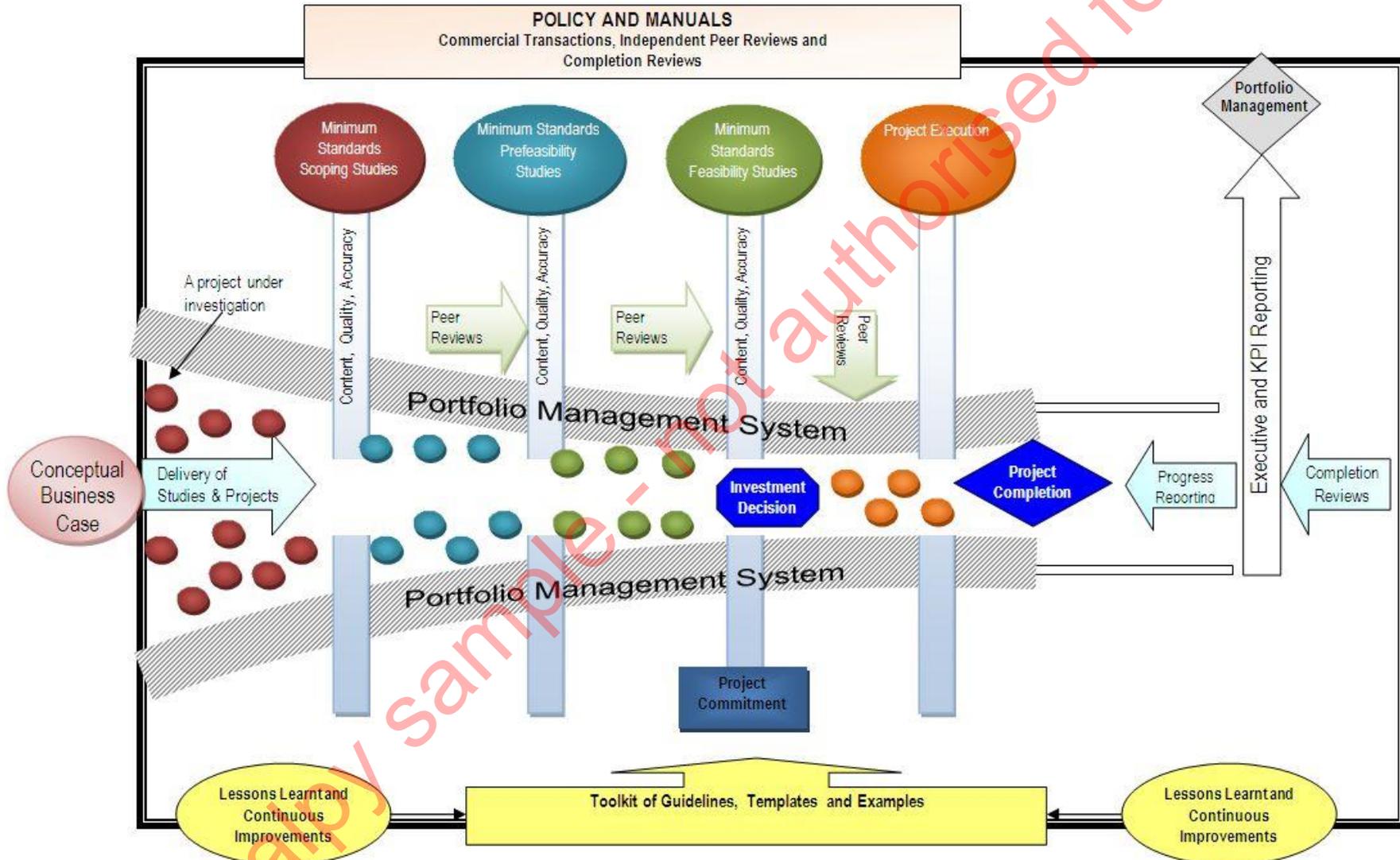


Figure 1 - Pipeline of Projects



- Apply the probability of an individual opportunity's success, taking into consideration the project capital costs and revenues. Sum all opportunities by the probability to give composite forecasts of:
 - total development costs to advance opportunities through studies to investment phases (ie the shareholder funds at risk)
 - capital expenditure program for projects in execution (asset development) and transactions (acquisitions, disposals or joint ventures)
 - revenue growth.

