:	-	As per attached Attendance Register

DIRECTORS IN ATTENDANCE:

Dr. Patrick Nkanza	-	Vice Chairman
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. Mabvuto Chipata	-	Director
Mr. Siyanga Malumo	-	Director
Mr. Owen Silavwe	-	Managing Director

SECRETARY:

Mrs. Julia C Z Chaila	-	Company Secretary

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. Derek Chime	-	Marina IV (Singapore) Pte Ltd
Mr. Derek Chime	-	Standard Chartered Private Equity
Mr. Siyanga Malumo	-	Zambian Energy Corporation (Ireland) Ltd
Mr. Brian Musonda	-	ZCCM Investments Holdings PLC
Mr. Mumba Musunga	-	Ecobank Zambia Limited
Mr Mumba Musunga	-	Lubambe Copper Mines PTS
Mr. Mumba Musunga	-	Sandvik Mining Pension
Mr. Mumba Musunga	-	Zambia Sugar Pension Trust
Mr. Mumba Musunga	-	Golden Sunset Pension Fund
Mr. Mumba Musunga	-	ZANACO Plc DC Pension Scheme
Mr. Mumba Musunga	-	Health Sector Grant
Mr. Mumba Musunga	-	Access Bank Zambia Limited

Mr. Mumba Musunga	-	Stanbic Bank Pension
Mr. Mumba Musunga	-	Game Stores Pension
Mr. Mumba Musunga	-	Workers' Compensation Pension Trust
Mr. Mumba Musunga	-	KCM Pension Trust Scheme
Mr. Mumba Musunga	-	Saturnia Regna PTF
Mr. Mumba Musunga	-	Indeni Pension Trust Scheme
Mr. Mumba Musunga	-	Barclays Bank Staff PTF
Mr. Mumba Musunga	-	CEC Pension Trust Scheme
Mr. Mumba Musunga	-	Sun International Pension Trust
Mr. Mumba Musunga	-	Lafarge Cement Zambia
Mr. Mumba Musunga	-	Standard Chartered Bank PTF
Mr. Mumba Musunga	-	National Institute of Science Research
Mr. Mumba Musunga	-	PSPF Staff Pension Scheme
Mr. Mumba Musunga	-	Deloitte & Touche Pension
Mr. Mumba Musunga	-	SCZ International Ltd Pension
Mr. Mumba Musunga	-	NATBREW Pension Scheme
Mr. Mumba Musunga	-	Buyantashi Pension Fund
Mr. Mumba Musunga	-	UTI Zambia Limited
Mr. Mumba Musunga	-	Airtel Zambia Staff Pension
Mr. Frank Chanda &		
Mr. Miyanda Hakooma	-	Workers' Compensation Fund
Mr. Kelvin Shiyunga	-	Lunsemfwa Hydro Pension Scheme
Mr. Kelvin Shiyunga	-	Lusaka Trust Hospital Pension Scheme
Mr. Kelvin Shiyunga	-	Health Sector Grant Aided Pension Scheme
Mr. Kelvin Shiyunga	-	Finance Bank Trust
Mr. Kelvin Shiyunga	-	Final Salary Pension
Mr. Kelvin Shiyunga	-	Citibank Pension Fund
Mr. Kelvin Shiyunga	-	Zambia Railways Pension DC
Mr. Kelvin Shiyunga	-	Multi Choice Pension
Mr. Kelvin Shiyunga	-	Motor Mart Pension
Mr. Kelvin Shiyunga	-	Madison Pension Trust
Mr. Kelvin Shiyunga	-	Africa 53 Pension
Mr. Kelvin Shiyunga	-	Professional Pension Trust Money Purchase
Mr. Kelvin Shiyunga	-	Toyota Zambia Pension
Mr Kelvin Shiyunga	-	ZEC Pension Trust Fund
Mr. Kelvin Shiyunga	-	Zambia National Building Pension
Mr. Kelvin Shiyunga	-	PICZ Pension Trust
Mr. Charles Mate	-	Hilda's Hens Family Trust Ltd
Mr. Alinani Simbule	-	Stanbic Nominees
Ms. Maxime Harlaar	-	Noel Hayes
Mr. Francis Daniels	-	Standard Chartered Securities Services Nominees Ltd
Ms. Grace Ndhlovu	-	Local Authorities Superannuation Fund

