



ANNOUNCEMENT

23 June 2003

Enterprise Architecture - Information Technology

In response to competitive pressures to become more agile, Sanitarium is becoming increasingly dependent on information systems and technologies to conduct business. And as those systems reach deeper and deeper into the way we do business, it is inevitable that they become increasingly complex, making them more difficult and more costly to manage. Recognizing this, many companies are developing what is called an “Enterprise Architecture” to control the growing complexity of IT and hence to more effectively manage IT costs.

In 1999 Sanitarium invested over \$10 million in strategic new information systems capabilities including SAP. The philosophy behind this large investment was to adopt the best practice business processes embedded within the SAP environment. This has positioned Sanitarium to proactively participate in industry-wide information technology and supply chain initiatives with its key trading partners. It is therefore critical that the company maximize the value of its investment in SAP.

In order to ensure that we continue to strategically focus our efforts and resources based on the SAP investment, on 10 June 2003 the IT Steering Committee formally adopted two key policy and procedure statements:

1. Company Position on Enterprise Architecture for IT

Because of the company’s investment in SAP, and in the interests of achieving transparent end-to-end visibility for the correlation and analysis of all processes, Sanitarium has adopted SAP as its Enterprise Architecture. This means that new projects will start with an examination of the solution provided through SAP. If the solution falls short on goodness-of-fit criteria, then build-or-buy alternatives will be considered only if they conform to the SAP information architecture. Approval for research into non-SAP solutions requires an action of the IT Steering Committee.

2. Procedure for Approval of Investments in IT systems

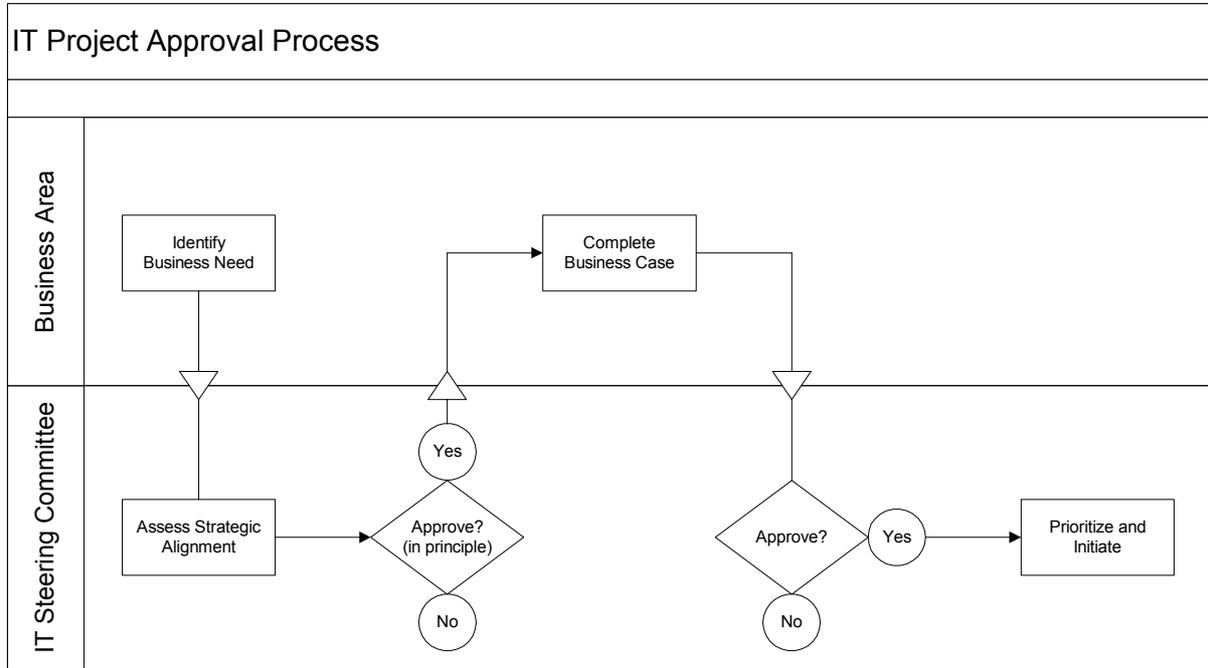
What is the process for ensuring compliance with the above policy statement? The process for gaining approval for IT projects can be represented simply by the following graphic. This flowchart highlights two important aspects of the process:

1. Approval is a two-step process.

Approval for an idea that addresses a business need is sought from the IT Steering Committee before going to the next step which is to prepare a detailed business case.

2. Business sponsorship of IT projects is essential

While IT and others in the company may have a consulting role, sponsorship for new IT projects rests with the business area, not with IT.



Thank you for noting these important changes in the way we will manage our IT investment to derive the maximum benefit for the company. Please discuss any questions you have with you General Manager or myself in the first instance.

Regards



Christopher Till
 General Manager - Commercial