



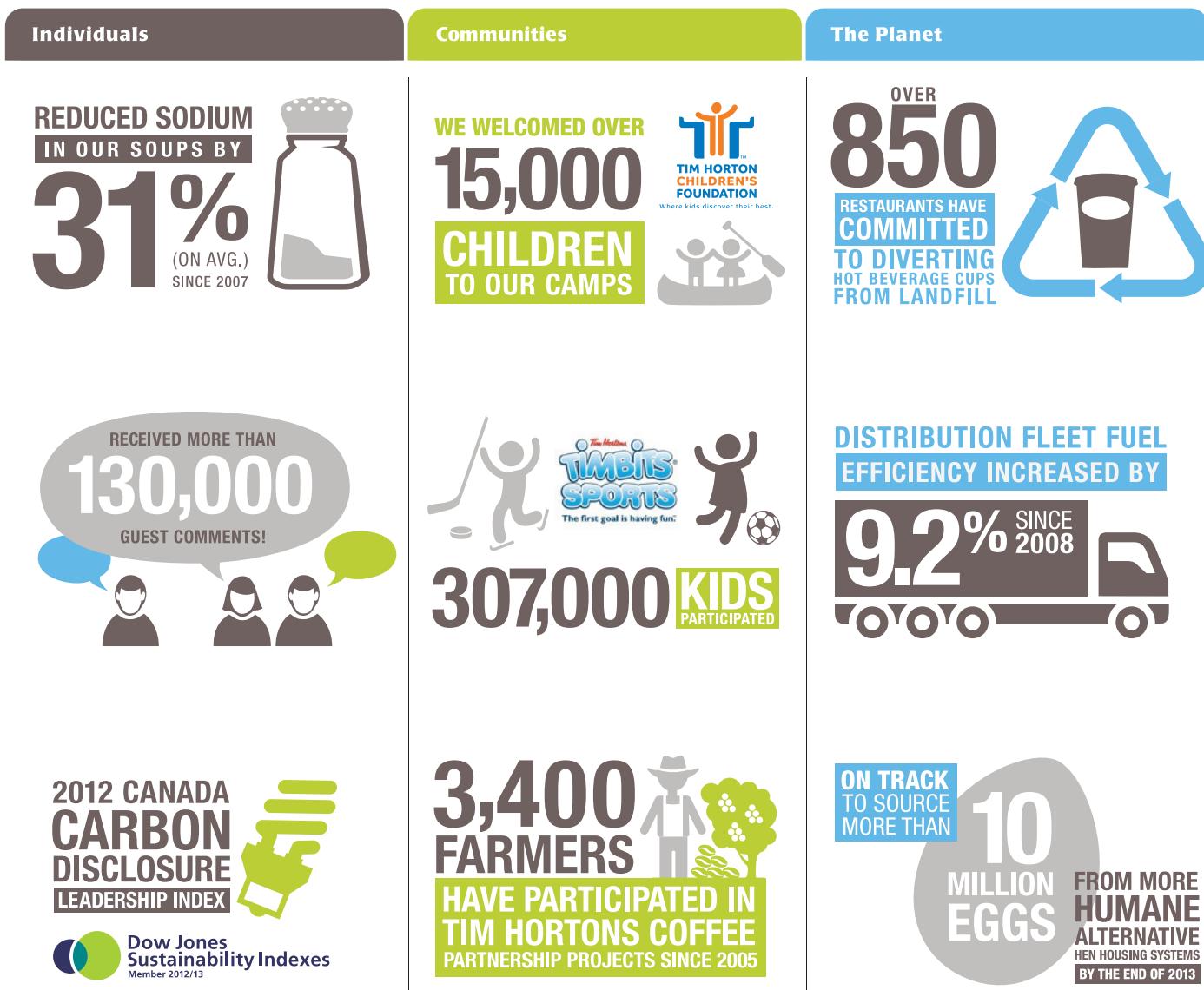
# 2012 Sustainability and Responsibility Summary Report



INDIVIDUALS | COMMUNITIES | THE PLANET

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## Executive Message

# Welcome to the Tim Hortons 2012 Sustainability and Responsibility Summary Report



Making a True Difference™ 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:

- 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 are embedded in our strategies and corporate priorities, and in 2012 we have made considerable progress. Some highlights include, but are not limited to:

- We were named to the Carbon Disclosure Leadership Index as one of the top disclosure scorers in Canada;
- We were added to the Dow Jones Sustainability Index (DJSI) – North America for the second consecutive year;
- As part of our sodium reduction initiative, we have reduced sodium in our soups (31%), deli meats (49%), muffins (22%), hot beverages (15%), and chili (10%);
- Through our “Smile Cookie” Program, we raised over \$4.5 million for local charities across Canada and in markets where we do business in the U.S.;

- We expanded our “Cup-to-Tray” program, which enables us to recycle our hot beverage cups into take-out trays, to 268 restaurants across BC, Nova Scotia, New Brunswick, Newfoundland and Prince Edward Island;
- Our hot beverage cup and paper packaging diversion programs are now offered in more than 850 Tim Hortons restaurants;
- From 2008 to 2012, we achieved a 9.2% overall improvement in distribution fleet fuel efficiency; and
- We continued to work with industry partners and our suppliers to begin a transition to more humane and sustainable sow and hen housing systems.

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

With respect to our sustainability and responsibility commitments and goals, we have reported our 2012 performance and are continually looking at opportunities to enhance our performance. Within this Report, we also share our 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 2012 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 House**  
Executive Chairman, President and  
Chief Executive Officer

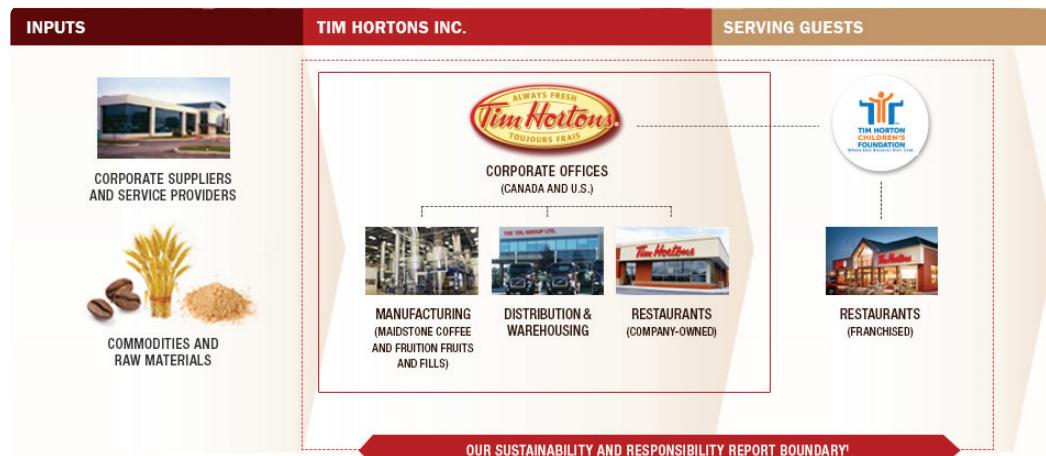


# About This Report and Materiality

Welcome to our 2012 Sustainability and Responsibility Report. This document represents only a summary of our achievements in 2012. Our complete 2012 Sustainability and Responsibility Report can be found at [sustainabilityreport.timhortons.com](http://sustainabilityreport.timhortons.com).