1.0 Call to Order

The Chairman, Mr. London Mwafulilwa, called the meeting to order at 10:06 hours and welcomed all present to the 23rd AGM of CEC. In his introductory, remarks the Chairman said that due to the COVID-19 situation the Company had been unable to hold the AGM in person during the years 2020 and 2021. He said the Company was, however, hopeful to resume normal meetings once the situation improved and looked forward to that time. The Chairman went on to say that the challenging business environment was compounded by unprecedented market developments, which continued to threaten business continuity in the seven months between the last AGM and the present. The Chairman was pleased to report that the Company had remained resilient and focused on the mandate of providing quality energy solutions to its customers, led by the mining industry, the anchor of the Zambian economy. He further said the success of the business in the face of the many challenges had been driven and largely negotiated by a focused and hardworking workforce riding on shareholder good will. He thanked management and all employees for their determination and collective resolve to deliver quality service to all their customers, even after the impact of COVID-19.

The Chairman told the meeting that communication made up a significant part of the Company's relationship with its stakeholders and over the past seven months, the Company continued to interrogate its performance in that area with a view to better serve the shareholders. He went on say that the rate at which queries were being resolved had shown a lot of improvement following increased communication channels such as installation of more phone lines by the Company's transfer agent, Corpserve, and also by the Company proactively soliciting shareholder views, rather than waiting for them to come to the Company. He assured the meeting that such efforts would continue.

2.0 Minute of Silence

At 10:08 hours the Chairman invited all present to observe a minute of silence in remembrance of the late departed Director, Mr. Abel Mkandawire. He described Mr. Mkandawire as a long serving member of the Board who, at his death, was Chairperson of the Remuneration and Employee Development Committee. He said the Company also remembered Mr. Hanson Sindowe, the former Board Chairman, who sadly passed away early in April and other shareholders or members of staff who had passed away since the last AGM held in September 2020.

3.0 Introduction of the Board of Directors

The Chairman subsequently introduced the members of the Board of Directors present at the meeting. Dr. Patrick Nkanza, the Vice Chairman of the Board, Mr. Siyanga Malumo, Mrs. Mildred Kaunda, Mr. Munakupya Hantuba, Mr. Ronald Tamale, Mr. Joe Mwansa Chisanga, Mr. Derek Chime, Mr. Thomas Featherby, Mr. Mabvuto Chipata and Mr. Owen Silavwe, the Managing Director. Also introduced were the Chief Financial Officer, Mr. Mutale Mukuka and the Company Secretary and Mrs. Julia Chaila.

4.0 Apologies

The Chairman informed the meeting that there were no apologies from the Directors.

5.0 Auditors in Attendance

Mr. Mwafulilwa also noted the attendance of Messrs PricewaterhouseCoopers, the Auditor, represented by Mr. Andrew Chibuye.

6.0 Proxies

Mrs. Julia Chaila, the Company Secretary, informed the meeting that the Company had received a number of proxies. She reported that the principal shareholders of the Company, Standard Chartered Private Equity and Marina IV (Singapore) Pte Ltd, had each appointed Mr. Derek Chime as their representative at the AGM. She went on to say that. Mr Brian Musonda had been appointed as representative for ZCCM Investments Holdings PLC, while Zambian Energy Corporation (Ireland) Ltd had appointed Mr. Siyanga Malumo. She told the meeting that she would not read out the other proxies that had been received. These, she said, would be recorded in the minutes for the AGM, as was the practice.

7.0 **Quorum**

Mrs. Chaila reported 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 told the meeting that as there were more than two shareholders with a majority in the nominal value of the issued ordinary shares of the Company, the necessary quorum had been achieved.

She went on to say that the Notice convening the meeting and the Agenda had been in the shareholders hands within the period stipulated by the Articles of Association of the Company and, therefore, with the consent of the members, she would take the Notice and Agenda as read.

8.0 **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.

9.0 **Resolution 1 – Adoption of the AGM Minutes held on Wednesday, 30th September 2021**

The Chairman said the First Resolution on the Agenda was to approve the Minutes of the AGM that was held on Wednesday, 30th September 2021.

