



Making a True Difference™

2011 Sustainability & Responsibility
Summary Report



Table of Contents

- 3 Executive Message
- 4 About This Report and Materiality
- 5 Governance and Strategy
- 6 Guests Summary
- 8 Employees Summary
- 10 Partners Summary
- 12 Children Summary
- 14 Community Success Summary
- 16 Community Giving Summary
- 17 Tim Hortons Coffee Partnership Summary
- 19 Environmental Stewardship Summary: Restaurant Waste
- 21 Environmental Stewardship Summary: Green Restaurant Design
- 23 Environmental Stewardship Summary: Corporate Initiatives
- 25 Environmental Performance Summary
- 26 Supply Chain Summary
- 29 Online Sustainability and Responsibility Report Features
- 30 Contact Us

156

Restaurants recycling their
hot beverage cups into
carry-out trays in
Nova Scotia

**DJSI
member**

Listed for the first time
on the Dow Jones
Sustainability Index
(North America)

**\$9.9
million**

Funds raised on Camp Day for
the Tim Horton Children's
Foundation

9%

Reduction in
corporate water
consumption*

**\$4
million**

Funds raised through our
Smile Cookie program
for local charities

6.7 %

Increase in the
fuel efficiency of our
distribution fleet**



The restaurant pictured above is Tim Hortons first restaurant to be registered for Leadership in Environmental Energy and Design (LEED®) certification with the Canada Green Building Council.

* compared to our 2008 corporate facility water consumption baseline

** compared to our 2008 fuel efficiency baseline



Executive Message

Welcome to the Tim Hortons 2011 Sustainability and Responsibility Report.

Making a True Difference™ is more than just the title of our report, it is the overarching framework that brings together all of our sustainability and responsibility programs and initiatives. At the foundation of Making a True Difference are the principles we use to help guide us on our sustainability journey:

Making a True Difference – Our Guiding Principles

- Do things that make a true difference.
- Acknowledge and respect our social, environmental and economic impact.
- Honour, respect and support individuals and stakeholders.
- Participate with, and build, our communities.
- Be honest and transparent in our communications.

These guiding principles help support our overall vision for sustainability – to be a leader in the North American quick service restaurant sector and across all sectors in Canada.

Sustainability and responsibility is a key corporate priority for our Company, and in 2011 we have made considerable progress. Some highlights include, but are not limited to:

- Our 2010 Sustainability and Responsibility Report was downloaded over 82,000 times from our website and the online version won the international 2011 ARC Gold Award hosted by MerComm, Inc.;
- We responded to the Carbon Disclosure Project (CDP) and placed in the Top 5 disclosure scorers in Canada;
- We were added to the Dow Jones Sustainability North American Index (DJSI);
- We added healthier options to our already balanced menu including: real fruit smoothies, egg white breakfast sandwiches, whole grain English muffins, and additional varieties of oatmeal – to name a few;

- Through our “Smile Cookie” Program we raised over \$4 million for local charities across Canada and in markets where we do business in the U.S.;
- We were awarded the 2011 Canadian Franchise Association Corporate Citizen Award;
- We piloted our “Cup-to-Tray” program in 156 standard restaurant locations in Nova Scotia, a program which enables us to recycle our hot beverage cups into our take-out trays;
- We increased the fuel efficiency of our distribution fleet by 6.7%; and,
- We revised and finalized our Animal Welfare Policy and worked with industry partners and our suppliers to understand and develop best practices.

We recognized that although we can take pride in what we have accomplished to date, there is a lot more to be done.

With respect to our sustainability and responsibility commitments and goals, we have reported our 2011 performance and are continually looking at opportunities to enhance our performance. Within this Report, we also share our next steps, future goals and the initiatives that are already underway.

Lastly, we are committed to comprehensive and transparent reporting in the years to come. I hope you enjoy our 2011 Sustainability and Responsibility Report. On behalf of Tim Hortons and our family of Restaurant Owners, I would like to thank you for your interest in our sustainability and responsibility journey, and we look forward to continuing to share our progress with you.

Paul D. House
Executive Chairman, President and Chief Executive Officer





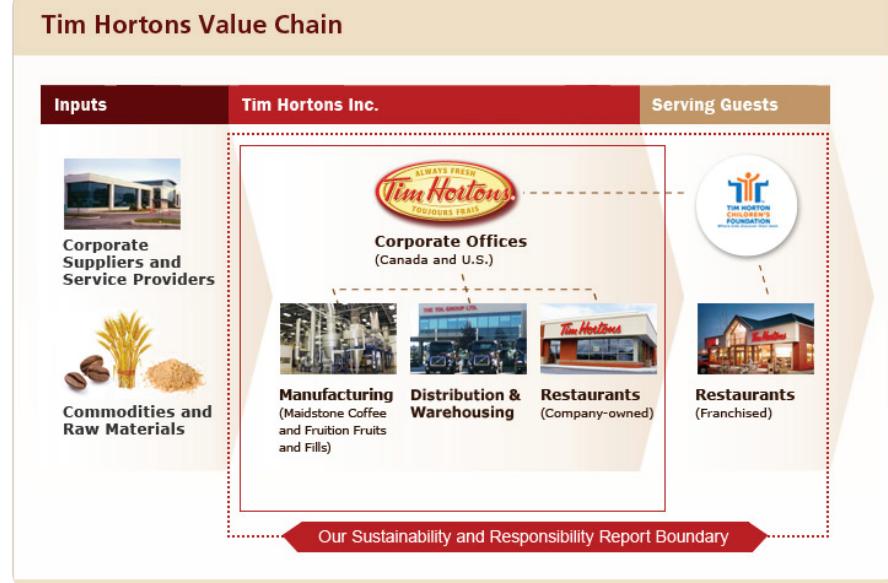
About This Report and Materiality

Welcome to our 2011 Sustainability and Responsibility Summary Report. We are excited to share our progress with you! This document represents only a summary of our achievements in 2011. Our complete 2011 Sustainability and Responsibility Report can be found at sustainabilityreport.timhortons.com/index.html.

Making a True Difference is the way we define sustainability and responsibility at Tim Hortons. We aim to make a true difference for individuals, our communities and the planet – every day.

Report Scope

Our report covers our 2011 fiscal year, which is the period from January 3, 2011–January 1, 2012 (unless otherwise noted). We followed the Global Reporting Initiative (GRI) G3.1 Sustainability Reporting Guidelines to determine our report boundaries.



Reporting Standards and Content

Our Sustainability and Responsibility Report has been prepared in accordance with the (GRI) Guidelines. Our complete [GRI Index](#) can be found online.

Our Report focuses on our three focus areas: Individuals, Communities and the Planet. To determine the most critical sustainability and responsibility issues to Tim Hortons, we engaged with our key stakeholders who include our guests, our Restaurant Owners and their Team Members, corporate employees, investors, suppliers and others. We prioritized the issues identified using an assessment of Company-wide risks and opportunities and a review of alignment with current Company strategic plans. The issues that had the greatest perceived impact on our business and on our stakeholders were:

Individuals	Communities	The Planet
<ul style="list-style-type: none">Balanced menu choicesHospitalityEmployee rights and practices	<ul style="list-style-type: none">Tim Horton Children's FoundationInvestment in community programs and charitiesTim Hortons Coffee Partnership	<ul style="list-style-type: none">Reducing litterResponsible packagingMinimizing our environmental footprint (greenhouse gas emissions, water, energy and waste)Sustainable and ethical supply chain practices



Our report boundary; Our value chain; 2011 awards; GRI Index





Governance and Strategy

The structure and supporting processes for governing sustainability and responsibility are covered through our **Sustainability and Responsibility Policy**. A summary of our sustainability and responsibility governance model is provided below:

Our Sustainability Strategy

2011 was an important year for sustainability and responsibility at Tim Hortons. We continued work on priorities and activities outlined in our initial sustainability and responsibility strategy that has been in place since 2009. Highlights of our executed strategic priorities to date include:

- Establishment of governance and oversight for sustainability and responsibility with the Company's Board of Directors, including approval of our Sustainability and Responsibility Policy;
- Issuance of our first Sustainability and Responsibility Report in 2010;
- Development and communication of our Sustainability and Responsibility Framework – Making a True Difference that has included:
 - Communication and engagement on Making a True Difference with key stakeholders, including corporate employees, Restaurant Owners, Restaurant Team Members, and guests;
 - Development of overarching commitments with supporting goals that include both qualitative and quantitative key performance indicators;
- Establishment of our environmental footprint baseline (2008) with respect to greenhouse gas emissions, energy and water use across our corporate facilities (offices, manufacturing operations and distribution network), Canadian standard restaurants, and Tim Horton Children's Foundation camps; and,
- Development, implementation and pilot verification of our Business Partner and Supplier Code of Conduct.