## Report Scope

Our Report covers our 2012 fiscal year, which is the period from January 2, 2012 to December 30, 2012 (unless otherwise noted). We followed the Global Reporting Initiative (GRI) G3.1 Sustainability Reporting Guidelines to determine our report boundaries.



1 For footnote please see Report Scope section [online](#).



## Reporting Standards and Content

Our Sustainability and Responsibility Report has been prepared in accordance with the GRI G3.1 Sustainability Reporting Guidelines. Our complete [GRI Index](#) can be found online.

**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.**

Our Report centres on our three sustainability and responsibility focus areas: Individuals, Communities and the Planet. We have also included links to useful information and resources found at TimHortons.com. In developing our Report, we've covered topics and issues that we believe are important to our Company and to our stakeholders.

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"><li>Balanced menu choices</li><li>Hospitality</li><li>Food Safety</li><li>Employee rights</li><li>Transparent reporting</li></ul>	<ul style="list-style-type: none"><li>Tim Horton Children's Foundation</li><li>Corporate giving</li><li>Tim Hortons Coffee Partnership</li></ul>	<ul style="list-style-type: none"><li>Reducing litter</li><li>Responsible packaging</li><li>Minimizing our environmental footprint (greenhouse gas emissions, water, energy and waste)</li><li>Sustainable and ethical supply chain practices</li></ul>

For more details on how this Report was developed, please see the [Sustainability and Responsibility Process](#) section online.



[Our Report Boundary; Our Value Chain; 2012 Awards; GRI Index](#)



# Governance and Strategy

## Our Sustainability Strategy

2012 was an important year for sustainability and responsibility at Tim Hortons. We commenced our work on new priorities and activities developed as part of the strategy update we performed in 2011. This update involved a comprehensive internal and external assessment which included best practice identification and analysis of current risks and opportunities, and stakeholder engagement.

While we have made considerable progress to date, we continue to consider ourselves to be at the early stages of our sustainability journey. We are excited about executing our strategic plan and showing additional progress in further embedding sustainability and responsibility across our Company.

## Stakeholder Engagement

We believe it is important to engage with stakeholders to understand issues, impacts, risks and opportunities that can affect our organization. We engage a variety of different stakeholder groups through the methods outlined in the table below. For information on how these activities affect how we determine what content to include in our Report, please see the **Materiality and Defining Report Content** section.

**Our Sustainability and Responsibility Policy** includes the structure and supporting processes for effective sustainability and responsibility governance and accountability. A summary of our sustainability and responsibility governance model is provided below:



## Sustainability and Responsibility Governance at Tim Hortons



Our Challenges; Risks and Opportunities; Stakeholder Engagement



# INDIVIDUALS



*Tim Hortons.*  
MAKING A TRUE  
DIFFERENCE®

**Provide our guests with balanced choices. Provide a hospitable and welcoming overall experience.**

Timmy Me App,  
Nutrition Guide



## INDIVIDUALS

### Guests: Our Goals

2012 Performance Highlights	Status	2013 Goals
<b>Nutrition</b> Healthier options continue to be developed across all product categories. Chicken minis, unsweetened hot latte, and lasagna casserole were launched. To date, we have reduced sodium in our soups (31%), deli meats (49%), muffins (22%), hot beverages (15%), and chili (10%).	 <b>GOAL MET</b>	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.
<b>Guest Services</b> 100% of our guests who requested a response from our Corporate Guest Services team received an initial response to their enquiry.	 <b>GOAL MET</b>	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.
<b>Food Safety</b> 100% of our full-serve restaurants open for at least one full year received two food safety audits between September 2011 and August 2012.	 <b>GOAL MET</b>	We are aiming to have 100% of our full-serve restaurants receive at least two food safety audits every 12 months.
92% of corporate employees who directly influence restaurant operations had up-to-date food safety certification. 100% of all newly hired District Managers received food safety training and achieved certification.	 <b>GOAL PARTIALLY MET</b>	We will continue to aim for 100% of our corporate employees who directly influence restaurant operations to have up-to-date food safety certification, and we are aiming to launch an enhanced online training system that will allow a broader reach of participants in 2013.

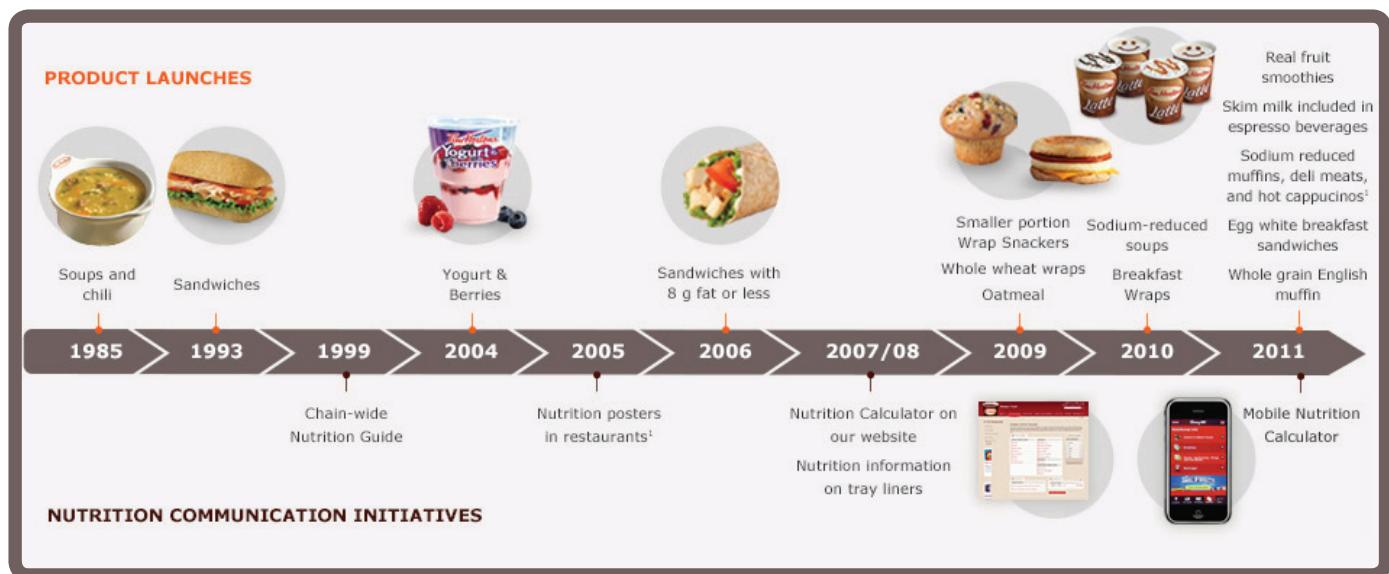


## Nutrition

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.

### New better-for-you menu additions for 2012:

- Flatbread breakfast sandwich launched in the U.S. market as another lower fat alternative to the breakfast biscuit. Available in multigrain and maple.
- Chicken minis represent a smaller portion to our regular-size chicken sandwich options.
- Lasagna casserole was added as an entrée with 10g fat and 670mg sodium per 10oz portion (Oct 2011).
- Panini sandwiches are prepared with preservative-free bread and a multigrain option is available.
- Frozen lemonade was specially formulated to be free from artificial flavours and colours.
- A Breakfast Value menu was communicated to guests in the U.S. in January 2012 and in Canada in November including a calorie message. All products included in the value menu contained less than 300 calories each.



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. All products in development are reviewed for, and must meet our standards related to, allergens, trans fats and sodium. In addition to our own internal nutrition standards, we constantly monitor regulatory and nutrition issues to provide guests with improved food and beverage products, often before regulations are enacted. We are transparent about nutrition and are committed to providing guests with the information required to make healthy lifestyle choices. The timeline above displays some of the healthy product launches and innovative nutrition communication initiatives we have executed in Canada and the U.S.