Resolution

Upon a motion being proposed by Mr. Brian Barnabas Mmembe and seconded by Mr. Joe Chiyassa, it was **RESOLVED THAT** the minutes of the meeting held on Wednesday, 30th September 2021 be confirmed as a true and correct record of the proceedings of the meeting.

The voting process on Resolution 1 then proceeded.

10.0 **Resolution 2 – Adoption of the Directors' Report and Annual Financial Statements for the Year ended 31st December 2020**

The Chairman said the Second Resolution on the Agenda was to receive the Directors' Report and the Annual Financial Statements for the year ended 31st December 2020 together with the Report of the Auditor of the Company.

The Chairman proceeded to invite reports from Mr. Owen Silavwe, the Managing Director, on the overview of the Company, which was followed by the report from the Chief Financial Officer, Mr. Mutale Mukuka, who presented a summary of the Financials for the year ended 31st December 2020. Thereafter, the auditor, PricewaterhouseCoopers through Mr. Andrew Chibuye, presented their report to the members.

Subsequent to the foregoing, the Directors' Report and Annual Financial Statements for the year ended 31st December 2020 and the Auditor's Report thereon were tabled for consideration by the Members.

Resolution

Upon a motion being proposed by Mr. Davies Kasongo and seconded by Mr. Francis Daniels, it was **RESOLVED THAT** the Directors' Report and Annual Financial Statements for the year ended 31st December 2020 together with the report of the Auditors be and are hereby approved.

The voting process on Resolution 2 then proceeded.

11.0 **Resolution 3 – Ratification of Dividend Payment made on 21st December 2020**

The Chairman said the Third Resolution on the Agenda was the ratification of the dividend payment made on 21st

December 2020.

Resolution

Upon a proposal by Mr. Christopher Shilengwe and seconded by Mr. Aubrey Chisenga, it was **RESOLVED THAT** the dividend paid to the members on 21st December 2020 be and is hereby ratified.

The voting process on Resolution 3 then proceeded.

12.0 **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 Auditors of the Company.

The Chairman invited Mr. Joe Mwansa Chisanga, Chairman of the Audit Committee to make the proposal for the appointment and remuneration of the Auditors.

Mr. Chisanga proceeded to propose that Messrs PricewaterhouseCoopers be appointed as Auditors of the Company to hold office until the next AGM of the Company and, further, that the Directors be authorised to set their remuneration.

Resolution

Upon a proposal by Mr. Joe Mwansa Chisanga and seconded by Mr. Abraham Mwanza, it was **RESOLVED THAT** PricewaterhouseCoopers be appointed as auditors of the Company to hold office until the next AGM of the Company and that the Directors be authorised to set their remuneration.

The voting process on Resolution 4 then proceeded.

13.0 **Resolution 5 – Appointment of Directors**

Mr. Mwafulilwa handed over the chairmanship of the meeting to Mr. Joe Mwansa Chisanga at 12:30 hours to attend to the adoption of Resolution 5.

Mr. Chisanga informed the meeting that Mr. London Mwafulilwa and Dr. Patrick Nkanza, Directors of the Company, who were appointed as Directors at the last AGM would retire at the current meeting in accordance with Article 14.4 of the Articles of Association of the Company. He said following the referred retirement, the Directors recommended the re-appointment of Mr. London Mwafulilwa and Dr. Patrick Nkanza as Directors on the Board to hold office until the next AGM of the Company at which they would retire.

Resolution

Upon a proposal by Mr. Joe Mwansa Chisanga and seconded by Mr. Mufulo Ng'andwe, 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 of the Company at which they would retire.

The voting process on Resolution 5 then proceeded.

The chairmanship of the meeting reverted to Mr. Mwafulilwa at 12:35 hours.

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 abstained	%
1.	Minutes of the Annual General Meeting of 30th September 2020	1,373,477,251	99.99	0	0.00	135,419.00	0.01
2.	Directors' Report and Annual Financial Statements for the year ended 31st December 2020	1,373,580,916	100.00	0	0.00	0.00	0.00
3.	Ratification of dividend payment made on 21st December 2020	1,373,214,599	100.00	0	0.00	1,817.00	0.00
4.	Appointment of Auditors	1,373,172,371	100.00	529	0.00	0.00	0.00
5.	Appointment of Directors	1,373,211,416	100.00	0	0.00	0.00	0.00

After the announcement of the results, the Chairman declared that all the resolutions set out in the Notice and Agenda for the AGM had been passed unanimously 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 management and the team involved in the preparations, for a successful AGM and further thanked the shareholders for attending the meeting. The Chairman declared the meeting closed at 12:54 hours.