In 2011, we updated our sustainability and responsibility strategy and developed new priorities with a three-year road map for execution. The update of this strategy involved a comprehensive internal and external assessment. This assessment included best practice identification and analysis of current risks and opportunities, and stakeholder engagement. We placed particular emphasis on integrating recommendations from our inaugural external Sustainability and Responsibility Advisory Council in 2010. The results of our strategy development activities, and our future areas of emphasis, can be seen within the "next steps" sections of each of our three pillars (Individuals, Communities and the Planet) which you will find throughout this Summary Report.

Nominating and Corporate Governance Committee of the Board

VISION AND POLICY

Oversee the creation of a company-wide sustainability and responsibility policy; establishment of our Company's posture, guiding principles and standards

ACCOUNTABILITY

Ensure that a Board structure is in place for effective sustainability and responsibility governance, oversight, and accountability

STRATEGY AND RISK MANAGEMENT

Ensure that a multi-year sustainability and responsibility strategy and supporting implementation plan are in place that include management of risks and opportunities

REPORTING

Approve scope, metrics, standards and goals for sustainability and responsibility reporting



Our challenges; Risks and opportunities; Stakeholder engagement





INDIVIDUALS

Guests: Our Goals

% OF GOAL MET DID NOT MEET GOAL

Our Goals		2011 Performance Highlights	Next Steps
Enhance the availability of healthier options across our product categories and increase communication of the positive nutritional attributes and options within our menu.	100%	<ul style="list-style-type: none">We have made healthier options available across our product categories and have increased communication of positive attributes and options within our menu in 2011.We have also continued to focus on sodium reduction during the year, reducing sodium levels in our hot beverages, muffins and deli meats.	<ul style="list-style-type: none">We will continue to work to enhance the availability of healthier options across our product categories and to increase communication of the positive attributes and options within our menu.
100% response rate on enquiries that are received by Corporate Guest Services	100%	<ul style="list-style-type: none">From January 1 to December 31, 100% of our guests who requested a response from our Corporate Guest Services team received a response to their enquiry.	<ul style="list-style-type: none">We will work to maintain a 100% response rate on enquiries that are received by Corporate Guest Services where a response was requested by our guests.
Maintain ongoing implementation, communication and measurement of our comprehensive Food Safety Plan across all our restaurants 100% of corporate employees directly involved with restaurant operations will maintain up-to-date food safety certification	95%	<ul style="list-style-type: none">100% of our full serve restaurants open for at least one full year received a food safety audit between September 2010 and August of 2011¹.95% of corporate employees identified as being directly involved with restaurant operations had up-to-date food safety certification in 2011. The remaining 5% have registered for re-certification classes in Q1 2012.	<ul style="list-style-type: none">We are aiming for 100% of our full serve restaurants to receive at least two food safety audits every 12 months¹.We are aiming for 100% of corporate employees who directly influence restaurant operations to have up-to-date food safety certification in 2012.

(1) At this time, does not include international operations outside North America which follow a separate process.





2011 SUSTAINABILITY & RESPONSIBILITY SUMMARY REPORT

Nutrition

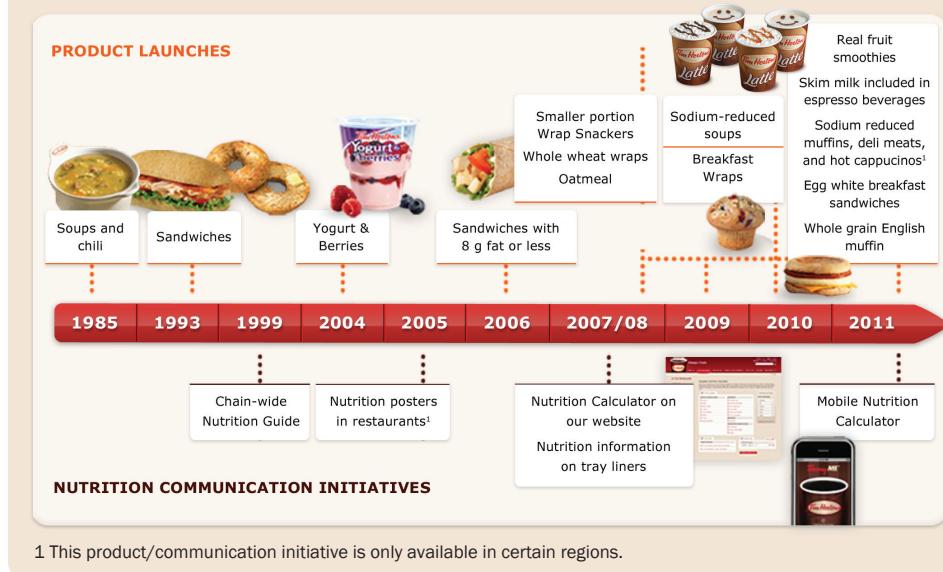
We believe in offering our guests balanced choices and therefore offer a wide variety of menu items to choose from. We strive to provide better-for-you options in each of our beverage and food categories.

Offering products that fit into a healthy lifestyle is something that is important to Tim Hortons. Our research and development team is continuously testing and developing products to meet the changing needs of our guests. The timeline below displays some of the healthy product launches and innovative nutrition communication initiatives we have executed in Canada and the U.S.

Better-for-you Menu Offerings

Breakfast	Lunch	Baked Goods & Snacks	Beverages
<ul style="list-style-type: none"> Oatmeal (mixed berry & maple) Egg white omelette Hickory smoked ham Whole grain English muffins Whole wheat wraps 	<ul style="list-style-type: none"> Broth based soups Whole wheat buns & wraps Sandwiches and wrap snackers with 8 g fat or less 	<ul style="list-style-type: none"> Yogurt & berries Apples (U.S. only) Bran and whole grain muffins and bagels Low fat cream cheese Trail mix cookie with fruit & nuts 	<ul style="list-style-type: none"> Real fruit smoothies 100% Juices (apple & orange) 2% milk & 1% chocolate milk Frothed skim milk used in espresso beverages

Nutrition Innovations Timeline



¹ This product/communication initiative is only available in certain regions.

DID YOU KNOW



In 2011 alone, more than 3,400 individuals participated in Food Safety certification classes in addition to tens of thousands of Restaurant Team Members who receive our general food system training.

Food Safety

At Tim Hortons, food safety includes the systems and Standard Operating Procedures that are carried out on a daily basis, throughout all areas of our restaurants, to protect our guests. Our goal is that safe food be provided to each and every guest, every day. Every new Restaurant Owner, District Manager and Restaurant Opening Team Member goes through our food safety training and is certified before opening a restaurant. We also support food safety by striving for optimal restaurant design and equipment selection to find the right tools to encourage the right behaviours.



