

Website

In 2006 development work began on our NEW website

This state-of-the-art site enhances communication with our customers by providing up to date information on new LHLS products and services, and serving as a portal through which customers may gain real-time access to status reports. Greater understanding of the LHLS operation is promoted through our online virtual tour, especially helpful for customer staff located throughout Southwestern Ontario who do not have the opportunity to tour our plant in person.

www.lhls.on.ca



NEW CHALLENGES: FRESH SOLUTIONS



For more information on how London Hospital Linen Service can help your organization find fresh solutions to your emerging challenges, call **519-438-2925** or e-mail **info@lhls.on.ca**

London Hospital Linen Service 11 Maitland Street London, Ontario N6B 3K7



**London Hospital
Linen Service Inc.**
Together, we've got it covered



With almost four decades of providing state-of-the-art linen services to healthcare organizations, London Hospital Linen Service has secured its position as a leader in the field.

In this era of ever-shrinking budgets, increasing workloads and volatile government funding, our customers depend on us to develop innovative solutions that address – and anticipate – their changing needs. They depend on us to find fresh solutions to these new challenges.

That's why 2005 witnessed the beginning of big changes at LHLS: huge capital investments were made in energy-saving technologies in the plant flow-through systems, and the company formally embarked on a journey towards greater environmental and social sustainability.

In 2006 the early results of these changes were realized in the form of cost savings and energy footprint reductions far exceeding projections. The changes reflect the new Mission and Vision for LHLS, which commit to supporting our customers in their mission of care while reducing our impact on the environment.



Gary Koreen, Chair of the Board
London Hospital Linen Service



On reflecting over my involvement with London Hospital Linen Service during the past several years, the enthusiasm, dedication and effectiveness of the leadership of this fine organization leaves me with a very lasting impression. This enthusiasm not only produces a motivating effect within our facility, but it also has an impact on our customers and suppliers as well as the industry at large.

International Calibre: Regional Focus

LHLS is a respected leader in the Southwestern Ontario marketplace and throughout the Canadian and North American industry. Members of our leadership team play an active role on the board and committees of our international industry associations – such as the International Association for Healthcare Textile Management (IAHTM), the Canadian Reusable Textile Association (CRTA), and the American Reusable Textile Association (ARTA) –

and are regularly invited to share their expertise with other laundry operations throughout the world. It is our desire to set the bar as a leader in innovation so that all of our customers may benefit.

In 2005, major capital investments were made by LHLS resulting in significant energy savings throughout 2006. Our customers are now enjoying the benefits of these savings in the form of reduced price increases. These savings are also a reinvestment in our future as we plan for the continued growth and improved efficiencies of our company.

The growth strategy at LHLS is very deliberate and strategic. As the leading provider of healthcare linen services in Southwestern Ontario, we are focused on serving our marketplace to the absolute

best of our ability. We are committed to finding new and innovative ways to meet the changing needs of the healthcare industry. The new Complete Delivery System for operating rooms described in this report is an excellent example of LHLS innovation. It demonstrates our dedication to environmental stewardship by dramatically reducing waste while helping to reduce surgery waiting lists. At the same time it provides the ultimate in safety and comfort for OR personnel. We will continue to place considerable emphasis on the development of new and better materials and technologies.

Our employees continue to be our major asset and we are dedicated to providing safe and pleasant working conditions as well as ensuring that their needs are properly met.

It has been my privilege to serve as Chair of the Board for the last three years and I enthusiastically welcome Manning MacRae as my successor. LHLS will be in very capable hands under his leadership, as his healthcare background has been a tremendous asset to our organization. My sincere thanks to all of the board for their invaluable contributions and I extend best wishes to the very capable leadership team as they continue to grow LHLS.

Sincerely,

Gary Koreen



John Sealey, General Manager
London Hospital Linen Service



In Looking Back over 2006...

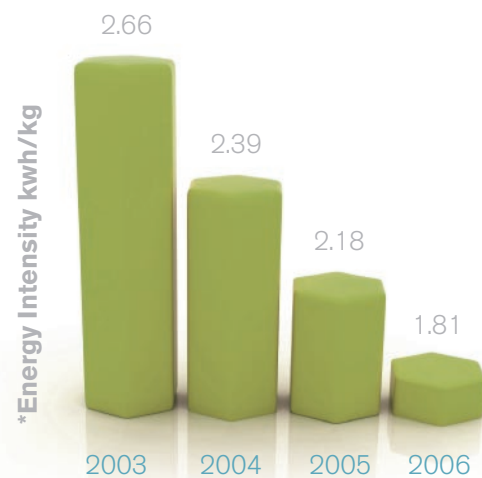
Work began on a hybrid “Complete Delivery System”, which is the only one of its kind in North America. This comprehensive system saves time in changing over operating rooms, freeing up OR time for more operations per day.