[SIGNED]

Director

[DATE]

[SIGNED]

Company Secretary

[DATE]

ATTENDANCE REGISTER OF THE TWENTY-THIRD ANNUAL GENERAL MEETING

1) Proxies

Name	Proxy
Marina IV (Singapore) Pte Ltd	Chime Derek
ZCCM-IH	Brian Musonda
Zambian Energy Corporation (Ireland) Limited	Siyanga Malumo
Standard Chartered Private Equity Limited	Chime Derek
Saturnia Regna Pension Trust Fund	Mumba Musunga
Marina V (Singapore) Pte Ltd	Chime Derek
Standard Chartered Zambia Securities Services Nominees Ltd	Francis Daniels
KCM Pension Trust Scheme	Mumba Musunga
LHG Malta Holdings Ltd	Maxime C. Harlaar
National Pension Scheme Authority	Willy Chigoma
Local Authorities Superannuation Fund	Grace N. Hanjawa
Mukuba Pension Trust Defined Benefit Scheme	Matimba Chaambwa
Barclays Bank Zambia Staff Pension Fund-PPMZ	Kelvin Shiyunga
Barclays Bank Staff Pension Trust Fund	Mumba Musunga
Standard Chartered Bank Pension Trust Fund	Mumba Musunga
Lafarge Cement Zambia Plc Pension Trust Scheme	Mumba Musunga
Zambia National Building Society	Kelvin Shiyunga
Indeni Pension Trust Scheme	Mumba Musunga
PICZ Pension Trust-Money Purchase	Kelvin Shiyunga
CEC Pension Trust Scheme	Mumba Musunga
Airtel Zambia Staff Pension Fund	Mumba Musunga
Madison Pension Trust Fund	Kelvin Shiyunga
Buyantanshi Pension Trust Fund	Mumba Musunga
Africa 53	Kelvin Shiyunga
Rail Systems of Zambia	Kelvin Shiyunga
Toyota Zambia	Kelvin Shiyunga
Sun International Pension Trust Scheme	Mumba Musunga
SCZ International Ltd Pension Trust	Mumba Musunga
National Breweries Pension Trust Scheme	Mumba Musunga
Workcom Trust Pension Scheme PPMZ	Kelvin Shiyunga
Workcom Pension Trust Scheme	Mumba Musunga
Multichoice Pension Scheme	Kelvin Shiyunga
Golden Sunset Pension Fund	Mumba Musunga
Finance Bank	Kelvin Shiyunga
Deloitte and Touche Pension Trust Scheme	Mumba Musunga
Ecobank Zambia Limited Pension Trust Scheme	Mumba Musunga
Professional Pension Trust Fund - Wealth Guard	Kelvin Shiyunga
Zambia Episcopal Conference (ZEC)	Kelvin Shiyunga
UTI Zambia Limited Staff Pension Trust Scheme	Mumba Musunga
Buyantanshi Pension Scheme	Kelvin Shiyunga
Hilda's Hens Family Trust	Charles Mate
Lusaka Trust Pension Scheme	Kelvin Shiyunga
Lunsemfwa Hydro Power Pension Scheme	Kelvin Shiyunga
Final Salary	Kelvin Shiyunga
Motor Mart Group Zambia	Kelvin Shiyunga