Refer Knowledge Portal

Once the assessment is complete, the portfolio management system is used to sort opportunities under the study into:

- phases
- project IRR / NPV in descending order
- capital cost (i.e. project size)
- revenue (i.e. annual income)
- other decision-making parameters (e.g. best probability to proceed, by project capacity, by decision date, etc)

Graphical representations and "what if" capacity should be made available to decide which opportunity(s) will continue to receive support by executive management.

The results from the portfolio assessment must be presented in the portfolio management report. Refer to Section 3 Reporting for details of the reporting requirements.

2.2 Key Performance Indicators

Key Performance Indicators (KPIs) must be published in the monthly progress report, with significant variances between actual / forecast and budget noted and explained.

On a quarterly basis, the Study or Project Manager must complete a full reappraisal of the trends and forecasts of KPIs. If KPIs have varied from the targets, the Project or Study Manager must reassess the IRR and NPV of the potential project.

The quarterly KPI reappraisal procedure must be timed so that it is conducted and reported for each study, prior to the CIEC meeting and the executive management reviews. As part of this procedure, the Project or Study Manager must be able to:

- demonstrate in a quantitative manner that the most recent trends in the potential project continue to justify the study effort
- explain and demonstrate how the project under investigation competes with others in the portfolio (ie its strengths and benefits).

Refer to Knowledge Portal

2.3 Studies and Commercial Transaction Investigations

The procedures for managing and reporting the organisation's portfolio of studies are outlined below.

As mandated by CIS_PO_002, each opportunity must be investigated using a phased approach, with each phase having different objectives and levels of effort to achieve high degrees of definition and accuracy.

Figure 4 presents a summary of the overall study procedural framework. For each phase of the study and for the project, the critical procedural control for a single opportunity under study is as follows:

The completion of these activities ensures that the CIEC is equipped with the relevant investment information to decide if a project should:

- continue
- be subject to ongoing corrective actions
- be suspended until corrective actions are in effect or
- be cancelled.

The results of these activities must be incorporated into the monthly portfolio report.

2.5 Post Project Phase

At the end of each major study, transaction or capital project, certain reports and reviews must be performed to assess the investment activities and ensure the organisation met its objectives.

Completion reviews must be performed upon completion of a Feasibility Study, due diligence, commercial transaction or project. The requirements for completion reviews are detailed in CIS_PM_009 Policy Manual – Completion Reviews.

At the end of the Project Execution phase, a project closure report must be prepared by the project manager to address all aspects of the project during its execution.

3. REPORTING

In summary, the reporting requirements to support the portfolio management system are as follows:

Table 1 – Reporting Requirements

Type Of Reporting	Requirements
Studies or commercial transaction investigations	<ul style="list-style-type: none"> ◆ Weekly summary reports ◆ Monthly progress reports, including trends in KPIs ◆ Every quarter, the monthly progress reports must include a reappraisal of the NPV / IRR based on the trends in KPIs ◆ Every six months an appraisal review of the progress report ◆ Independent Peer Review reports, in accordance with CIS_PM_008 Policy Manual – Independent Peer Reviews ◆ Completion Review reports, in accordance with CIS_PM_009 Policy Manual – Completion Reviews
Projects	<ul style="list-style-type: none"> ◆ Weekly summary reports ◆ Monthly progress report, including KPI summary ◆ Monthly executive summary portfolio report using KPI measures ◆ Independent Peer Review reports at milestones or due to consistent unfavourable KPI results or forecasts, in accordance with CIS_PM_008 Policy Manual – Independent Peer Reviews ◆ Completion Review reports, in accordance with CIS_PM_009 Policy Manual – Completion Reviews
Commercial transactions	<ul style="list-style-type: none"> ◆ Issues reports dealing with critical matters ◆ Weekly summary reports ◆ Monthly progress reports ◆ Independent Peer Review reports, in accordance with CIS_PM_008 Policy Manual – Independent Peer Reviews ◆ Completion Review reports, in accordance with CIS_PM_009 Policy Manual – Completion Reviews
Portfolio reporting	<ul style="list-style-type: none"> ◆ On a monthly basis, a portfolio report must be prepared by the Business Development Manager and distributed to the CIEC, Board and CEO. It must include the study and project portfolio assessment