### Sodium Reduction Initiative

Sodium reduction is one of our key nutrition initiatives and we are committed to reducing sodium across our menu. To date, we have reduced sodium in our soups (31%), deli meats (49%), muffins (22%), hot beverages (15%), and chili (10%).



Our Sodium Reduction Initiative; Nutrition Communications



## Hospitality

### We Value Our Guests' Feedback!

At Tim Hortons, our guests are our number one priority. We strive to provide a hospitable and welcoming experience that exceeds our guests' expectations each and every time they visit our restaurants.

There are a variety of ways guests can contact us about their experience with us. Our Restaurant Owners continue to work hard to earn guest loyalty every day by delivering fast, friendly service and fresh quality products at great value. We encourage all of our guests to reach out to their local restaurant to provide feedback about their experiences.

We receive more than 130,000 guest comments annually by email, phone, mail and fax. Feedback from our guests includes Nutritional Enquiries, Product Ideas and Personal Experiences. Of these, 85% are resolved with our guests during their initial interaction.

WE RECEIVE MORE THAN  
**130,000**  
GUEST COMMENTS EACH YEAR!

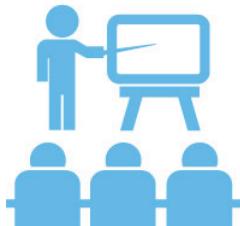


**“ Just wanted to comment that I – LOVE – the nutrition calculator on your website, and wish all companies would offer the same type of thing. I've recently started tracking what I eat, and your website made it super easy. Lots of other companies don't offer nutrition information for their products, and if they do, make it challenging to calculate. Thank you. ”**

Tim Hortons guest

**MORE THAN  
4,100**

INDIVIDUALS PARTICIPATED  
IN FOOD SAFETY  
CERTIFICATION CLASSES



## 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. Since our Food Safety Program is so well established across the chain, our focus is on re-certification which is required every five years or more often, depending on local legislation. 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



*Tim Hortons.*  
MAKING A TRUE  
DIFFERENCE®

### Championing a culture that is fair and provides opportunities.

Jen Sankey & Kaitlin Ramey, Research & Development: Nutrition  
Tim Hortons Head Office, Oakville, Ontario



## INDIVIDUALS

### Employees: Our Goals

2012 Performance Highlights	Status	2013 Goals
<b>Standards of Business Practices</b> All new hires were educated on our Standards of Business Practices (SOBP) within their first year of employment and we launched four mandatory Ethics and Compliance e-learning modules.	GOAL MET	All new corporate employees will be educated on our SOBP within their first year of employment and we will launch additional Ethics and Compliance e-learning modules in 2013.
<b>Capability</b> A manager training series focused on the performance management process was provided in early 2012. We began the implementation of an online Talent Management System to reliably track our employees' Individual Development Plans. The target completion date for implementation is 2013.	GOAL PARTIALLY MET	We will complete annual talent reviews for manager level and above in 2013.  100% of our permanent corporate employees will have an Individual Development Plan.
<b>Commitment</b> We surveyed corporate people managers (88% response rate) regarding our organizational effectiveness and 98% indicated that they were proud to work for Tim Hortons. We also achieved a 9% improvement on our voluntary turnover rate for permanent employees with under one year of service.	GOAL MET GOAL PARTIALLY MET	We will maintain our strong levels of employee engagement and commitment through feedback surveys, focus groups, and external benchmarking initiatives. We will again work to improve our "under one year" voluntary turnover rate by 10% in 2013.
<b>Performance</b> We began the implementation of an online Talent Management System to reliably measure our goal setting and annual performance review process. The target completion date for implementation is 2013.	GOAL PARTIALLY MET	100% of our permanent corporate employees will set annual goals aligned with business objectives and will have an annual performance review in 2013.



## We're a great place to work!

As of December 30, 2012, we had a total of 2,121 corporate employees across Canada and the U.S. We are focused on supporting our unique and award-winning culture to advance the business through building and maintaining the following core competencies: capability, commitment, and performance.

Our company has experienced enormous growth over the past few decades. In August 2012, we announced the implementation of an organizational structure which includes a Corporate Centre and Business Unit design. We believe that the new structure will facilitate the execution of strategic initiatives as we continue to grow our business and streamline decision-making across the Company.

We changed our approach of collecting employee feedback in 2012. Approximately 350 corporate people managers across the company were surveyed (88% response rate) about our organizational effectiveness. With 98% indicating that they are proud to work for Tim Hortons, there continues to be a strong sense of commitment and respect to maintaining our great brand.

We know that our success comes from our amazing team of employees and we truly value hearing from them!

**43%** OF OUR EXECUTIVE GROUP ARE FEMALE!



## Training: Restaurant Owners and Team Members

### Tim Hortons University

At Tim Hortons University, we take learning very seriously and are committed to providing a customized learning environment for all participants. The official launch of Tim Hortons University (formerly the National Training Centre) in Oakville, Ontario, took place in January 2012. During 2012, our Operations Training and Development Team continued to work to enhance our "Tim Hortons University" training programs for Restaurant Owners and Managers.



UNIVERSITÉ  
TIM HORTONS



### Our Restaurant Team Members

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

### Training and Development for Restaurant Team Members

Since its inception, Tim Hortons has had a culture of training. We believe that effective training is an investment and a necessary part of equipping our Restaurant Team Members with the skills and knowledge required to deliver a high level of consistent and efficient service to our guests.

Over 100,000 Restaurant Team Members are registered in the Tim Hortons Learning Centre, our web-based e-learning program accessible from every restaurant via computer or tablet. The Learning Centre revolves around a phased approach to different skill sets, including preparation procedures, information on new products and key knowledge on food safety.

SINCE 2005, WE HAVE AWARDED  
**\$1,760,000**  
IN TEAM TIM HORTONS SCHOLARSHIPS  
TO OUR RESTAURANT  
TEAM MEMBERS



### Team Tim Hortons Scholarship Program

The Team Tim Hortons Scholarship Program was created in 2005. This program recognizes Restaurant Team Members, their children and their grandchildren who believe in giving back to the community through volunteer work and who would like to pursue post-secondary education. Each year we award 200 scholarships in Canada and 20 scholarships in the U.S. worth \$1,000 each. Provided that applicants continue to meet the eligibility criteria, they have the opportunity to qualify for a Team Tim Hortons Scholarship up to five times!

**“** The Team Tim Hortons Scholarship award has helped me come closer to my dream of becoming a teacher! University comes with a lot of new responsibilities and worries. This award has helped lessen the burden of tuition. The Team Tim Hortons Scholarship is a wonderful opportunity for all students and I am so thankful to have received it. Thank you Tim Hortons! **”**

JoAnne Glover, 2012 Scholarship Recipient, Ontario, Canada

LEARN MORE ONLINE 

Employee Learning and Development; Employee Performance Management;  
Our Standards of Business Practices; Tim Hortons University



## INDIVIDUALS



Tim Hortons.  
MAKING A TRUE  
DIFFERENCE®

**Manage stakeholder  
relationships with honesty,  
transparency and respect.**



John and Ahnan Boughton,

Restaurant Owners, Toronto, Ontario

## INDIVIDUALS

### Partners: Our Goals

2012 Performance Highlights	Status	2013 Goals
<p><b>Restaurant Owners</b> We have recruited over 40 Restaurant Owners from across our chain to participate in Sustainability and Responsibility Roundtables.</p>	 GOAL MET	We aim to host our Restaurant Owner Roundtables in 2013 and incorporate their feedback into our sustainability and responsibility strategy and initiatives.
<p><b>Investors</b> We were included on the Canada Carbon Disclosure Leadership Index. We were also named to the Dow Jones Sustainability Index (DJSI) – North America for the second consecutive year.</p>	 GOAL MET	We will continue to report using the Global Reporting Initiative (GRI) Guidelines and respond to both the CDP and DJSI.