General Manager’s Report

2006 was very much a transitional year for LHLS. We are in the midst of a groundswell of change that will have a fundamental impact on the type of organization we are and the services we provide. Things are changing much faster today than even five years ago, and to achieve ongoing success we must embrace change, providing the new products and services required for a rapidly-changing world. The following summary illustrates some of the ways in which we met these challenges over the past year.

Energy Intensity Footprint

Reductions will continue to provide our customers with cost savings.



*kwh/kg = Kilowatt hour per kilogram processed

The convenience and reduced labour costs inherent in our new hybrid Complete Delivery System are achieved without the huge amount of waste typically associated with complete delivery systems. This is because LHLS replaces nearly all single-use linens with reusable linens and decontaminates and recycles the hard plastics usually shipped to landfill.

Our bi-annual Customer Satisfaction Survey (conducted in 2006), indicated that customers’ overall satisfaction with LHLS remains consistently high. There were some customer concerns about the appearance of linens, which led us to make immediate improvements to our line-up, including: switching our textile purchasing to provide softer, more durable, and more stain resistant linens; changing the wash chemistry to ensure that our whites are truly white; and implementing a Quality Assurance Program that includes real checks and balances.

As part of our EcoCare program, we’ve changed the washwater chemistry to replace hydrogen peroxide with peracetic acid as a sanitizing agent. Not only is this new agent environmentally friendly, but it is also more effective against antibiotic-resistant diseases that can cripple hospitals and healthcare facilities. Also, the new sanitizing agent is effective at lower temperatures than bleach or hydrogen peroxide, so the linens washed with it look better and last longer.

Saving Energy and Reducing Waste...

While LHLS recycles wood, cardboard, metal and worn linen throughout our facility, significant capital upgrades made in 2005 paid dividends in 2006. Heat exchangers now capture excess heat from waste water and dryer exhaust for reuse – increasing dryer efficiency by nearly 20%. And by recycling washwater, LHLS reduces consumption by two thirds – lessening the impact on watercourses and producing energy savings that get passed on to our customers.

We had budgeted for an 18% reduction in our Energy Intensity Footprint¹ following these upgrades, but amazingly, we realized 32% savings! We were able to transfer these savings on to our customers at a time when the cost of energy was at a premium.

Overall production costs were reduced by 6% per kg shipped from 2005 to 2006; this resulted largely from labour savings but also benefited from efficiencies in supplies, maintenance, and other direct costs.

Caring for Our People...

The LHLS commitment to sustainability extends to our employees. A plant-wide engineering analysis conducted in 2005 recommended enhancing the company’s work environment to provide stimulation, minimize repetition, and offer employees a diverse selection of jobs. These recommendations have been implemented and are expected to improve employee retention and reduce recruitment costs.

Looking Ahead...

At LHLS we constantly strive to develop innovative solutions that minimize our impact on the environment and maintain a positive workplace for our employees.

For example, in order to reduce LHLS’ paper consumption, communication materials such as annual reports and employee newsletters will increasingly be produced in electronic format. Also, employee satisfaction surveys have revealed opportunities for improvements in internal communications: we’re committed to improving plant-wide communications in the coming year.

Thank you to the Board and especially to Gary Koreen for his invaluable leadership during his three-year term as Chair. We’re very fortunate to have such talent and expertise among our Board members – especially considering the intense competition in the not-for-profit sector for leaders who can deliver strong and effective governance.

We’re also extremely fortunate to have significant talent in our senior leadership team and front-line managers: they’re young, eager to learn, and armed with creative solutions. Together, we’re driven to deliver innovative solutions that serve our customers’ changing needs.

Sincerely,


John Sealey
General Manager

¹ Energy Intensity Footprints map the flow of energy supply, demand, and losses in production – providing a complete overview of: a) how much energy is purchased from utilities; b) where and how the energy is used in a plant; c) and where energy is lost because of inefficiencies. (Source: The Encyclopedia of Earth)

New Challenges

London Hospital Linen Service has a powerful vision for the future that is encapsulated in our new Mission and Vision statements.