2) Attendees - Shareholders

Name	Proxy
Rhodnie Sisala	
Silavwe Owen	
Joe Chiyassa	
Chaila Julia Christine Zulu	
Banda Yonah	
Botha Aaron	
Kapula Andrew	
Kandeke Fremmy Sikazwe	
Boyd Tembo	
Titus Chongo Mwandemena	
Mapani Titus	
Chilao Chisanga Kenny	
Nangalelwa Mando M.	
Kayula Lawrence	
Wellington Tungati	
George Chilufya Kang'ombe	
Kasoma Rhoda Ponda	
Chance Mugala	
Nsabika Chama Sandra	
Christopher Nthala	
Mutale Mukuka	
Kapoma Alan Chambeshi	
Musiyani Samuel and Nivwa Sichone	
Muwowo Lizzie Mphande	
Hibajene Silvester Hanguwa	
Walusambo Saini Zacharia	
Shikoki Richard Mwamba	
Kapadia Raj Dilip	
Clementina Lwatula	
Musonda Kasakula	
Chisanga Kasongo Mevis Kasongo	
Lweendo Himonga	
Choolwe Nalubamba	
Changu Chambwa	
Pascal Chanda	
Vincent Nyirenda	
Evelyne Nambeye	
Silutongwe George	
Kamwendo Thomas Dawson	
Isaac Machanda	
Evaristo Ngowani	
Martin Simpemba	
Benson Sakala	
Muntanga Sibalwa	
Peggy Sichone	
Chinkoyo Sebastian	
Chishimba Lamba	
Peter Kunda	
Mwila Chansa	
Mwaba Richard	
Tilabilenji Phiri	

Name	Proxy
Evelyn Kapuka	
Chongo Reuben Chileshe	
Chilanga Kafula Kennedy	
Rhoda Mumba	
Caroline Sinkamba	
Mwanza Kennedy	
Muvwimi Simwatachela	
Mercy Kabiki	
Tembo Gray	
Ngenda Lindunda	
Judith Chomba M.	
Sekeli Maboshe	
Thomas Musukwa	
Phiri Musa	
Mwanza Abraham	
Clive Masakamika Tindi	
Aubrey Musonda Chisenga	
Zulu Wilson Yotamu	
Fredrick C. Chisambwe	
Lungu Godfrey	
Mulenga Tiyezye Emmanuel	
Ng'andu Lameck	
Sakavuyi Billy	
Mvula McGerald	
Richard Ng'ambi	
Arthur Mwamba Sikazwe	
Silwizya Dora Ngosa Mulenga	
Millington Mambwe	
Arnold Chileshe Mfula	
Ndhlovu Darly Dabwiso	
Kondolo Barry Nigel	
Simon Bota	
Dickson Mwitwa	
Chanka Walter Kawama	
Marsden Nkanza Simwinga & Rabeccca Mtonga	
Banda Patrick	
Nyankhundi Chris	
Shilengwe Christopher	
Joel Ngoma	
Banda Vaigo	
Kaweme Makoba	
Chwezi Maloba	
Kazekula Vernon Nakambo	
Chali Muuzu Osborn	
Mkandawire Namwene	
Sibajene Ivy Lubumbe	
Harriet Kapampa Kapekele	
Chitalu Martin	
Mwenda E. Njobvu	
Faustina Mwango Chibowa	
Simwanza Saviour	
Kalaluka Kafanga Rueben	

Name	Proxy
Florence Kolala	
Lukwesa Moses	
Kapili Edward	
Kelvin M. Chisanga	
Kwitaka Maluzi	
Chanda Henry Nshikita	
M'gemezulu Morton Esau	
William Saikolo	
Leah Chengo Butala	
Tapelo Lumamba	
Brian Barnabas Mmembe	
Emmanuel Chisenga	
Mulonga Timothy Jiranda	
Chimuti Lungu	
Mwanza Steven	
Kalengo Ngoma	
Lubasi Muchimba	
Akunjivwa Mukwasa	
Chipata Mabvuto	
Mwaisaka Trust	
Lusanso Job	
Phiri Mbikose	
Andrew Mulenga	
Ng'andwe Mufulo Kapuka	
Sampa Chipelele Sampa	
Japhet Sakala	
Andrew Chitungu Feka	
Lloyd Chamba	
Chibubi Kaulu	
Frazier Zimba	
Brave Chisala	
Nathan Chibesa	
Kalanga Happy	
Siwale Njavwa	
Bupe Mwansa	
Karin Mushi	
Muloyi Mwale Tembo	
Matakala Muyoba Sibongo Lloyd	
Chizyuka Mweetwa	
Muyuma Mututa	
Alfred Phiri	
Charity Banda	

3) Attendees – Non-Shareholders

Name	Representing
Chiwoyu Sinyangwe	African Energy
Tafadzwa Manhindi	African Financials
Shanice Buys	African Financials
Rob Stangroom	African Financials
Chama Chama	Basmati Business Solutions
Misozi Malema	Citibank