Our sodium reduction initiative; Nutrition communications; Restaurant and supplier food safety audits





INDIVIDUALS

Employees: Our Goals

% OF GOAL MET DID NOT MEET GOAL

Our Goals		2011 Performance Highlights	Next Steps
Train all corporate employees in our Standards of Business Practices (SOBP) within their first year of employment	100%	<ul style="list-style-type: none">All new hires are educated in our SOBP within their first year of employment.In 2011, we designed a framework to launch new training focused on key Ethics and Compliance topics.	<ul style="list-style-type: none">We will continue to educate all our corporate employees in our SOBP within their first year of employment.We will implement our new Ethics and Compliance training in 2012.
All permanent corporate employees have an Individual Development Plan and receive an annual performance review ²	N/A in 2011 ³	<ul style="list-style-type: none">Three mandatory workshops covering goal setting, giving feedback, and delivering performance reviews were completed by our people managers.We are focused on supporting the evolution of our award winning culture to advance the business through building capability, commitment and performance.	<ul style="list-style-type: none">Capability: We are aiming for 100% of people managers to complete mandatory training sessions on performance management and 100% of permanent corporate employees to have an Individual Development Plan.Commitment: We will maintain or improve our levels of employee satisfaction and pride in our brand, as measured by the Employee Opinion Survey². We will also work to improve our “under 1 year” voluntary turnover rate by 10%.Performance: We are aiming for 100% of our permanent corporate employees to set annual goals aligned with business objectives and have an annual performance review.
A minimum of 95% of corporate employees feel proud that they work for our Company, and a minimum of 80% of corporate employees feel that our Company is a good place for them to pursue their career goals ²	N/A in 2011 ³	<ul style="list-style-type: none">We are focused on articulating our Employee Value Proposition and planning for an Employee Opinion Survey in 2012.	

(2) Performance for this goal will be reported every two years in conjunction with our corporate Employee Opinion Survey (EOS).

(3) Performance for this goal was not reported in 2011 because we did not conduct an EOS in 2011.





We're a great place to work!

As of January 1, 2012, we had a total of 2,026 corporate employees across Canada and the U.S and we're proud of the culture we have created at Tim Hortons. In fact, our 2010 Employee Opinion Survey showed that 97% of our corporate employees were proud to work for our Company!

DID YOU KNOW

41% of our corporate employees at the Manager level and above are female.

Diversity and Inclusion

We foster an inclusive workplace and we're proud to offer a respectful and friendly work environment. Corporately, we have chosen to focus our diversity efforts in three areas: gender diversity, generational diversity and cultural diversity. For example, in 2011 we have taken a leadership role in establishing the Canadian Chapter of the Women in Foodservice Forum.



Employee Engagement

In 2011, to further drive corporate employee engagement and ownership, we've given employees the opportunity to own common shares in the Company. We recently implemented our Employee Direct Share Purchase Plan (EDSPP) that provides a simple and convenient way to purchase Tim Hortons common shares. Employees can make contributions through payroll deductions to the EDSPP that will then purchase Tim Hortons shares on their behalf.

DID YOU KNOW

In 2011, to kick off the start of our Employee Direct Share Purchase Plan, we provided 1,639 employees each with a \$500 (gross) one-time purchase of common shares on their behalf.

DID YOU KNOW

To date, we have awarded 1,540 Team Tim Hortons scholarships, the equivalent of \$1,540,000, to our Restaurant Team Members!

Our Restaurant Team Members

Our business is unique in that over 99% of our restaurants are operated by franchisees. Therefore, the vast majority of employees who work at Tim Hortons restaurants ("Restaurant Team Members") are the employees of our Restaurant Owners and not Tim Hortons Inc. However, we do provide a robust offering of human resource programs, policies, guidelines and support to our Restaurant Owners to assist them with managing and developing their Restaurant Team Members.

It is important to us that new Restaurant Team Members feel welcomed in the workplace from day one and that they have a satisfying experience while working at our restaurants. We know that happy, engaged Restaurant Team Members are one of our greatest assets and this helps lead to happy and satisfied guests. Our Restaurant Team Member Promises statement is as follows:

We Promise to:

- Ensure you work with a great manager who supports you and helps you to succeed.
- Help you do your job with confidence, by offering a complete orientation, comprehensive training, and continuous personal development.
- Provide flexible scheduling that works around your life.
- Provide a positive environment, where your ideas and suggestions are encouraged and valued.
- Acknowledge your contributions and performance, and thank you for a job well done.
- Value you as an important member of our team and provide you with a fun atmosphere.



Employee learning and development; Employee performance management;
Our Standards of Business Practices; Tim Hortons University





INDIVIDUALS

Partners: Our Goals

% OF GOAL MET DID NOT MEET GOAL

Our Goals		2011 Performance Highlights	Next Steps
Incorporate our Advisory Council's feedback and recommendations into our sustainability and responsibility strategy	100%	<ul style="list-style-type: none">We have incorporated feedback and recommendations from our Advisory Council into our 2012–2014 sustainability and responsibility strategy.	<ul style="list-style-type: none">In 2012, we plan to form a group of Restaurant Owner Advisors to help guide our initiatives and further embed sustainability across our family of Restaurant Owners.
Report to the GRI Guidelines and participate in the Carbon Disclosure Project (CDP)	100%	<ul style="list-style-type: none">We followed the GRI G3.1 Guidelines in the creation of our 2011 SR Report.We participated in the CDP for the first time and received a score of 84, placing us within the Top 5 disclosure scorers in Canada and we were added for the first time to the Dow Jones Sustainability Index (DJSI) North America in 2011.	<ul style="list-style-type: none">We will continue to report using the GRI Guidelines, and respond to both the CDP and DJSI.





2011 SUSTAINABILITY & RESPONSIBILITY SUMMARY REPORT

In 2010, Tim Hortons created our first external Sustainability and Responsibility Advisory Council (SR Advisory Council) to provide guidance on our initial sustainability and responsibility strategy, commitments and goals. The 2010 SR Advisory Council members were as follows:

ADVISOR	AREA OF EXPERTISE
Marilyn Lee, Professor, School of Occupational and Public Health, Ryerson University	Food safety
Jason Potts, Associate and Program Manager, International Institute for Sustainable Development (IISD)	Sustainable coffee, supplier code of conduct
Peter Robinson, Chief Executive Officer, David Suzuki Foundation	Environment, supplier code of conduct
Jo-Anne St. Godard, Executive Director, Recycling Council of Ontario ¹	Packaging, waste diversion, recycling, litter
Yvonne Yuan, Associate Professor, School of Nutrition, Ryerson University	Nutrition

¹ Tim Hortons is a member of the Recycling Council of Ontario.

We looked to our 2010 SR Advisory Council to provide unbiased guidance and honest feedback on how we were doing on our most important sustainability issues. In early 2011, we asked the SR Advisory Council to provide us with feedback on our 2010 Sustainability and Responsibility Report.

We committed to incorporating appropriate SR Advisory Council recommendations into our 2012–2014 sustainability and responsibility strategy. In our online SR Report, we outline the SR Advisory Council's key feedback and recommendations and our response. We would like to thank the members of our first Advisory Council for their time, input and guidance along our Company's sustainability journey.

CARBON
DISCLOSURE
PROJECT

Carbon Disclosure Project

We participated for the first time in the Carbon Disclosure Project (CDP) by filling out their 2011 Investor CDP Information Request. We are proud to report that we received a disclosure score of 84 which puts us in the Top 5 disclosure scorers in Canada.



Dow Jones
Sustainability Indexes
Member 2011/12

Dow Jones Sustainability Index

We are proud to announce that we were added for the first time to the Dow Jones Sustainability Index North America (DJSI North America) in 2011. Launched in 1999, the Dow Jones Sustainability Indexes are the first global indexes tracking the financial performance of the leading sustainability-driven companies worldwide. The DJSI North America tracks the performance of the top 20% of the 600 largest companies from Canada and the United States in the Dow Jones Global Total Stock Market Index that lead the field in terms of sustainability. Tim Hortons is one of the few restaurant companies on the DJSI North America and the Company that consistently scored higher than industry group averages across most dimensions evaluated in the DJSI.