## Partners Background

In 2010, we 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 was made up of experts in the areas of nutrition, food safety, sustainable coffee, environment and supplier code of conduct, and packaging and waste diversion.

We looked to our external SR Advisory Council to provide guidance and feedback on how we were doing on our most important sustainability issues.

In 2011, we incorporated appropriate external SR Advisory Council feedback and recommendations into our 2012-2014 sustainability and responsibility strategy. This included recommendations from improving communications and engagement on sustainability across our organization, to developing longer term sustainability goals and increasing our focus on sustainability within our supply chain.

### Restaurant Owner Sustainability and Responsibility Roundtables

In 2012, we recruited over 40 Restaurant Owners from across our chain to participate in Sustainability and Responsibility Roundtables.

Engagement with our Restaurant Owners will help guide our corporate initiatives and further embed sustainability across our Restaurant Owners' businesses. It will also assist in enhanced data gathering and program implementation at the restaurant level.

We aim to input feedback from our Restaurant Owner advisors into our Sustainability and Responsibility strategy and initiatives in 2013.



## Sustainability Reporting and Disclosure



### Carbon Disclosure Project

We participated in the **Carbon Disclosure Project** (CDP) by filling out the 2012 Investor CDP Information Request. We are proud to report that we received a disclosure score of 80, which puts us in the Top 20 disclosure scorers in Canada. As a result, we were named to the Carbon Disclosure Leadership Index.



### Dow Jones Sustainability Index

We are proud to be named to the Dow Jones Sustainability Index North America (DJSI North America) in 2012 for the second consecutive year.

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.



GRI Index





## COMMUNITIES



*Tim Hortons.*  
MAKING A TRUE  
DIFFERENCE®

Make a meaningful  
contribution to the  
lives of children.



TIM HORTON  
CHILDREN'S  
FOUNDATION

Where kids discover their best.

### COMMUNITIES

## Children: Our Goals

2012 Performance Highlights	Status	2013 Goals
<p><b>Tim Horton Children's Foundation</b> We welcomed 15,450 children as we continue to work towards our goal of 17,000 children by the end of 2015.</p>		<p>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.</p>
<p>We distributed 257 bursaries worth approximately \$700,000 for post-secondary education to graduates of our Youth Leadership Program.</p>		<p>We will continue to invest in youth by providing a total of 1,000 bursaries to graduates of our Youth Leadership Program for post-secondary education by the end of 2015.</p>
<p>Our Restaurant Owners, Team Members, and the community raised \$11 million on Camp Day.</p>		<p>Together with our Restaurant Owners, Team Members and the community, we are aiming to raise over \$11.5 million on Camp Day 2013.</p>



## The Tim Horton Children's Foundation

The Tim Horton Children's Foundation was established in 1974 in memory of the great hockey player Tim Horton. Created as a way to honour Tim's memory and to keep alive his love for helping those less fortunate, the Foundation provides an enriching and memorable camp experience for children and youth living in economically disadvantaged homes. The first camp was opened in 1975 in Parry Sound, Ontario, and hosted 200 campers in its first summer. Since then, we have grown to **five camps** in Canada and one in the United States, hosting more than 15,000 children and youth in 2012. For further information on the Foundation go to [www.thcf.com](http://www.thcf.com).

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. Campers leave with a sense of drive, and a will to better themselves. Foundation camp programming lays the groundwork to empower campers to want more for themselves, and to be more. They learn how to set and achieve their goals, and are mentored by positive role models who encourage them to reach for the sky.

To hear more success stories from Foundation campers themselves, visit us on [Facebook](#).



**TIM HORTON  
CHILDREN'S  
FOUNDATION**

Where kids discover their best.



### What We Do

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 camp experience. These campers attend a 10-day summer camp session.

**Year Round Group Program** Operating throughout the fall, winter and spring, the Year Round Group Program is for groups and schools that serve children who meet the Foundation's criteria. These groups attend a three-day 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 the Tim Horton Children's Foundation's Youth Leadership Program. This successive, five-level program occurs over a 10-day session in the summer, and is for youth who have an interest in developing lifelong leadership skills.



### Funding for Our Camps

Funding for the Tim Horton Children's Foundation comes primarily from donations from our Restaurant Owners, suppliers and public donations collected through counter coin boxes located year-round at our restaurants. Throughout the year, a number of fundraising events such as annual golf tournaments and banquet dinners are also held to raise donations.

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 2012, Camp Day raised over an incredible \$11 million.

\$**11** MILLION  
RAISED FOR  
CAMP DAY  
IN 2012



[Funding for Our Camps; Videos of Campers](#)





## COMMUNITIES



*Tim Hortons*  
MAKING A TRUE  
DIFFERENCE®

Smile Cookie Cheque Presentation  
Restaurant Owners, Niagara Region, Ontario

**Make our communities  
a better place to live in.**

### COMMUNITIES

## Community Success: Our Goals

2012 Performance Highlights	Status	2013 Goals
<b>Community Initiatives</b> Together with our Restaurant Owners, we invested \$15.9 million through community initiatives in Canada.		Together with our Restaurant Owners, we are aiming to invest \$100 million through our community initiatives in Canada over the next six years, by the end of 2018.
<b>Smile Cookie</b> Our Smile Cookie Program raised \$4.5 million for local charities across Canada and the U.S.		Together with our Restaurant Owners and guests, we are aiming to raise \$4.6 million through our Smile Cookie Program in 2013 for local charities across Canada and in the U.S.
<b>Horizons Aboriginal Program</b> <b>Education:</b> Over 42,000 restaurant Team Members participated in Aboriginal Awareness training.		We are aiming for 30,000 restaurant Team Members to complete Aboriginal Awareness training and will work with Aboriginal stakeholders to update our training in 2013.
<b>Employment:</b> We are actively working with the DevelopMENTOR Program from Algonquin College to provide Aboriginal students access to restaurant employment opportunities.		We will expand the DevelopMENTOR Program beyond its pilot, and pursue Aboriginal recruitment strategies.
<b>Empowering Youth:</b> 2,300 Aboriginal youth attended a Tim Horton Children's Foundation camp.		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.
<b>Economic Development:</b> We opened two new kiosks: one Aboriginal-owned full-serve kiosk in Grand Rapids, MB, and one self-serve kiosk on Aboriginal lands in Oxford House, MB.		We are striving for 10 new Aboriginal-owned restaurants or kiosks to be opened on Aboriginal lands by the end of 2014.



## Community Initiatives: Our Local, Regional and National Programs

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.

By working together with our Restaurant Owners, we have developed a number of local, regional and national programs as outlined below. In 2012, this represented approximately \$15.9 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 provide funding for associations to acquire uniforms and much-needed items that help offset costs for parents and volunteers. We annually invest more than \$3,000,000 in children's sports. We make this commitment because we believe it is important that children benefit from participating in team sports and have the opportunity to take time out to be a child.

