LANFORCE ENERGY PROJECT MANAGEMENT POLICY

LANFORCE TRADING (PVT) LTD , 1 BEIT AVENUE, MILTON PARK, HARARE, ZIMBABWE

Table of Contents

LANFORCE TRADING (PVT) LIMITED

PROJECT MANAGEMENT POLICY

---

1. INTRODUCTION

This document describes Lanforce's policy regarding the essential elements in the management of all projects.

The objectives of this policy are to ensure that:

- Projects are effectively managed within the limitations of Scope, Quality, Resources (Time and Budget) and Risk;
- Appropriate governance and control is established;
- Communication, quality and risk management plans are developed and executed throughout a project's life;
- Appropriate authorisation and acceptance is established throughout the life of a project;
- Stakeholder communication is inclusive; and,
- Post implementation reviews are conducted and actively used to improve the conduct of project delivery.

In order to achieve these objectives the elements of this Project Management Policy must be included in the initiation, planning, and execution of all major projects.

2. SCOPE

The Project Management Policy is a Company-wide policy, to be applied across all Company Portfolios for all staff and Associates to comply with, regardless of monetary value and size.

All projects that are considered to be of 'Medium' or above risk level, at Company level are to comply with this policy.

3. POLICY STATEMENT

The purpose of this policy is to provide a Companywide approach for Project Management.

Note: the policy is applicable to construction projects, Information Technology (IT) and business change projects.

4. PROJECT PHASES

Practically, all projects consist of four lifecycle phases. The number of stages within each phase is dependent on the category of project.

The four main lifecycle phases of any project are:

• Initiation and Approval.

• Governance and Planning.

• Execution and Control.

• Project Closure and Review.

Appropriate management and controls through each of these four phases is essential to constitute an effective Project Management framework. In the early phases of a project, the Business Case and Project phases overlap

a) INITIATION AND APPROVAL

Major projects must be approved by the Management Committee and by one of the following:

- Board
- Finance Committee (where projects arise during the year, or Finance related projects).
- Project Committee set up for the purposes of the project. This is recommended for major projects where outside skills would be useful and/or there is substantial private funding.

  As a minimum the submission must include the name of project, purpose of project, costs, funding details, name of Project Manager, risks associated with the project, brief statements on Company objectives addressed, alternative approaches, specific benefits (financial and

non-financial), principal stakeholders, commitments to third parties, time critical target dates and the completion target.

b) GOVERNANCE AND PLANNING

i. Funding

The funding of a project must be discussed with Finance Department before any commitments are entered into.

ii. Project Management Team

- **Project Manager** - Each project must have a Project Manager who is a member of staff. Though day-to-day project management can occasionally be contracted out, there must be an individual member of staff who is responsible for the management of the project, including the budgets and liaising with Development Project Management Policy February 2007 Page 2 of 2 on Funding. In certain circumstances, the member of staff could be recruited on a short-term contract. It is vital that this individual has sufficient time to manage the project, and it must be clear to whom that individual reports.

- **The Project Monitor**- This is the Senior Responsible Officer who must be a Senior Management Team Member or the Chair of a Committee set up for the project. For large or unusual projects the use of a Steering Group is recommended.

- **Project Client** – Each project must also have a project client who is a member of staff with responsibility for defining the project aims and ensuring the project direction is consistent with these aims. The project client will not usually be a specialist in project delivery rather a representative for Lanforce.

iii. Project plan

This is the setting of objectives, budget and timetable.

The Project Manager must set the plan out at the beginning of the project and agree it with the Project Monitor. Finance can assist on the preparation of the budget, and should always be kept informed. Finance should in particular be consulted on any forecasts for income generated/efficiency savings from the project. Budgets should generally identify third party costs, additional staff costs specifically incurred for the project, and internal staff costs.

c) EXECUTION AND CONTROL

a) Procurement

Procurement should be consulted on process, particularly to ensure tendering procedures are complied with. All normal procurement rules will apply (see Procurement Manual), though additionally, a summary of tender submissions should be provided to the Project Monitor for approval. Finance should be consulted on all contracts.

b) Project monitoring

The Project Manager should agree the monitoring process with the Project Monitor. Normally this would involve regular (say, fortnightly or monthly) meetings with the Monitor, and a standard agenda including timetable, any variations in scope, and cost vs. budget. The Project Manager should also make occasional reports to the Management Committee which approved the project.

c) Risk Management

Best practice underlines the need for the active management of risk throughout the life of the project, with particular attention to overrunning time and cost and/or failing to deliver a successful outcome. The use of a risk register is a key tool for managing risk and it should be reviewed and updated continually throughout the life of the project. Upon the completion of the project, during the closing process, the project manager will analyze each risk as well as the risk management process.