SR Advisory Council recommendations; GRI Index





COMMUNITIES

Children: Our Goals

% OF GOAL MET DID NOT MEET GOAL

Our Goals		2011 Performance Highlights	Next Steps
17,000 economically disadvantaged children participating in Tim Horton Children's Foundation camps and programs by 2013	80%	<ul style="list-style-type: none">In 2011 we welcomed 13,414 campers through our Tim Horton Children's Foundation camps. Our target date to achieve this goal has been revised as we have delayed the opening of our new camp in Manitoba.In 2011, we gave out 243 bursaries worth approximately \$600,000 to graduates of our Youth Leadership Program for post-secondary education.	<ul style="list-style-type: none">We will continue to work towards 17,000 economically disadvantaged children participating in Tim Horton Children's Foundation camps and programs by the end of 2015.We will continue to invest in youth by providing over 1,000 bursaries to graduates of our Youth Leadership Program for post-secondary education by the end of 2015.
Together with our Restaurant Owners, guests and other supporters, raise a minimum of \$10 million on Camp Day	99%	<ul style="list-style-type: none">Together with our Restaurant Owners, Team Members, and the community, approximately \$9.9 million was raised on Camp Day in 2011.	<ul style="list-style-type: none">Together with our Restaurant Owners, Team Members and the community, we are aiming to raise over \$10 million on Camp Day in 2012.





2011 SUSTAINABILITY & RESPONSIBILITY SUMMARY REPORT

The Tim Horton Children's Foundation (Foundation) was established in 1974 in memory of the great hockey player, Tim Horton. The Foundation provides an enriching and memorable camp experience for children and youth living in economically disadvantaged homes. We have grown to five camps in Canada and one in the United States, serving more than 14,000 children and youth in 2011.

A Foundation camp experience provides programs that develop lifelong skills in children and youth. When they return home from camp, they take with them a more positive attitude about their future and the confidence to achieve the goals they learned to set for themselves at camp. When asked by the Foundation if their child talks more positively about their future after returning from camp, one parent responded: "Oh yes! She is so excited about her future; the camp was like a diving board. She was not sure what she wanted to do and now she is positive that becoming a teacher is her goal." Foundation camp programming lays the groundwork to empower campers to want more for themselves, and to be more.

The Foundation operates throughout the entire year, and runs three core programs:



Summer Camp Program – Tim Hortons Restaurant Owners work closely with community organizations and schools to select economically disadvantaged children between the ages of nine and 12 for a once in a lifetime 10 day summer camp experience.

Year Round Group Program – Operating throughout the fall, winter and spring, this program is for groups and schools that serve children who meet the Foundation's criteria. These groups attend a three to seven day residential camping adventure and take part in all aspects of Foundation camp activities.

Youth Leadership Program – Each year former campers apply to take part in this program. This program occurs over five 10 day summer sessions over the course of five years, and is for youth who have an interest in developing lifelong leadership skills.

Funding for the Tim Horton Children's Foundation comes primarily from donations from our Restaurant Owners, suppliers and from public donations collected through counter coin boxes located year-round at our restaurants.

The largest single fundraising event is Camp Day. Camp Day is the one day (during the first week of the month of June) when our Restaurant Owners donate 100% of their coffee proceeds, plus other funds raised throughout the 24-hour period, to the Foundation. In 2011, Camp Day raised an incredible \$9.9 million CAD, just short of our goal of \$10 million.

DID YOU KNOW



On Camp Day, our Restaurant Owners donate 100% of their coffee proceeds to the Tim Horton Children's Foundation.



Funding for our camps; Videos of campers





COMMUNITIES

Community Success: Our Goals

% OF GOAL MET DID NOT MEET GOAL

Our Goals		2011 Performance Highlights	Next Steps
Invest a minimum of \$15 million through our national, regional and local initiatives in 2011	100%	<ul style="list-style-type: none">Together with our Restaurant Owners, we invested \$16 million through our community initiatives across Canada in 2011.	<ul style="list-style-type: none">Together with our Restaurant Owners, we are aiming to invest \$100 million through our community initiatives in Canada over the next seven years, by the end of 2018.
Together with our Restaurant Owners and guests, raise \$3.5 million for local charities through our Smile Cookie Program in 2011	100%	<ul style="list-style-type: none">Through our 2011 Smile Cookie Program, we raised \$4 million for local charities across Canada and in the U.S.	<ul style="list-style-type: none">Together with our Restaurant Owners and guests, we are aiming to raise \$4.1 million through our Smile Cookie Program in 2012 for local charities across Canada and in the U.S.
Maintain a meaningful, structured and long-term partnership with the Aboriginal community	100%	<ul style="list-style-type: none">In 2011, we focused on developing and implementing programs and initiatives within the Education, Employment, Empowering Youth, and Economic Development pillars of our Aboriginal Relations framework.	<ul style="list-style-type: none">Education: We are aiming for 30,000 new Restaurant Team Members to complete Aboriginal Awareness training in 2012.Employment: We will facilitate more Restaurant Owner workshops to improve recruitment and retention of Aboriginal community members in 2012.Empowering Youth: We are aiming for a total of 5,000 Aboriginal youth to attend Tim Horton Children's Foundation camps for structured learning by the end of 2014.Economic Development: We are striving for 10 new Aboriginal-owned restaurants or kiosks to be opened on traditional lands by the end of 2014.





Our Community Initiatives

Our Restaurant Owners live in and are a part of the communities where we do business. We're proud to have established a reputation for giving back to our communities and are continually looking for ways to better support the cities and towns where our guests live. Through working together with our Restaurant Owners, we have developed a number of community programs and in 2011, this represented approximately \$16 million of funding that went back to support the communities where we do business.

Timbits Minor Sports

One of our most widely recognized programs is our Timbits Minor Sports program for entry level children aged four to eight years old. Together with our Restaurant Owners, we invested over \$3 million in 2011 for associations to acquire uniforms, and other much needed items. In 2011, approximately 72,000 children participated in Timbits Minor Hockey, 180,000 children participated in Timbits Minor Soccer and 25,000 children in other Timbits Minor sports.



Leads the league
in assists.



Smile Cookie

Our Smile Cookie program is a unique program that raises much needed funds for charities across Canada and in the United States. Each year, for one week during September, we sell special Smile Cookies (our famous chocolate chip cookies decorated with a smiley face). During that time, 100% of the proceeds from the sale of our Smile Cookies are donated to local charities, hospitals and community programs.

DID YOU KNOW



We raised approximately \$4 million for local charities across Canada and the U.S. in 2011!

Other Community Initiatives

Highlights in 2011 from some of our other programs include the following:

- We rented almost 4,900 hours of ice time at more than 350 local arenas across Canada through our Free Holiday Skate program;
- More than 1,800 hours of pool time was sponsored across local communities;
- More than 120 regions in Canada participated in a food drive that asked our guests to drop off nonperishable food items;
- 490 children participated in the Earn-A-Bike program across 23 communities in Canada.

Horizons: Aboriginal Relations

Over the past several years we have been working on implementing a meaningful, structured and long-term partnership with the Aboriginal community and we made significant progress in each of our key areas in 2011 as follows:

- Education: Approximately 37,700 Restaurant Team Members completed Aboriginal awareness training
- Empowering Youth: More than 1,600 Aboriginal youth attended our Foundation camps
- Economic development: As of the end of 2011, we had 10 restaurants located on reserves, and four restaurants were Aboriginal-owned
- Employment: In 2011, we piloted a "Mastering Aboriginal Inclusion" workshop for Restaurant Owners in Western Canada and an Aboriginal Students Education to Employment Program (ASEEP) in Ottawa



Free skate/free swim; Food drives; Earn-a-bike program; Aboriginal Relations





2011 SUSTAINABILITY & RESPONSIBILITY SUMMARY REPORT

Corporate Giving

We believe we have a positive role to play in enabling communities to thrive and grow. We are proud to support a number of causes each year, either through financial support, product donations or gifts-in-kind and employee volunteer time. Annually, we also provide a \$1.25 million corporate donation to the Tim Horton Children's Foundation which provides disadvantaged children the opportunity to go to camp.

With our network of more than 4,000 restaurants across Canada and the U.S., we can make a big impact by helping to facilitate charitable giving by our Tim Hortons family. This includes our Restaurant Owners, Restaurant Team Members and guests.