Today almost 78,000 children are sponsored by local Restaurant Owners in Timbits Minor Hockey. More than 196,000 children are sponsored in Timbits Minor Soccer and more than 33,000 children are sponsored in other Timbits Minor Sports including baseball, basketball, lacrosse, football, curling and more.

### Smile Cookie

Our Smile Cookie program is a very unique program that raises much-needed funds for charities across Canada and 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.



## Other Community Initiatives

Highlights in 2012 from some of our other programs include the following:

- More than 532,200 pounds and over 7,200 units of food were collected in regions across Canada for local food banks through the Tim Hortons food drive.
- We rented almost 4,100 hours of ice time at more than 360 local arenas across Canada during our Free Holiday Skate Program.
- More than 2,500 hours of pool time was sponsored across local communities.
- 476 children participated in the Earn-a-Bike program across 18 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 2012 as follows:

- Education: Approximately 42,000 Restaurant Team Members completed Aboriginal awareness training.
- Empowering Youth: Approximately 2,300 Aboriginal youth attended our Tim Horton Children's Foundation camps to participate in structured learning programs.
- Economic development: In 2012, we opened one Aboriginal-owned kiosk and one kiosk located on Aboriginal lands.
- Employment: We are actively working with the DevelopMENTOR Program from Algonquin College to provide Aboriginal students access to restaurant employment opportunities.



Free Skate/Free Swim; Food Drives; Earn-a-Bike Program; Horizons



# COMMUNITIES



*Tim Hortons.*  
MAKING A TRUE  
DIFFERENCE®

**Help build viable  
coffee communities.**



EL ARROZ ES VIDA

Resumen Libro de Campo		
Rogelio Garcia	Cosecha 2010-2011	Costos (Q)
Actividad	Antes	Después
Corte y Cosecha	4,400.00	8,800.00
Fertilización	1,866.00	2,826.00
Fumigación	---	2,808.00
Limpieza y deshebrado	810.00	3,360.00
Poda de Cafe y manejo de tierra	280.00	280.00
Recepa	370.00	370.00
Total Costo	7,726.00	18,444.00
Ventas	32,406.00	64,812.00
Total Ingresos	32,406.00	64,812.00
Balance	24,680.00	46,368.00
Costo por qg	702.36	479.18
Economía por qg	770.61	1,053.82
Prendimiento	11 qg /Mz	22 qg /Mz.

**Tim Hortons Coffee Partnership  
Technical Training Demonstration  
Trifinio Region, Guatemala**

## COMMUNITIES

### Tim Hortons Coffee Partnership: Our Goals

2012 Performance Highlights	Status	2013 Goals
<b>Number of Farmers</b> From 2010 to 2012 we averaged 1,416 farmers participating in our Coffee Partnership projects. In 2012, we increased the number of farmers participating in our projects by 45%.	 GOAL PARTIALLY MET	We are aiming for 2,800 farmers to participate in our projects in 2013.
<b>Technical Training and Farm Management</b> We performed over 8,300 technical training demonstrations for farmers. 52% of our project farmers had a farm management plan; these results were due to the large number of new farmers in our projects.	 GOAL MET   GOAL NOT MET	We are aiming for 12,000 technical training demonstrations for farmers in 2013 and for 95% of farmers to have a farm management plan over the lifespan of each project.
<b>Environmental Management</b> From 2010 to 2012, we had an average of 4,098 hectares of land under environmentally responsible management.	 GOAL MET	We are aiming to achieve a three-year average of 5,000 hectares of land under environmentally responsible management in 2013.
<b>Water and Banned Pesticides</b> 80% of water was recycled and/or treated during coffee processing. 98% of our farmers did not use banned pesticides. Increased training on alternative control methods is underway. <sup>1</sup>	 GOAL PARTIALLY MET	We are aiming for 90% of water to be recycled and/or treated during coffee processing in 2013 and 100% of farmers not to be using banned pesticides.

<sup>1</sup> For the 2011/2012 crop, Tim Hortons did not source coffee from project farmers that used banned pesticides.



## Tim Hortons Coffee Partnership



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-governmental 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 training in agronomy to improve the quantity and quality of coffee produced;
- Consulting with farmers to organize with others in their community to reduce their 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 such as recycling water, reducing pesticide usage, and promoting shade on the coffee farm.

At its heart, the 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 benefit. It's a philosophy consistent with our long history of giving back to the communities we serve.

For more information visit:



### Third Party Verification

In 2009, we developed a comprehensive set of key performance indicators for Tim Hortons Coffee Partnership aligned to economic, social and environmental factors. In 2012, we had 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](#).



## Tim Hortons Supports Ethical Tea Partnership

Tim Hortons is proud that all varieties of tea leaf-based tea served in our restaurants, including our brewed and specialty teas,<sup>1</sup> 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](http://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



Tim Hortons.  
MAKING A TRUE  
DIFFERENCE

## Reduce the waste we create from all aspects of our business.

HOT BE CAREFUL ↗ CHAUD ATTENTION | DO NOT MICROWAVE | NE PAS METTRE AU MICRO-ONDE  
PUT WASTE IN ITS PLACE | RESPECTEZ L'ENVIRONNEMENT

### THE PLANET

## Waste: Our Goals

2012 Performance Highlights	Status	2013 Goals
<p><b>Packaging</b> Our team established a standardized process for evaluating the environmental impacts of our guest-facing packaging.</p>		We will implement our standardized process and tools to benchmark the environmental impacts of key packaging formats in order to allow for future goal setting in 2013.
<p><b>Waste Diversion at Restaurants</b> We continued to evaluate and review current waste management contracts with a number of our Restaurant Owners. In 2012, the number of restaurants committed to diversion programs increased:<sup>1</sup></p> <ul style="list-style-type: none"><li>• Bottles, cans &amp; cardboard recycling by 8%, to 52% total</li><li>• Hot beverage cup &amp; paper recycling by 7%, to 26% total</li><li>• Organic waste diversion by 5%, to 15% total</li></ul>		<p>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.</p> <p>By 2016, we hope to achieve wide-scale implementation of recycling programs for bottles, cans and cardboard and increase the number of restaurants diverting paper packaging (including our hot beverage cups) and organic waste by 20%.</p>

<sup>1</sup> Compared to our baseline year of 2011.



## Packaging: Designs that Reduce Our Impact

At Tim Hortons, we include environmental considerations in packaging decision-making. In 2012, a cross-functional team worked to develop a standardized process for evaluating the environmental impacts of our guest-facing packaging. Here are a few of the packaging improvements that we implemented in 2012:

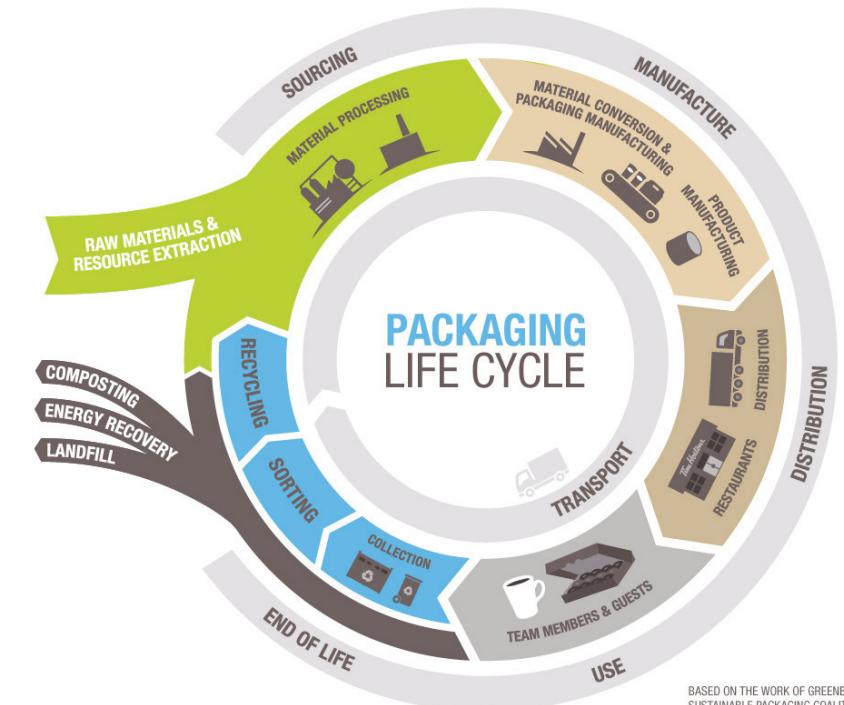
- A better bottle for our iced tea: by working collaboratively with cross-functional internal teams, recyclers of used beverage containers and our vendors, we improved the recyclability of the bottle by changing the sleeve to a label.
- Reconfiguring the hot beverage cups for transport: by slightly reducing the total number of cups per case in our small and extra-large and re-evaluating the pallet configuration, we were able to get more cases of cups per truckload.
- More garbage bags per case: we increased the case size of our garbage bags in order to get more garbage bags to our restaurants using fewer kilograms of packaging material and fewer kilometers travelled.

## At Our Restaurants: Waste Reduction

As we strive to reduce the waste we create in every part of our business, one of the most important areas of action, particularly for our guests, is tackling the waste generated at our restaurants.

### We Reduce Waste First

While recycling and composting are great solutions for waste, eliminating the use of single-serve packaging in the first place is even better. We continue to encourage our guests to use china mugs, plates and bowls when dining in our restaurants and guests also enjoy a 10-cent discount when they bring in their own travel mug.



BASED ON THE WORK OF GREENBLUE'S SUSTAINABLE PACKAGING COALITION.

### Waste Diversion Programs

In instances where packaging and other waste cannot be reduced or avoided, we are committed to implementing and increasing access to waste diversion programs. These include recycling programs for cardboard, beverage containers (bottles and cans), and paper packaging as well as composting programs for coffee grinds, food waste and other organic materials.

### Hot Beverage Cup and Paper Packaging Recycling

By the end of 2012, hot beverage cup and paper packaging diversion programs were offered in more than 850 Tim Hortons restaurants. As part of our goals related to restaurant waste, we hope to increase the number of restaurants diverting paper packaging (including our hot beverage cups) by 20% by 2016.

### Diversion of Organic Materials

We are also making progress in diverting coffee grinds and food waste. By 2016, we hope to increase the number of restaurants diverting organic material by 20%. In 2012, 479 restaurants across our chain had composting programs in place for coffee grinds and/or food waste.



Restaurant Waste Profile; Community Clean-Ups and Litter Awareness;  
Collaboration and Outreach



# THE PLANET



*Tim Hortons.*  
MAKING A TRUE  
DIFFERENCE®

# Tim Hortons

## Reduce the energy, carbon emissions and resources we use in our restaurants.

Tim Hortons 1<sup>ST</sup> LEED® Certified Restaurant  
Hamilton, Ontario

THE PLANET

## Green Building Design: Our Goals

2012 Performance Highlights	Status	2013 Goals
<p><b>Green Building Design</b> We achieved LEED® Certification on our pilot restaurant in Hamilton, ON, and registered another four locations. We piloted initiatives such as solar tubes and electric vehicle charging stations.</p>		<p>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. We will continue to test innovative energy and water reduction initiatives for our restaurants.</p>

### Leadership in Energy and Environmental Design (LEED®)

In 2012, we registered four restaurants for LEED® Certification and have five additional restaurants in the process of being registered:

- Ancaster, Ontario (registered)
- Nepean, Ontario (registered)
- Toronto, Ontario (registered)
- Syracuse, New York (registered)
- Scarborough, Ontario (in process)
- Surrey, BC (in process)
- Langley, BC (in process)
- Vancouver, BC (in process)
- Syracuse, New York (in process)



We are working towards our goal of registering 30 projects by the end of 2016. We are investigating the USGBC's (U.S. Green Building Council) Volume Certification Program. This program was designed for applications just like ours, catering to applicants with multiple, similar submittals.

To take a tour of one of our LEED® restaurants, visit our [Green Restaurant Design Feature](#) online.



## 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 reduce our overall environmental footprint. At the same time, our Restaurant Owners benefit by saving money on the utility costs to operate their restaurants. 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 2012, we continued to work on reducing operating costs and challenging our suppliers to provide more sustainable green building solutions. A formal Request for Proposal was initiated to find the most efficient lighting. Tests on energy management systems and whole building commissioning were started as well. Many items to improve the efficiency of the building and occupancy well-being were tested in 2012 and will be integrated into our 2013 renovations and new restaurant builds.



### Reducing Energy and Water Consumption

Each year, we update our standard restaurant designs to include more energy and water efficient initiatives, as well as to enable our designs to meet the constantly changing building codes that apply to our business across Canada and the U.S.

In 2012, we redesigned the interiors of some of our restaurants to include welcoming features like televisions, fireplaces, and more relaxed seating options. Changes to the décor included new finishes and an open ceiling concept. All these changes bring new opportunities for improvement. With several concept restaurants in operation, energy comparisons are now underway.

## 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. Examples of initiatives we worked on to help reduce the environmental impact of our restaurant equipment include, but are not limited to, the following:

- All of the ice machines used in our restaurants are Energy Star® certified and can save about 1,200 kWh annually, or an average of \$110/year on utility bills.
- We require all of our Canadian millwork suppliers to use only Forest Stewardship Council (FSC) certified wood for millwork done in our Canadian restaurants.
- We require only LED lighting in various applications of our restaurants, such as our new drive-thru menu boards, walk-in freezers and product showcases.

For the first time in 2012, our Equipment Vendors were evaluated on criteria based on sustainability practices, goals, and innovation. We look forward to further engaging with our suppliers to share best practices, encourage innovation and help to minimize the environmental impacts of our equipment.



Take a Tour of an LEED Restaurant





Greg Arnold  
Truck Driver, Tim Hortons Distribution Centre

**Reduce the energy, carbon emissions  
and resources we use in our business.**

#### THE PLANET

## Corporate Initiatives: Our Goals

2012 Performance Highlights	Status	2013 Goals
<p><b>Corporate Offices</b> In 2012, we established our baseline of waste data. Our corporate offices' waste diversion rate was 55%. We achieved an 8.7% reduction in energy usage at corporate offices, and a 20.6% reduction in water usage.</p>		We will continue to focus on reducing the environmental impacts of our corporate operations and work towards a 10% reduction in energy/water consumption by the end of 2014.
<p><b>Manufacturing and Distribution Facilities</b> In 2012 we established our baseline of waste data. Our manufacturing and distribution waste diversion rate was 67%.</p>		At our corporate operations, manufacturing and distribution facilities, we are aiming for a 10% increase in waste diversion by the end of 2014.
<p><b>Transportation Efficiency</b> We have achieved a 9.2% overall improvement in distribution fleet fuel efficiency from 2008 to 2012.<sup>1</sup> Unfortunately, we did not make progress toward improving our "average case shipped per kilometer" because we changed a number of our routes.</p>		We will continue to reduce the environmental impact of our distribution fleet by working towards a 15% increase in fuel efficiency by the end of 2014, and we will focus on more efficient routing and trailer cube utilization to improve our "average cases shipped per kilometer."

