



By giving back, we all get more.

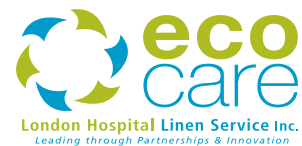
It isn't often that you hear about
a company giving money back

– but we have returned hundreds of thousands of
dollars in energy rebates to our customers.

By finding more innovative ways to assist our
customers in their mission of care while reducing
our collective environmental footprint, LHLS gives
back – in more ways than one.



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



**eco
care**
London Hospital Linen Service Inc.
Leading through Partnerships & Innovation

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**

www.lhls.on.ca



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Leading through Partnerships and Innovation

London Hospital Linen Service Annual Review

2007

Strengthening partnerships for mutual growth

One of the keys to our company's success is our focus on partnerships. This year, to ensure London Hospital Linen Service continues to be an innovative and successful company, we worked on strengthening our partnerships with employees, customers and vendors.

From extensive employee feedback, we are striving to provide a healthy and productive workplace. Our front line supervisory staff receives training on communication and leadership, and improvements to the plant floor are continually made to ensure comfort and safety.

We are working closer than ever with our customers to understand and anticipate their changing needs. Our presence at the Ontario Hospital Association show and conference in Toronto allowed us to meet with many of our valued customers, vendors and community members.

Through close collaboration with our vendors we are developing innovative solutions for our customers. An example of this is the hybrid Complete Delivery System for operating room procedure packs that eliminates roughly 50% of waste typically sent to landfill with single-use systems.

“We are working closer than ever with our customers to understand and anticipate their changing needs.”

Capital investments in energy-saving technology and efficiency upgrades made in 2005 continue to provide substantial returns, which are realized in the form of energy rebates to customers as well as in reduced greenhouse gas emissions. Surpluses were achieved in 2006 and 2007, and that money has been reinvested to eliminate debt and ensure we have resources for continued growth. We're looking forward to an exciting year ahead as we embark on the next stage of plant upgrades and ambitious new marketing initiatives.

Our Board has undergone change with the retirement of John Cronin after 18 years. We wish John a happy retirement and thank him for his many years of dedicated service. We would also like to welcome Don White, who joined the Board in the fall of 2007. The LHLS Board of Directors has enjoyed a longevity and stability rarely seen in a volunteer board, and its strong governance is one of the main reasons for London Hospital Linen Service's continued success.



Manning MacRae,
President and Chair

Building on leadership and innovation

In 2007, we worked on connecting with our customers and raising awareness of our organization. We were exhibitors at the Ontario Hospital Association conference and show for the first time where we met many representatives of our customer organizations. Our location in the “Green Lane” gave us the opportunity to exchange ideas with other companies that also place importance on environmental stewardship.

It was a year of steady improvements and growth. We completed the first stage in our plans to find operational savings with energy-saving technologies. The returns from these investments were passed along to our customers as energy rebates. We continue to improve on our energy budget based on successes realized in 2006.

Plans were put in place for an overhaul of the finishing side of the operation, to be implemented in 2009. Major changeovers are extremely complex in an operation like ours that demands efficient throughput even while upgrades are being made. And despite the 17,000 square foot addition

made in 1989, volume increases over the years mean that space is still at a premium. However, we have confidence in our employees and leaders who have already demonstrated an ability to accommodate dramatic changes within the plant footprint.

Continuing our commitment to growing leadership from within, we have special measures in place to enable our managers to learn from other industries. This cross-learning through general business interaction and education is often where innovation comes from.

As always, our EcoCare commitment is integral to who we are. Our vision and values are our benchmark for all planning and decision-making. Sustainability is a journey and, as outlined in this report, we're moving in the right direction.

Financially, 2007 was another year of sound achievements. A surplus at the end of the year is funding operations, keeping price increases to a minimum,

“Our vision and values are our benchmark for all planning and decision-making”

and enabling us to stay nimble in order to capitalize on opportunities. Under the guidance of our highly capable Board of Directors, we are building on this success and are poised to face the future with strength and optimism.



John Sealey,
General Manager

EcoCare.

Our promise of responsible healthcare linen solutions

EcoCare symbolizes our promise to our partners, employees and communities that environmental and social responsibility is a driving force in our business. Our commitment makes LHLS the responsible choice for innovative healthcare linen solutions.

Environmental Responsibility

Reusable linens are the preferred choice over single-use options for reducing medical waste and pollution. But that is only part of the story. LHLS has also implemented measures to reduce the amount of energy, water and chemicals used and waste generated in our processes.

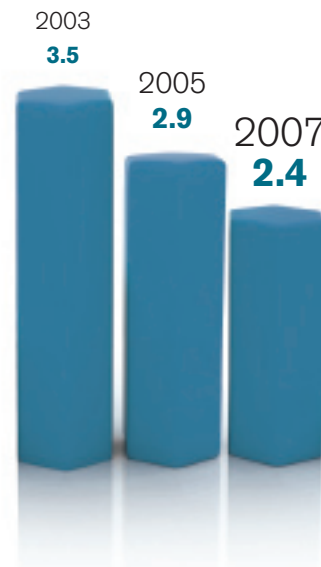
LHLS the responsible choice for innovative healthcare linen solutions

Energy Use

Over the past seven years, while **total volume of linen processed at LHLS has increased by over 26%**, total energy intensity has decreased by 30%! In addition to total energy consumed, the intensity of energy utilized per kilogram of linen shipped also declined. These savings were made possible by capital investments in heat recapture and other innovative energy-saving technologies implemented in late 2005.