2011 COMMUNITY GIVING SUMMARY

	Approximate amount (CAD)
Community giving from Tim Hortons Inc.	\$ 2,000,000
Community giving from Restaurant Owners, facilitated by Tim Hortons Inc. ¹	17,000,000
Community giving from guests and partners, facilitated by Tim Hortons Inc. ²	21,000,000
TOTAL COMMUNITY GIVING	\$ 40,000,000

1 This amount represents the proportion of contributions made by Restaurant Owners to the Advertising and Promotion Fund (Canada) Inc. designated to community programs. It does not include other personal contributions made by our Restaurant Owners to the communities in which they live. For more information about our Advertising & Promotion Fund (Canada) Inc., please see our 2011 Annual Report and Form 10-K.

2 This amount represents contributions made by our Guests and Partners, facilitated by Tim Hortons Inc. and our Restaurant Owners.

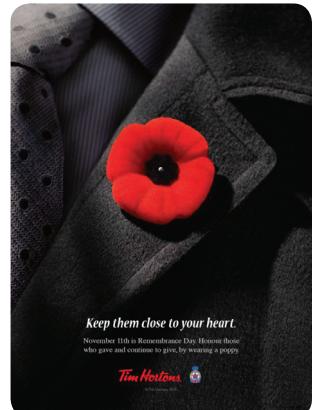


Tim Hortons Chairman, President and CEO, Paul House (centre) and VP, Operations, Doug Anthony (on left) are presented with the Canadian flag from the Kandahar base by Brigadier-General Fred Bigelow.

Tim Hortons Support of the Military

Tim Hortons was proud to offer a "Taste of Home" to soldiers in Kandahar for the past five years, until the withdrawal of troops from Afghanistan in late 2011. The mobile Tim Hortons trailer operated by the Kandahar Air Force base served an estimated 2.5 million guests, four million cups of coffee, three million donuts, and a half million iced cappas and bagels to soldiers and civilians from 37 different nations.

During operations in Kandahar, we waived all fees and operating costs typically associated with a Tim Hortons franchise, and we directed the money from the Kandahar outlet back to military family support programs through the Canadian Forces Personnel and Family Support Services.



Natural disaster relief efforts





COMMUNITIES

Tim Hortons Coffee Partnership: Our Goals

% OF GOAL MET DID NOT MEET GOAL

Our Goals		2011 Performance Highlights	Next Steps
Achieve a three-year average of 1,500 small holder farmers participating in our Coffee Partnership projects in 2011	95%	<ul style="list-style-type: none">From 2009 to 2011, we averaged 1,421 farmers participating in our Coffee Partnership projects.In 2011, we increased the number of farmers participating in our projects by 39%.	<ul style="list-style-type: none">We hope to maintain a three-year average of 1,500 small holder farmers participating in our Coffee Partnership projects in 2012.
Hold 4,500 technical training demonstrations for farmers and ensure 95% of farmers have a farm management plan in 2011	100% (training and plans)	<ul style="list-style-type: none">In 2011, we performed 10,733 technical training demonstrations for farmers. On average, each farmer participated in more than six training demonstrations. We exceeded our goal due to the large number of new farmers in the projects.95% of our project farmers had a farm management plan in 2011.	<ul style="list-style-type: none">We are aiming to hold 5,000 technical training demonstrations for farmers in 2012 and to maintain 95% of farmers having a farm management plan.
Achieve a three-year average of 3,000 hectares of land under environmentally sustainable management in 2011 which is to include 90% of water recycled and/or treated on project farms and 100% of farmers not using banned pesticides	100% (land and pesticides) 90% (water)	<ul style="list-style-type: none">From 2009 to 2011, we had an average of 3,021 hectares of land under environmentally responsible management.In 2011, 80% of water was recycled and/or treated on project farms. Unfortunately, not all coffee processing lines were fully equipped to treat/recycle water as process improvements and equipment installation require several months to implement.100% of our farmers did not use banned pesticides in 2011.	<ul style="list-style-type: none">We hope to achieve a three-year average of 3,500 hectares of land under environmentally sustainable management in 2012.We are aiming for 90% of water recycled and/or treated on project farms in 2012 and maintaining 100% of farmers not using banned pesticides.





The Tim Hortons Coffee Partnership helps small-scale coffee farmers and their communities by supporting them in key economic, social and environmental areas that will improve their coffee business and their lives. Our approach is unique from other coffee initiatives because we are involved in grassroots projects that work directly with farmers, local coffee organizations, and government and non-government organizations. Through these projects, the farmers are encouraged to improve farming practices to produce higher quality coffee more efficiently, giving them more control and options for their coffee.

Our key areas of focus include:

- Establishing technical skills to improve the quantity and quality of coffee produced;
- Helping farmers organize with others in their community to reduce costs and ensure their coffee gets to market at the best time and at the best price;
- Providing a framework for youth and education programs and supporting housing improvements; and
- Strengthening environmental management by educating farmers on sustainable farming techniques.

DID YOU KNOW



To date, we have worked with more than 2,500 farmers in four countries: Brazil, Colombia, Guatemala, and Honduras.

At its heart, Tim Hortons Coffee Partnership is about improving the lives of coffee farmers. By empowering them with the skills they need to succeed, their families and the entire community benefits. It's a philosophy consistent with our long history of giving back to the communities we serve.

Third Party Verification

In 2011, we had 32 of our key performance indicators verified by an independent third party, Control Union Certifications (CUC). A copy of CUC's verification letter is available for download online.



DID YOU KNOW



Tim Hortons Teas Are Part of the Ethical Tea Partnership



Tim Hortons is proud that all varieties of tea-leaf based tea served in our restaurants, including our brewed and specialty teas¹, are sourced from a member company of the Ethical Tea Partnership (ETP).

ETP is a non-commercial alliance of international tea companies that share a vision of a thriving global tea sector that is socially just and environmentally sustainable. ETP staff work directly with tea producers to ensure that they meet international labour standards, so that workers are fairly treated, and the environment is protected. All ETP activities, including independent third-party auditing against the ETP standard, are free to producers.

Find out more at ethicalteapartnership.org.

1 Excludes chamomile, honey lemon, peppermint, and apple cinnamon teas because they are not tea-leaf based.



Our Coffee Partnership approach; Project regions; Key performance indicators





THE PLANET

Restaurant Waste: Our Goals

% OF GOAL MET DID NOT MEET GOAL

Our Goals		2011 Performance Highlights	Next Steps
5% reduction in packaging within our supply chain and manufacturing operations by the end of 2012	Did not meet	<ul style="list-style-type: none">We successfully implemented a number of packaging reduction initiatives in 2011.In evaluating our baseline packaging consumption we determined that our original goal needed to be broader, and include a more comprehensive review of overall environmental impacts.	<ul style="list-style-type: none">We will continue to work to understand the impacts of our current consumer facing and vendor supplied packaging by developing a standardized process for evaluating overall environmental impacts by the end of 2012.
Continue to work to achieve waste diversion and appropriate end-of-life solutions for our hot beverage cup and other packaging	100%	<ul style="list-style-type: none">The number of restaurants diverting our hot beverage cup and other paper packaging increased 22% in 2011 to over 800 restaurants.We launched our "Cup-to-Tray" program in 156 standard restaurant locations in Nova Scotia, which recycles our hot beverage cups into our take-out trays.In 2011, the number of restaurants with three-or four-stream recycling units was more than 1,890. Having these units on site allows our restaurants to take hot beverage cups and other paper packaging as soon as markets are confirmed.	<ul style="list-style-type: none">Together with our Restaurant Owners, we are striving to build on our current level of success and develop a comprehensive waste diversion strategy for our restaurant system.By 2016, we hope to achieve wide-scale implementation of bottles, cans and cardboard recycling programs and increase the number of restaurants diverting paper packaging (including our hot beverage cups) and organic waste by 20%.