<sup>1</sup> This result excludes our truck refrigeration units at this time.



## Corporate Operations

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 2012 include:

- Since 2008, our annual revenue has increased by 40%. Through implementing energy efficiency and conservation programs at our corporate offices, manufacturing facilities, and distribution centres we have been able to reduce our energy intensity back to 2008 levels. We will continue to evaluate opportunities to implement more energy efficiency and conservation programs across our corporate operations, working towards our goal of a 10% reduction in energy consumption at our corporate offices by the end of 2014.
- Our Maidstone Coffee roasting plants in Ancaster, ON, and Rochester, NY, recycle 100% of their cardboard and plastic wrap. A new test initiative is underway to recycle the metallized plastic film used in our restaurant packaged coffee.
- Our fondant and filling producing facility, Fruition Fruits & Fills, reduced its water consumption by 33% between 2008 and 2012.
- The Guelph distribution fleet completed 135 backhaul loads per month, bringing goods from suppliers back to the centres. This is the equivalent of eliminating 68 full truckloads from the highway.
- The Kingston Distribution Centre began a long combination vehicle (LCV) program increasing the length of trailers we are permitted to transport. The LCV program allowed us to reduce 176,400 kilometers and save 75,000 liters of fuel in our fleet.
  - We worked with our Distribution Centre employees to implement behavioural change initiatives to power off lights, televisions, computers, and other electrical equipment when not in use, and to keep overhead doors closed when not in use.
  - A baseline waste diversion rate was established for all of our corporate offices. Information was collected by working with our waste haulers, and through conducting waste audits. In 2012, our waste diversion rate for all corporate offices was 55%. Working towards the goal of a 10% increase in waste diversion by 2014, we plan to continue to focus on reducing waste created through our offices by the expansion of waste diversion programs and employee education.
  - At our head office campus, our 874 Sinclair Road building was updated, including new windows and new roofing with increased insulation helping to improve energy efficiency. Water savings were realized in part through the implementation of new technology to maximize cooling efficiency for our onsite IT servers.



**OUR DISTRIBUTION CENTRES  
ARE DIVERTING  
70 % OF OUR WASTE  
FROM LANDFILL**



## Transportation Efficiency

In 2012, our Tim Hortons commercial truck fleets based in Ontario, BC, Alberta and Nova Scotia attained a fuel efficiency of 2.4 kilometers per litre (KPL). We aim to improve our idling rate in 2013. A tool that will greatly assist with the reduction of fleet idling is our new Electronic On Board Recorder (EOBR), which we are currently installing in all of our fleet trucks and buses. The EOBR will allow us to track the many facets of our drivers' daily truck operations and encourage them to adopt the right behaviours.

We intend to continue to improve our fleet fuel efficiency through the specifications we currently employ on our trucks (energy efficient engine and cab heaters; aerodynamic roof, chassis, cab and front bumper fairings; etc.) and the ongoing replacement of pre-2010 trucks with new 2013 lower-emission trucks.

DISTRIBUTION FLEET FUEL  
EFFICIENCY INCREASED BY

**9.2%** SINCE 2008



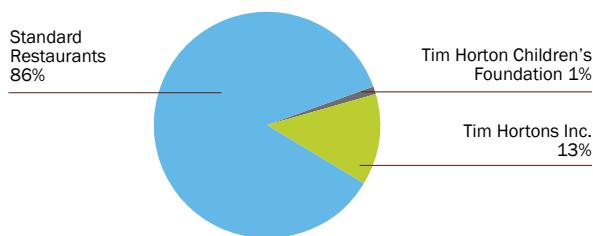
## Our Environmental Impacts and Performance



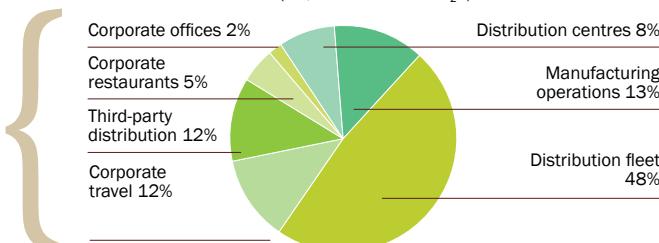
## Environmental Performance Summary<sup>18</sup>

	2012 <sup>1</sup>	2011 <sup>1, 16</sup>	2010 <sup>1, 16</sup>	Unit of measurement
<b>TIM HORTONS INC. (CORPORATE OFFICES, DISTRIBUTION CENTRES AND MANUFACTURING FACILITIES)<sup>2*</sup></b>				
<b>Energy</b>				
Direct Energy Use <sup>3</sup>	<b>122,796,050</b>	105,672,169	99,586,723	kWh
Indirect Energy Use <sup>4</sup>	<b>35,834,905</b>	29,127,347	27,120,021	kWh
Total Energy Use	<b>158,630,955</b>	134,799,516	126,706,744	kWh
Energy Intensity <sup>5</sup>	<b>0.0508</b>	0.0472	0.0500	kWh/\$ revenue
<b>Water</b>				
Total Water Consumption <sup>17</sup>	<b>108,802,699</b>	90,213,260	78,880,662	L
Water Intensity <sup>6</sup>	<b>0.0349</b>	0.0316	0.0311	L/\$ revenue
<b>GHG Emissions (CO<sub>2</sub>e)<sup>6</sup></b>				
Total CO <sub>2</sub> e Emissions <sup>7</sup>	<b>46,910</b>	41,635	40,200	tonnes
<b>RESTAURANTS (CANADIAN AND U.S. STANDARD RESTAURANTS)<sup>8*</sup></b>				
<b>Energy</b>				
Direct Energy Use <sup>3</sup>	<b>223,741,711</b>	204,371,238	156,547,109	kWh
Indirect Energy Use <sup>4</sup>	<b>1,080,012,462</b>	861,551,857	791,612,038	kWh
Total Energy Use	<b>1,303,754,173</b>	1,065,923,095	948,159,147	kWh
Energy Intensity <sup>5</sup>	<b>0.418</b>	0.211	0.201	kWh/restaurant sales (\$) <sup>9</sup>
<b>Water</b>				
Total Water Consumption <sup>17</sup>	<b>6,263,816,583</b>	5,702,907,799	4,458,065,850	L
Water Intensity <sup>6</sup>	<b>2.01</b>	1.13	0.95	L/restaurant sales (\$) <sup>9</sup>
<b>GHG Emissions (CO<sub>2</sub>e)<sup>6</sup></b>				
Total CO <sub>2</sub> e Emissions <sup>10</sup>	<b>312,214</b>	207,240	208,254	tonnes
<b>TIM HORTON CHILDREN'S FOUNDATION<sup>11</sup></b>				
<b>Energy</b>				
Direct Energy Use <sup>3</sup>	<b>3,299,030</b>	3,904,711	3,379,814	kWh
Indirect Energy Use <sup>4</sup>	<b>2,900,460</b>	2,949,596	2,858,105	kWh
Total Energy Use	<b>6,199,490</b>	6,854,307	6,237,919	kWh
Energy Intensity <sup>5</sup>	<b>65.81</b>	86.76	61.41	kWh/participant days <sup>13</sup>
<b>Water</b>				
Total Water Consumption <sup>17</sup>	<b>26,470,097</b>	23,253,390	16,006,336	L
Water Intensity <sup>6</sup>	<b>280.98</b>	294.34	157.58	L/participant days <sup>13</sup>
<b>GHG Emissions (CO<sub>2</sub>e)<sup>6</sup></b>				
Total CO <sub>2</sub> e Emissions <sup>14</sup>	<b>2,318</b>	2,519	2,303	tonnes
<b>GHG EMISSIONS (CO<sub>2</sub>e) BY SCOPE<sup>6</sup></b>				
Total Gross Emissions Scope 1 (Direct)	<b>29,395</b>	24,855	23,421	tonnes
Total Gross Emissions Scope 2 (Indirect)	<b>6,874</b>	4,958	4,677	tonnes
Total Gross Emissions Scope 3 (Other Indirect)	<b>325,172</b>	221,581	222,659	tonnes
<b>Total Gross CO<sub>2</sub>e Emissions<sup>8</sup></b>	<b>361,351</b>	251,394	250,757	tonnes
<b>Total Net CO<sub>2</sub>e Emissions<sup>15</sup></b>	<b>361,343</b>	251,361	250,691	tonnes