Based on this analysis, the project manager will identify any improvements that can be made to the risk management process for future projects. These improvements will be captured as part of the lessons learned knowledge base.

d) Budget monitoring

Though prime responsibility for budget monitoring falls to the Project Manager and Project Monitor, Finance should be kept informed on a regular basis of the progress of the project vs budget. The Finance department should keep a record of all current projects, with a note on progress. Any overspend must have prior approval from the Chief Finance Officer.

d) PROJECT CLOSURE AND REVIEW

i. Project completion

It is helpful if the Project manager prepares a brief report on the project (objectives achieved, cost vs budget, timing vs original timetable). This should include lessons learned.

ii. Training

Training of staff in new procedures may be an important element of the project and where relevant must be included in the plan and budget.

iii. Post – project monitoring

For many projects, completion (or implementation) is only the beginning. It should be clear who is responsible for any new procedures put in place during the project and/or monitoring the impact of the project. Ideally an evaluation of the project would take place sometime after completion.

e) COMMUNICATIONS MANAGEMENT

The purpose of the Communications Management Plan is to define the communication requirements for the project and how information will be distributed to ensure project success. The Communications Management Plan sets the communications framework for this project. It will serve as a guide for communications throughout the life of the project and will be updated as communication requirements change. This plan identifies and defines the roles of project team members as they pertain to communications. It also includes a communications matrix which maps the communication requirements of this project, and communication conduct for meetings and other forms of communication. A project team directory is also included to provide contact information for all stakeholders directly involved in the project.

The Project Manager will take the lead role in ensuring effective communications on this project. The communications requirements are documented in the Communications Matrix below. The Communications Matrix will be used as the guide for what information to communicate, who is to do the communicating, when to communicate it, and to whom to communicate.

Communication Type	Description	Frequency	Format	Participants/ Distribution	Deliverable	Owner
Weekly Status Report	Email summary of project status	Weekly	Email	Project Monitor, Team and Stakeholders	Status Report	Project Manager
Weekly Project Team Meeting	Meeting to review action register and status	Weekly	In Person	Project Team	Updated Action Register	Project Manager
Project Monthly Review (PMR)	Present metrics and status to team and sponsor	Monthly	In Person	Project Monitor, Team, and Stakeholders	Status and Metric Presentation	Project Manager

Project Gate Reviews	Present closeout of project phases and kickoff next phase	As Needed	In Person	Project Monitor, Team and Stakeholders	Phase completion report and phase kickoff	Project Manager
Technical Design Review	Review of any technical designs or work associated with the project	As Needed	In Person	Project Team	Technical Design Package	Project Manager

f) QUALITY MANAGEMENT

All members of the project team will play a role in quality management. It is imperative that the team ensures that work is completed at an adequate level of quality from individual work packages to the final project deliverable. The following are the quality roles and responsibilities for the Project:

The Project Monitor is responsible for approving all quality standards for the Project. The Project Monitor will review all project tasks and deliverables to ensure compliance with established and approved quality standards. Additionally, the Project Monitor will sign off on the final acceptance of the project deliverable.

The Project Manager is responsible for quality management throughout the duration of the project. The Project Manager is responsible for implementing the Quality Management Plan and ensuring all tasks, processes, and documentation are compliant with the plan. The Project Manager will work with the project's quality specialists to establish acceptable quality standards. The Project Manager is also responsible for communicating and tracking all quality standards to the project team and stakeholders.

The Quality Specialists are responsible for working with the Project Manager to develop and implement the Quality Management Plan. Quality Specialists will recommend tools and methodologies for tracking quality and standards to establish acceptable quality levels. The Quality Specialists will create and maintain Quality Control and Assurance Logs throughout the project. The Quality Specialists will be drawn from Lanforce staff as well as external Consultants.

The remaining members of the project team, as well as the stakeholders will be responsible for assisting the Project Manager and Quality Specialists in the establishment of acceptable quality standards. They will also work to ensure that all quality standards are met and communicate any concerns regarding quality to the Project Manager.

Quality control for the Project will utilize tools and methodologies for ensuring that all project deliverables comply with approved quality standards. To meet deliverable requirements and expectations, we must implement a formal process in which quality standards are measured and accepted. The Project Manager will ensure all quality standards and quality control activities are met throughout the project. The Quality Specialists will assist the Project Manager in verifying that all quality standards are met for each deliverable. If any changes are proposed and approved by the Project Monitor, Project Manager is responsible for communicating the changes to the project team and updating all project plans and documentation.

Quality assurance for the Project will ensure that all processes used in the completion of the project meet acceptable quality standards. These process standards are in place to maximize project efficiency and minimize waste. For each process used throughout the project, the Project Manager will track and measure quality against the approved standards with the assistance of the Quality Specialists and ensure all quality standards are met. If any changes are proposed and approved by the Project Monitor, the Project Manager is responsible for communicating the changes to the project team and updating all project plans and documentation.