The 3Rs – Reduce, Reuse and Recycle

The 3Rs are part of everyday business at Tim Hortons. We seek to offer our guests the opportunity to Reduce, Reuse and Recycle Tim Hortons packaging each time they visit one of our many restaurants. We are one of the few Quick Service Restaurants that provides our guests with the opportunity to reduce packaging by using china while dining in our restaurants.

In instances where packaging cannot be reduced or avoided, we are committed to implementing and increasing access to waste diversion programs; this includes both recycling and composting. For example, guests have the ability to recycle their hot beverage cup and other paper packaging in more than 800 of our restaurants! Access our [Interactive Recycling Map](#) online to view progress in your province.

We are also making progress in organic waste diversion of coffee grinds and food waste. In 2011, more than 450 restaurants across our chain had composting programs in place for coffee grinds and/or food waste. Waste diversion programs for paper packaging and organic waste continue to expand where feasible.

DID YOU KNOW

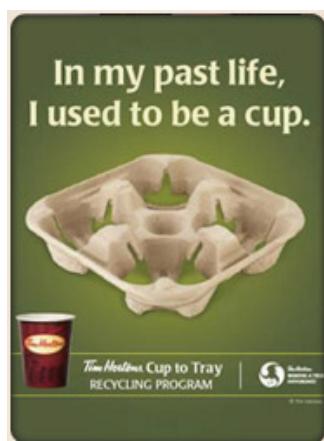


Your first coffee is free when you purchase a Tim Hortons travel mug. You also receive a 10-cent discount on any future hot beverage purchases when you bring in a travel mug.

Are hot beverage cups recyclable?

When we first started looking for end of life solutions for our hot beverage cups, no one knew whether the cup could be recycled. Now, through work with waste industry experts and mill trials, we know that Tim Hortons hot beverage cups can be successfully recycled. Presently, the challenge is one of access to recycling programs that accept and process our hot beverage cups, rather than an issue with the composition of the cup itself. To learn more about our cup, check out our [Anatomy of a Cup](#) video online.

Cup Innovations Timeline



Cup to Tray

In October 2011, Tim Hortons rolled out a new Cup to Tray recycling program in Nova Scotia. This program allows for hot beverage cups to be collected from all 156 of our traditional restaurants in the province and converted into our take-out trays. This program made Tim Hortons the first quick-service restaurant in North America to "close-the-loop" and recycle used cups into another product our restaurants use.



Restaurant waste profile; Collaboration and outreach; Compliance programs





THE PLANET

Green Restaurant Design: Our Goals

% OF GOAL MET DID NOT MEET GOAL

Our Goals		2011 Performance Highlights	Next Steps
Monitor and assess the performance of our Leadership in Energy and Environmental Design (LEED®) pilot restaurants and register an additional five restaurants for certification in 2011	80%	<ul style="list-style-type: none">We registered four restaurants for LEED certification in 2011 and have two other restaurants in the process of being registered.Our current LEED restaurants showed a significant improvement in energy consumption compared to our base 2010 non-LEED restaurant design.	<ul style="list-style-type: none">We will continue to explore LEED applications for our restaurants and are aiming to register a minimum of 30 new restaurants for LEED certification by the end of 2016.

At Tim Hortons, we are **Making A True Difference™** for the planet **EVERY DAY**

GREEN RESTAURANT DESIGN

EXTERIOR — click the icons below for more info

ENTER FOR MORE

Welcome to Tim Hortons' first restaurant in Canada to be registered for Leadership in Energy and Environmental Design (LEED®) Certification with the Canada Green Building Council. This restaurant is one of many across our chain that will serve as a learning environment for sustainable building and design initiatives. We hope to introduce the initiatives that we determined are feasible into our newly constructed and renovated restaurant. The knowledge gained and data gathered at these restaurants will help us continue to build more efficient and environmentally friendly restaurants.

MENU +

Take a virtual tour of one of our restaurants that is acting as a learning environment for sustainable building and design initiatives. Visit our complete 2011 Sustainability and Responsibility Report at sustainabilityreport.timhortons.com/index.html.





Green Building Design

We are continually evaluating new technology, design and construction methods to improve the energy and water efficiency of our buildings and to lighten our overall environmental footprint. We pilot and test emerging technologies and, where feasible, introduce them into our standard restaurant designs. For a green building product or technology to succeed it must meet three key criteria:

- Is it cost effective? Up-front costs may sometimes be higher but yield significant payback over time.
- Is it repeatable? New technologies often require other changes to the restaurants that aren't feasible for us.
- Will it work? Many ideas work well in residential or large commercial developments but don't meet our needs.

In 2011, we worked on reducing operating costs and challenging our suppliers to provide more sustainable green building solutions. Changes and updates to lighting, kitchen equipment, faucets, and building materials were explored. Many items were tested and will be integrated into our 2012 renovations and new restaurant builds.



Leadership in Energy and Environmental Design (LEED)

In 2011, we registered four restaurants for LEED certification and have two additional restaurants in the process of being registered:

- Guelph, Ontario (registered)
- Brampton, Ontario (registered)
- Vancouver, British Columbia (registered)
- Ithaca, New York (registered)
- Nepean, Ontario (in process)
- Ancaster, Ontario (in process)

We also focused on monitoring the performance of our LEED restaurants in order to determine which initiatives would be rolled into our standard restaurant designs. In order to do this, we installed energy management systems into LEED and non-LEED restaurants to provide us with real time data for comparison purposes.

Based on the data provided to date, our LEED restaurants are showing a significant improvement in energy consumption compared to a 2010 non-LEED restaurant design. This is encouraging and we will continue monitoring the performance of our LEED restaurants against our non-LEED restaurants.

To take a tour of one of our LEED restaurants, visit our **Green Restaurant Design Feature** online.

Improving our Restaurant Equipment

At Tim Hortons, our Equipment Purchasing Team is constantly looking for ways to reduce the environmental impact of the equipment used at our restaurants. Some examples of initiatives we worked on to help reduce the environmental impact of our restaurant equipment include, but are not limited to:

- Requiring all of our Canadian millwork suppliers to use only Forest Stewardship Council (FSC) certified wood for millwork done in our Canadian restaurants.
- Encouraging a Light Emitting Diode (LED) retrofit program for Restaurant Owners with older restaurants in Canada. We have continued to include LED lighting in various applications of our restaurants.



Take a tour of a LEED restaurant; Restaurant energy and water consumption





THE PLANET

Corporate Initiatives: Our Goals

% OF GOAL MET DID NOT MEET GOAL

Our Goals		2011 Performance Highlights	Next Steps
5% energy and water use reduction for all our corporate buildings and new restaurant construction by the end of 2011	 100% (corporate water, new restaurant energy) Did not meet (corporate energy)	<ul style="list-style-type: none">We achieved a 9% reduction in water consumption at our corporate buildings in 2011 compared to our baseline year of 2008.Our corporate energy use increased by 6% over the same period due to the opening of our Ancaster coffee roasting facility (2009) and Kingston Distribution Centre (2011).We estimate a 5%-9% reduction in energy consumption for our restaurants built in 2011 compared to our baseline year of 2008⁴.	<ul style="list-style-type: none">We will continue to focus on reducing the environmental impacts of our corporate operations and work towards a 10% reduction in energy/water consumption and landfill waste at our corporate offices by the end of 2014.At our manufacturing and distribution facilities, we hope for a 10% increase in waste diversion by the end of 2014.We will continue to test innovative energy and water reduction initiatives for our restaurants.
5% increase in fuel efficiency for our distribution fleet by the end of 2011	 100%	<ul style="list-style-type: none">We achieved a 6.7% increase in fuel efficiency for our distribution fleet⁵ by the end of 2011.	<ul style="list-style-type: none">We will continue to reduce the environmental impact of our distribution fleet by working towards a 15% increase in fuel efficiency and a 10% increase in "average cases shipped per kilometer" by the end of 2014.

(4) Based on our standard restaurant design plans. At this time, we are unable to provide data on the reduction of restaurant water consumption.

(5) This result excludes truck refrigeration units at this time.