Name	Representing
Jackson Chungu	Copperbelt Energy Corporation PLC
Kafula Chimfwembe	Copperbelt Energy Corporation PLC
Patrick Nkanza	Copperbelt Energy Corporation PLC
Martin Kasemuka	Copperbelt Energy Corporation PLC
Angel Chisenga	Copperbelt Energy Corporation PLC
Ronald Tamale	Copperbelt Energy Corporation PLC
Natasha Mulenga	Copperbelt Energy Corporation PLC
Lazarous Musitini	Copperbelt Energy Corporation PLC
Mildred Kaunda	Copperbelt Energy Corporation PLC
Thomas Featherby	Copperbelt Energy Corporation PLC
Eugene Mpolokoso	Copperbelt Energy Corporation PLC
John Simachembele	Copperbelt Energy Corporation PLC
Setfree Nhapi	Corpserve Zambia
James Ndhlovu	Corpserve Zambia
Clement Phiri	Corpserve Zambia
Alexander Mufaya	Eastley Media
Lenganji Nanyinza	Lusaka Securities Exchange
Idreen Malambo	Madison Finance
Alinani Mugala	Media (Independent)
Mark Luchembe	Meritrade Corporation Ltd
Mubita Akapelwa	Mukuyu Energy Limited
Kebby Kaumbi	National Pension Scheme Authority
Elina Chipungu	Pangaea Securities Limited
Dawric Chibwe	Pangaea Securities Limited
Andrew Chibuye	PricewaterhouseCoopers
Benson Mwileli	Securities and Exchange Commission
Pamela Kando	Stockbrokers Zambia
Mchema Chinzewe	Stockbrokers Zambia
Natasha Nelson	Stockbrokers Zambia
Walusiku Stuart Lisulo	Suma Systems
Kennedy Mupeseni	Times of Zambia
Chembe Mbale	Yar FM Radio - Kitwe
Nkombo Kachemba	Zambia Daily Mail
Mukuka Mapemba	ZCCM Investments Holdings

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-Fourth Annual General Meeting of the Company to be held on **Wednesday, 27th April 2021** and at any adjournment thereof:

			For	Against
Resolution	1	Minutes of the Annual General Meeting of 30th April 2021	☐	☐
Resolution	2	Directors' Report and Annual Financial Statements for the year ended 31st December 2021	☐	☐
Resolution	3	Ratification of Dividend payment made on 1st November 2021	☐	☐
Resolution	4	Appointment of Auditors	☐	☐
Resolution	5	Appointment of Directors	☐	☐
Resolution	6	Revision of Directors' Fees	☐	☐
Resolution	7	Amendment of Articles of Association	☐	☐

Unless otherwise advised, the proxy will vote as he/she thinks fit.

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-Fourth Annual General Meeting of the Company to be held on **Wednesday, 27th April 2021** and at any adjournment thereof:

			For	Against
Resolution	1	Minutes of the Annual General Meeting of 30th April 2021	☐	☐
Resolution	2	Directors' Report and Annual Financial Statements for the year ended 31st December 2021	☐	☐
Resolution	3	Ratification of Dividend payment made on 1st November 2021	☐	☐
Resolution	4	Appointment of Auditors	☐	☐
Resolution	5	Appointment of Directors	☐	☐
Resolution	6	Revision of Directors' Fees	☐	☐
Resolution	7	Amendment of Articles of Association	☐	☐

Unless otherwise advised, the proxy will vote as he/she thinks fit.

Signed: .... Date: ....

(Authorised Signatory)

CORPORATE DIRECTORY

Copperbelt Energy Corporation PLC
(Incorporated in the Republic of Zambia)
Registration number: 119970039070
Share code: CEC.zm
Listed: 2008
Securities exchange: LuSE
Sector: Energy

Registered office
Stand 3614,
23rd Avenue
Nkana East
Kitwe

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Postnet 145, P/Bag E835, Kabulonga, Lusaka

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Tel: +260 211 334 000

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Access Bank Zambia Plc
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Corporate Communication and Finance departments

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Gareth Bentley (www.garethbentley.com)

Printing
Dubai Printing Press

COPPERBELT energy

Copperbelt Energy Corporation Plc

Annual Report and Financial Statements
for the year ended 31st December 2021

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