Sterilized OR Linens

In 1996 we were the first central laundry in Canada to provide surgical sterile linen packs. And our sterile repack program is still considered the benchmark for quality in Canada.

Sterilized OR linens offer significant benefits over single-use linens such as lower overall costs; reduced waste; and improved comfort and safety for physicians and hospitals patients alike.

- Impermeable GORE-TEX® gowns significantly improve surgeon comfort compared to paper-and-plastic disposable gowns.

“We will be leaders through best practice and innovation...”



Sustainability – Drives Innovation

As many forward-thinking companies are finding in today's marketplace, a focus on sustainability is not only the right thing to do for our environment and our community, but it makes good business sense. At LHLS it has been a catalyst for innovation in many ways.

Soil bags represent an innovation inspired by a focus on the environment. Reusable soil bags are permeable and can weigh as much as 100 lbs when full; however, LHLS uses impermeable plastic bags, which weigh approximately 35 lbs when full and are 100% recyclable (being re-manufactured into green garbage bags).

- The end result is safer handling of soiled laundry for both our customers and our staff – and a continued commitment to environmental responsibility.
- We also provide a lidded hamper for soiled laundry that dramatically reduces odour, improving the comfort of your employees' immediate work environment.

Mission

We assist our customers in their mission of care by providing innovative linen services through safe, respectful partnerships with our employees, customers, vendors, communities and the environment.

Fresh Solutions

This Vision is already taking shape in the form of new products, new services, and a forward-looking attitude.



Our Industry

LHLS leaders take an active role on committees and boards of several North American industry associations, and other central laundries often solicit advice from our managers.

European consultants visit LHLS on a biannual basis to tour our facilities. Known for its rigorous standards (many healthcare employees can't even wear their uniforms or scrubs home from work), Europe provides the benchmark for top quality linen services.

“... an integral partner in our customers' mission of care.”

- LHLS is applying innovation by working closely with our customers to understand their changing needs. By scouting the world for new materials and processes, we are proactively providing solutions to emerging issues.

Vision

We will be leaders through best practice and innovation allowing us to become an integral partner in our customers' mission of care. As an employer of choice and an environmentally responsible corporate citizen we will demonstrate integrity in all we do.



Complete Delivery System

The only one of its kind in North America, the London Hospital Linen Service's hybrid Complete Delivery System combines sterile single-use and reusable textiles in one efficient system.

As a result, your organization still realizes the significant reduction in labour costs and OR time inherent to complete delivery systems – but you also significantly reduce the amount of waste typically generated by non-reusable CDS options.

That's a good-news story for you, your patients, and your budget!



Internet Quota System

Our IQ Program simplifies ordering and gives you more control over your inventory management. Select OR packs and linens based on demand, make instant updates to daily quotas, and access secure real-time on-line reports – all through a single point of data collection.

This product is suitable for facilities of any size. On-site training is provided free of charge.



“Our EcoCare promise influences almost every decision made at LHLS”



The LHLS Sustainability Promise

As an environmentally and socially responsible operation, LHLS strives for excellence in a safe, respectful partnership with our employees, customers, vendors, communities and the environment. In this way, we assist our customers in their mission of care.

Our EcoCare promise influences almost every decision made at LHLS – from product development and plant operation to employee retention and community involvement. Most importantly, however, the innovative changes stemming from our sustainability commitment ultimately help support our customers in their mission of care.

- By replacing disposable linens with reusable ones, the LHLS Complete Delivery System reduces the amount of waste directed to landfill, while simultaneously reducing labour costs and OR time.
- By creating a work environment that minimizes repetition and maximizes the number of jobs performed by a given employee, LHLS is improving employee retention and decreasing injuries – a winning formula for a reliable, high quality linen service.

“As an employer of choice and an environmentally responsible corporate citizen we will demonstrate integrity in all we do.”

Board of Directors

- Gary Koreen** President and Chair
- Manning MacRae** Vice President
- William (Bill) Wood** Secretary-Treasurer
- John (Jack) Brooks** Trustee
- John J. Cronin** Trustee
- Tom Logan** Trustee
- Lloyd F. Stevens** Trustee

Senior Leadership Team

- John Sealey** General Manager
- Linda Aitken** Human Resources Manager
- Norma Arthurs** Customer Service Manager
- George Brock** Production Manager
- Brendan O’Neill** Marketing & Logistics Manager
- David Boyce** Maintenance Manager