Corporate Buildings

In addition to working with our Restaurant Owners to minimize the environmental impact of our restaurant buildings and operations, we have been working hard to minimize our corporate environmental footprint as well. Some of the accomplishments we achieved in 2011 include:

- Our Maidstone Ancaster coffee roasting plant was able to reduce the amount of waste sent to landfill by an impressive 69% through various programs. One such program includes sending used jute bags (the natural fiber bags we received our coffee beans in) to Pakistan where they are used to stuff furniture;
- Our fondant and filling producing facility, Fruition Fruits & Fills converted our round fondant pails into square pails which saved enough space on each pallet that we were able to reduce the number of pallets used by 750 pallets each year and generated freight, pallet and handling savings;
- Our distribution and warehousing operations continued to focus on energy-saving initiatives such as re-lamping to energy efficient lights, installation of occupancy sensors in our office space, and installation of variable frequency drives in our refrigeration systems; and,
- In our corporate office buildings, we performed surveys of our water, natural gas and electricity consumption, as well as detailed lighting and HVAC system audits to document all equipment and establish a baseline for future improvements.

DID YOU KNOW



Our two main office buildings located in Oakville, Ontario are actually repurposed distribution facilities used by our Company a number of years ago.



Transportation Efficiency

We recognize that our 114 vehicle Distribution Fleet makes up the majority of our corporate environmental footprint. Given the frequency and distance that the fleet travels in order to service our restaurants, this is not surprising and we will continue to focus on improving the fuel efficiency of our fleet. In 2011, we are proud to announce that our Distribution Fleet realized a 6.7% increase in average km/L. Not only does this mean less greenhouse gases were emitted into the atmosphere, but it also helped improve our bottom line, resulting in an overall cost savings of just under \$1 million over the three years!

Right Sizing our Packaging

At Tim Hortons, our Packaging Research and Development Team is constantly looking for ways to reduce the amount of packaging we use. Some examples of initiatives we have taken in 2011 to help reduce packaging waste include:

- We worked with our main lettuce supplier to change the box used to ship lettuce by eliminating extra headspace and changing the width and length of the shipping case. This allowed us to achieve a 25% increase in bags of lettuce per pallet, resulting in almost 800 fewer pallets within the Tim Hortons supply chain each year; and
- Together with our soup suppliers, we eliminated extra unused space in our soup shipping boxes as well as increased the size of our shipping cases in order to double amount of soup each case could hold. With these two changes we were able to reduce the number of pallets used by more than 2,800 per year.



Corporate energy and water consumption; Our greenhouse gas emissions; Corporate life cycle assessment



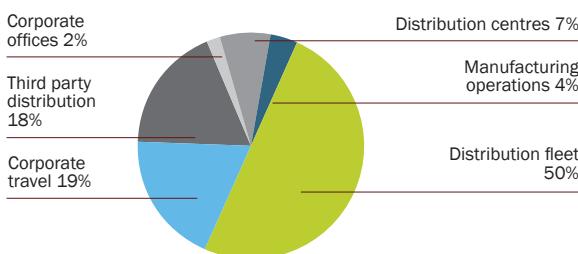


2011 SUSTAINABILITY & RESPONSIBILITY SUMMARY REPORT

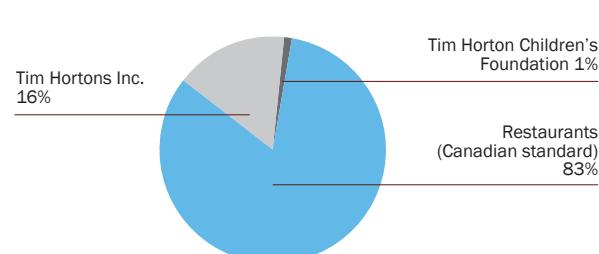
Environmental Performance Summary

	2011 ¹	2010 ^{1, 16}	2008 ^{1, 16}	Unit of measurement
TIM HORTONS INC. (CORPORATE OFFICES, DISTRIBUTION CENTRES AND MANUFACTURING FACILITIES)²				
Energy				
Direct Energy Use ³	34,076,501	31,550,027	24,903,519	kWh
Indirect Energy Use ⁴	25,291,970	22,387,496	18,971,204	kWh
Total Energy Use	59,368,471	53,937,523	43,874,723	kWh
Energy Intensity ⁵	0.0208	0.0213	0.0197	KWh/\$ Revenue
Water				
Total Water Consumption	73,094,592	63,448,218	62,539,377	L
Water Intensity ⁵	0.0256	0.0250	0.0281	L/\$ Revenue
GHG Emissions (CO₂e)⁶				
Total CO ₂ e Emissions ⁷	35,063	34,005	33,412	tonnes
CO ₂ e reductions from green power purchases ⁸	(7)	(10)	-	tonnes
Net CO ₂ e Emissions	35,056	33,995	33,412	tonnes
RESTAURANTS (CANADIAN STANDARD RESTAURANTS)⁹				
Energy				
Direct Energy Use ³	204,371,238	156,547,109	112,517,227	kWh
Indirect Energy Use ⁴	861,551,857	791,612,038	938,804,052	kWh
Total Energy Use	1,065,922,857	948,159,147	1,051,321,279	kWh
Energy Intensity ⁵	0.211	0.201	0.254	kWh/restaurant sales (\$) ¹⁰
Water				
Total Water Consumption	5,702,907,799	4,458,065,850	4,000,266,260	L
Water Intensity ⁵	1.13	0.95	0.97	L/restaurant sales (\$) ¹⁰
GHG Emissions (CO₂e)⁶				
Total CO ₂ e Emissions ¹¹	177,793	179,155	195,663	tonnes
CO ₂ e reductions from green power purchases ⁸	(26)	(56)	(68)	tonnes
Net CO ₂ e Emissions	177,767	179,099	195,595	tonnes
TIM HORTON CHILDREN'S FOUNDATION¹²				
Energy				
Direct Energy Use ³	3,904,711	3,379,814	3,244,569	kWh
Indirect Energy Use ⁴	2,949,596	2,858,105	2,827,401	kWh
Total Energy Use	6,854,307	6,237,919	6,071,970	kWh
Energy Intensity ⁵	86.76	61.41	52.20	kWh/participant days ¹³
Water				
Total Water Consumption	23,253,390	16,006,336	N/A ¹³	L
Water Intensity ⁵	294.34	157.58	217.43 ¹³	L/participant days ¹⁴
GHG Emissions (CO₂e)⁶				
Total CO ₂ e Emissions ¹⁵	2,289	2,106	2,692	tonnes
CO ₂ e reductions from green power purchases ⁸	-	-	-	tonnes
Net CO ₂ e Emissions	2,289	2,106	2,692	tonnes
GHG EMISSIONS (CO₂e) BY SCOPE⁶				
Total Gross emissions Scope 1 (Direct)	19,173	18,180	16,075	tonnes
Total Gross emissions Scope 2 (Indirect)	4,068	3,723	4,437	tonnes
Total Gross emissions Scope 3 (Other Indirect)	191,904	193,363	211,255	tonnes
Total Gross CO₂e Emissions	215,145	215,266	231,767	tonnes
CO ₂ e reductions from green power purchases ⁸	(33)	(66)	(68)	tonnes
Total Net CO₂e Emissions	215,112	215,200	231,699	tonnes

2011 TIM HORTONS INC. GHG EMISSIONS
(35,063 tonnes of CO₂e)



2011 TIM HORTONS GHG EMISSIONS
(215,145 tonnes of CO₂e)



Footnote information can be found in our online Sustainability and Responsibility Report at sustainabilityreport.timhortons.com/index.html