Energy consumption decreased by 30%

Energy Intensity kwh/kg
kilowatt hour per kilogram shipped



Greenhouse Gas Emissions

Reductions in energy usage have produced dramatic reductions in Carbon Dioxide emissions and emissions intensity as a result. Energy efficiency as well as a change in the mix of types of energy used (more electricity, less natural gas) have resulted in a 37.5% reduction in emissions intensity since 2000. Over 1500 fewer tonnes of CO2 were emitted in 2007 than in 2000, even with higher volumes of linen shipped.

CO2 Emissions Intensity kg/kg
kilogram emitted per kilogram shipped



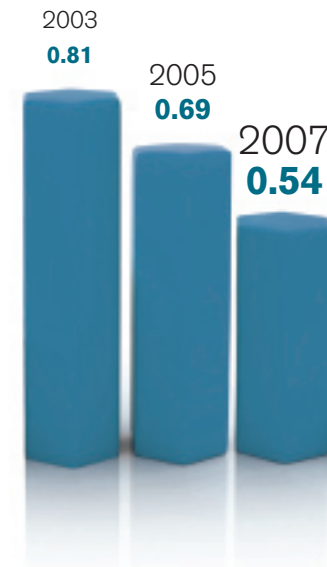
37.5% reduction in emissions intensity since 2000

Water Usage

Production efficiencies and recycling have also resulted in reductions in the quantities of water used at LHLS. In 2007, only 0.54 cubic feet of water was used per kg of linen shipped, compared to 0.81 cubic feet in 2000 – an improvement of over 33%!

Production efficiencies and recycling resulted in 33% less water used

Water Usage Intensity cuft/kg
cubic foot used per kilogram shipped



Washwater Chemistry

There have been no phosphates or fluorides used in our main washing processes for decades, and chlorine has not been used since 1989.

New Product Development

Our focus on environmental sustainability is proving to be a catalyst for innovation. As an example, the hybrid Complete Delivery System for operating room procedure packs reduces by almost 50% the amount of waste being sent to landfill by replacing single-use items with reusables wherever feasible. Innovations such as this are made possible by close collaboration with customers and suppliers.

Waste Diversion

Reusable hospital linens result in significantly less waste shipped to landfill. For example, one, reusable, Level 4

Gore-Tex™ gown replaces approximately 85 single use, Level 4 gowns. The amount of waste shipped to landfill is also minimized by recycling of cardboard, wood, metal and worn linen.

Social Responsibility

London Hospital Linen Service boasts one of the most diverse workforces in London, with over 9 different languages spoken. We are committed to creating a workplace that is the envy of the industry.

Leadership and communications training was initiated for all levels as part of our strategy to develop leaders from within the organization.

Safety is a top priority. There were only three lost time incidents in 2007. We are aiming for zero in 2008.

Extensive material handling improvements implemented over 2006-07 were designed as much for employee health and safety as for efficiency.

A new Employee Assistance Program launched in 2007 provides resources to help make the lives of our employees a little easier; balancing work and personal life so they can focus on what is important.

Employee surveys are conducted regularly to assess employee satisfaction.

Worn linens are donated to 3rd world relief organizations.

Financial Responsibility

Through improved energy efficiencies, reductions in water consumption, other plant improvements and forward-thinking management, LHLS has achieved strong financial success. 2007 was the second consecutive year that customers received energy rebates reflecting savings versus budget. An operating surplus in 2007 will allow the operation to further enhance our service to customers and ensure we build in the flexibility to meet changing healthcare needs.

Looking ahead.

Leading through partnerships and innovation

Consistently ranked as a North American leader by Q-Audit Management from Sweden, LHLS looks forward to building on our leadership position through outstanding partnerships that have inspired innovation throughout all aspects of the operation.

London Hospital Linen Service was proud to launch our new marketing direction at the Ontario Hospital Association Annual Conference in Toronto last November.

The booth, located in the “Green Lane,” attracted much attention from our partners—customers, vendors and other community members—interested in learning more about our EcoCare sustainability initiative. We will continue our marketing efforts in the year to come.

Our commitment to strong partnerships with our customers includes improved education and communications programs in 2008. Of particular note is the upcoming launch of Linen Fairs, an opportunity for all linen users within our customer organizations and our staff to exchange ideas and develop new responses to changing healthcare needs.

We will continue to implement improvements in our plant, using innovative strategies to make exceptional use of our plant footprint. An expansion of the loading dock is in the works to accommodate larger trucks.

LHLS is well positioned financially to rise to the challenge of change and growth anticipated over the next few years in our marketplace. Under the solid direction of our Board of Directors, our exceptional leadership team and valued employees are working to anticipate and fulfill our customers' evolving requirements. **As always, we are committed to assisting our customers in their mission of care.**

Board of Directors

Manning MacRae President and Chair

William (Bill) Wood Vice President

Tom Logan Secretary Treasurer

John (Jack) Brooks Trustee

Lloyd Stevens Trustee

Don White Trustee

Gary Koreen 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

Jerry Van Hamme Maintenance Manager



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