THE PLANET

Supply Chain: Our Goals

% OF GOAL MET DID NOT MEET GOAL

Our Goals		2011 Performance Highlights	Next Steps
Implement our Business Partner and Supplier Code of Conduct (BPSCC) with all of our remaining business partners and suppliers in 2011	Did not meet	<ul style="list-style-type: none">Due to the large number of business partners and suppliers we work with, BPSCC implementation with all our suppliers proved to be more challenging than anticipated.We piloted our BPSCC Verification Program with three of our key food vendors.	<ul style="list-style-type: none">Using a refined and risk-based approach we intend to implement our BPSCC and our independent Verification Program by the end of 2013.
Specific to our coffee sourcing partners, pilot our Business Partner and Supplier Code of Conduct Verification Program in 2011 and amend our procedures as required	100%	<ul style="list-style-type: none">We piloted our BPSCC Verification Program with two of our coffee exporters, successfully completing independent audits at the dry mill level in Colombia and Brazil.	<ul style="list-style-type: none">We intend to refine and implement our BPSCC Verification Program with all our coffee sourcing partners by the end of 2013.
Revise and finalize our Animal Welfare Policy in 2011	100%	<ul style="list-style-type: none">We revised and finalized our Animal Welfare Policy.We have worked with our industry partners and suppliers to understand and develop best practices.	<ul style="list-style-type: none">We will continue to work with our industry partners, suppliers and other stakeholders to understand and develop realistic long-term improvements in the areas of egg-laying hen and pork housing systems.Within the next 12 months we will commence sourcing a minimum of 1% of our eggs from producers using enriched-cage housing systems.





About Our Supply Chain

Tim Hortons supply chain is made up of a wide network of suppliers, some of whom provide us with goods that ultimately end up in our restaurants, while others provide us with goods or services that help us in our day-to-day business operations. We believe that lasting sustainable supply chain improvements are best achieved through working together which we do at events such as our annual Supplier Symposium or through one on one interactions.

Our Business Partner and Supplier Code of Conduct

In 2010 we developed our Business Partner and Supplier Code of Conduct (BPSCC) which is a document outlining our expectations with respect to compliance with applicable laws and regulations, conditions of employment, workplace environment, and business ethics. The BPSCC is based on internationally accepted labour standards including the International Labour Organization's (ILO) core conventions and the United Nations' Universal Declaration of Human Rights.

A copy of our **BPSCC** can be downloaded online.

Compliance with our BPSCC is expected of all our business partners and suppliers. Failure to substantially comply with our BPSCC is sufficient cause for us to elect to remove a business partner's or supplier's approved status. We also expect that our business partners and suppliers will encourage and promote this BPSCC to their business partners and suppliers that work on Tim Hortons business.

An important component of our BPSCC is verification of compliance with our Code. In 2011, we piloted a Verification Program with three food suppliers and will be rolling out a complete Verification Program by 2013.



The Coffee Supply Chain

We source our coffee mainly from small scale farmers in Central and South America. In these regions, the chain of custody to get the coffee to market is very complex. Our coffee suppliers are considered one segment of our key suppliers and are included within the scope of our BPSCC. At this time, we have implemented our BPSCC down to the exporter level of the coffee supply chain and are proud to report that 100% of our coffee exporters have signed the BPSCC.

Verification of compliance with our BPSCC is of particular importance in the coffee supply chain. As such, in 2011, in conjunction with Control Union Certifications (a third party certification company), we developed a BPSCC Verification Program specific for coffee sourcing which was piloted with two of our exporters at the dry mill level in both Colombia and Brazil.



Our BPSCC Implementation and Verification Plans; About the Coffee Supply Chain





Animal Welfare at Tim Hortons

Animal welfare is an important issue to Tim Hortons and all our stakeholders, including our Restaurant Owners, suppliers, investors and guests. We consider animal welfare to apply to all aspects of animal care of the farm animals within our supply chain. While some of our food products are derived from farm animals, we are not directly involved in the raising, handling, transportation or processing of these animals.



In 2011, we revised and finalized our **Animal Welfare Policy**. Our Animal Welfare Policy sets internal standards in the following areas:

1. Policy;
2. Governance and Accountability;
3. Regulatory Compliance;
4. Quality Assurance and Auditing;
5. Continuous Improvement;
6. Reporting; and,
7. Review of our Policy.

We also focused on continuous improvement, and engaged with government and industry

animal welfare groups to educate ourselves and understand current research and best practices across the industry and supply chain. In particular, we toured egg production facilities and farms and facilitated meetings and roundtable discussions that included many farmers and producers.

We have learned that continuous improvement should include encouraging emerging and/or alternative practices after validation by suppliers and the industry. To this end, within the next 12 months we will commence sourcing a minimum of 1% of our eggs from producers using enriched-cage housing systems.

We will continue to review this commitment over time to consider future developments in housing systems and/or hen welfare.

We believe the industry should make progress on reducing the use of gestation crates for pork, and we have committed to encourage and work with our suppliers, the industry and other stakeholders to assess new and/or alternative housing systems over time in a sustainable manner.

Further, we will continue to work closely with all our stakeholders to improve and evolve our animal welfare program.

For more information on our updated egg and pork commitments and to learn more about our Animal Welfare Program, please visit timhortons.com.

DID YOU KNOW



In 2011, we facilitated an open discussion with producers from Western Canada as part of the Farm Animal Council of Saskatchewan's annual general meeting. We asked producers how they defined animal welfare:

"Looking after animals to meet the individual species' needs for behavior, nutrition and housing, based on science. It includes an attitude of respect for the animal."

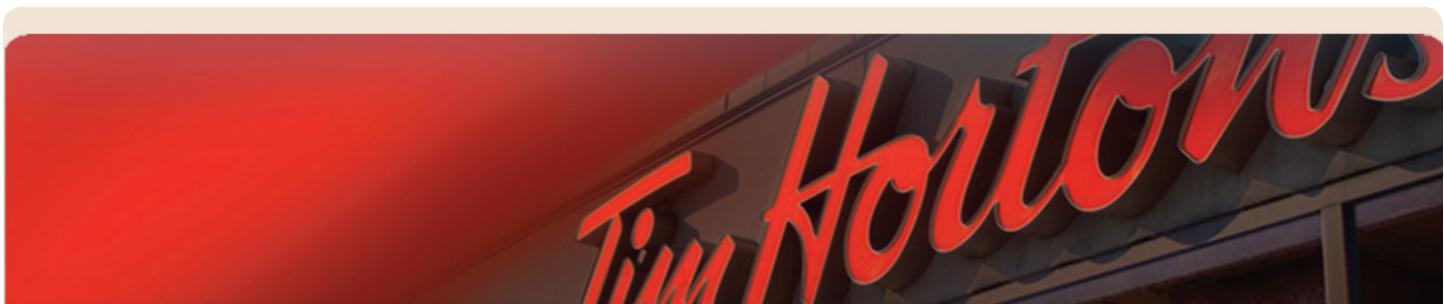
"Raising animals in a way that provides a low stress environment with food, water, and shelter and provides the public with a safe food supply."

"It means welfare of my family."



Our Animal Welfare Policy





ONLINE

Sustainability and Responsibility Report Features

Our full Sustainability and Responsibility Report is available online with much more content about how we manage sustainability at our Company, each of our priority areas, and goals. Some of the interesting features you will be able to access online include:

Anatomy of Our Cup

Anatomy of Our Cup is a short video that provides information on the composition of our hot beverage cup.



Interactive Recycling Map

Our interactive recycling map charts our progress in the area of waste reduction and diversion by showing the number of our restaurants that are using our uniquely designed recycling units.



Green Restaurant Design

Take a virtual tour of one of our restaurants that is acting as a learning environment for sustainable building and design initiatives.



Real People Making a True Difference

Learn how people at Tim Hortons are Making A True Difference by watching videos about each of our key priority areas.



Visit our complete 2011 Sustainability and Responsibility Report at
sustainabilityreport.timhortons.com/index.html.





**2011 SUSTAINABILITY
& RESPONSIBILITY
SUMMARY REPORT**

We welcome your feedback on our 2011 Sustainability and Responsibility Report and our sustainability programs in general. To submit feedback, or to ask a question, please email makingatrudedifference@timhortons.com.

Our complete 2011 Sustainability and Responsibility Report can be found at sustainabilityreport.timhortons.com/index.html.