**2012 TIM HORTONS GHG EMISSIONS**  
(361,442 tonnes of CO<sub>2</sub>e)



**2012 TIM HORTONS INC. GHG EMISSIONS**  
(46,910 tonnes of CO<sub>2</sub>e)



\* In 2012, we expanded our reporting to include energy, water and GHG emissions data for U.S. standard restaurants.

PricewaterhouseCoopers LLP has conducted an independent limited assurance engagement on selected environmental information in our 2012 Sustainability and Responsibility Report. For details, please download a copy of PricewaterhouseCooper's Independent Limited Assurance Report at [sustainabilityreport.timhortons.com/pdf/PWC.pdf](http://sustainabilityreport.timhortons.com/pdf/PWC.pdf).

As a result of PricewaterhouseCooper's independent limited assurance engagement, this table was updated on 26 June 2013. For details and additional footnote information, please visit our online Environmental Performance Summary at [sustainabilityreport.timhortons.com/planet\\_performance\\_summary.html](http://sustainabilityreport.timhortons.com/planet_performance_summary.html).



# THE PLANET



*Tim Hortons*  
MAKING A TRUE  
DIFFERENCE®

**Ensure best practices are embedded  
across our supply chain.**



Maidstone Coffee  
Ancaster, ON

THE PLANET

## Supply Chain: Our Goals

2012 Performance Highlights	Status	2013 Goals
<p><b>Business Partner and Supplier Code of Conduct</b> Over 92% of our higher-risk strategic sourcing and equipment purchasing vendors and over 72% of total in-scope vendors have signed our BPSCC. We also successfully completed independent verification audits at three coffee dry mills in Colombia.</p>		<p>We will continue to refine and implement our BPSCC and our independent verification program by the end of 2013.</p>
<p><b>Animal Welfare</b> We consulted with our suppliers, the pork industry and other stakeholders on the use of gestation stalls for breeding sows and reviewed their plans throughout 2012.  We affirm our call for the pork industry to eliminate gestation stall practices for sows.</p>		<p>By 2022, we will source pork from suppliers who have made a transition to alternative open housing. Further, we will work with the pork industry and governments to advance standardized approaches and codes resulting in more humane and sustainable open housing systems. At the same time, we will support efforts to improve traceability systems and verification.</p>
<p>We are on track to meet our goal of purchasing 10% of our egg products, representing significantly more than 10 million eggs, from more humane, alternative hen housing systems by the end of 2013.</p>		<p>We will purchase at least 10% of our egg products, representing significantly more than 10 million eggs, from more humane, alternative hen housing systems by the end of 2013.</p>
<p>We founded the Tim Hortons Sustainable Food Management Fund at the University of Guelph. Our North America-wide restaurant industry summit focusing on academic research about animal welfare issues and best practices is being planned for the fall of 2013.</p>		<p>We are committed to continuous improvement and will work closely with all our stakeholders to improve and evolve our animal welfare program.</p>





## Our Supply Chain

Our 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. For the first time in 2012, our Food, Beverage, Packaging and Equipment Vendors were evaluated on criteria based on sustainability practices, goals, and innovation. We look forward to further engaging with our suppliers to share best practices, encourage innovation and minimize the environmental impacts of our products and equipment.

## Our Business Partner and Supplier Code of Conduct

We developed our Business Partner and Supplier Code of Conduct (BPSCC), which outlines 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.



We began implementing our BPSCC in 2010, placing our initial focus on our Food, Equipment and Packaging business partners and suppliers that we feel represent the largest risk to our business. Given the challenges with a wide-scale implementation, in 2011 we revised our BPSCC implementation plan to one that takes a phased and risk-based approach, enabling us to prioritize our remaining business partners. In particular, we focused first on those suppliers that provide us with products that ultimately end up in our restaurants (e.g., food, packaging, equipment, etc.). We are aiming to roll out our BPSCC to all our business partners and suppliers who meet our new risk criteria by the end of 2013. In addition, all new Tim Hortons suppliers are required to sign our BPSCC as part of our formal selection process.

## BPSCC Verification Plan

An important component of our program is verification of compliance with our BPSCC. In 2012, we revised our verification program and continued to pilot with suppliers in Canada, the U.S. and internationally. In addition, we extended our pilot program from Head Office processes to include full plant-level reviews. We will continue to amend our verification program based on the results of our pilot reviews and will work towards finalizing the verification program in 2013.



## About the Coffee Supply Chain

We have been sourcing our coffee from the same regions in Central and South America since our Company was founded in 1964. The majority of the coffee we purchase comes from "small holder" farms that tend to be family-run farms with less than five hectares of land. In these regions, the methods used to grow and process coffee are unique and the chain of custody to get the coffee to market is very complex. In some cases, coffee can be traded along its supply chain several times among the producers and processors, resulting in numerous transactions and changes in the custody of the coffee.

Our coffee suppliers are considered key suppliers and are included within the scope of our BPSCC. We have implemented our BPSCC down to the exporter level of the coffee supply chain. We are proud to report that 100% of our coffee exporters have signed the BPSCC and many of our exporters have reported that the intermediaries they work with also abide by the BPSCC.



## 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, 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. We depend on various direct and indirect suppliers – from processors right down to producers, many of which are family-run farms.

In 2011, we revised and finalized our **Animal Welfare Policy**. Our Animal Welfare Policy is aligned with our Company Values and Sustainability and Responsibility Guiding Principles and sets internal standards in key areas such as regulatory compliance, quality assurance and auditing, continuous improvement and reporting.

Throughout 2012, we continued to engage with our suppliers, government and industry animal welfare groups to understand current science-based research and best practices. We toured alternative egg and pork farms, in both Canada and the U.S., and participated in meetings and roundtable discussions that included many farmers and producers.

### Our Commitments

These activities helped us continuously improve our animal welfare program and update the animal welfare commitments we made in 2012:

- We affirm our call for the pork industry to eliminate gestation stall practices for sows. By 2022, we intend to source pork from suppliers who have made a transition to alternative open housing.
- Further, we will work collaboratively with the pork industry and governments to improve animal welfare and advance standardized approaches and codes resulting in more humane and sustainable open housing systems. At the same time, we will support efforts by the industry to improve traceability systems and verification, which have been a challenge to date.
- We are on track to meet our goal of purchasing at least 10% of our egg products, representing significantly more than 10 million eggs, from more humane, alternative hen housing systems by the end of 2013.
- We plan to progressively increase our commitment over time as additional supply becomes available, while considering future developments in housing systems and hen welfare through scientific research.
- We founded the Tim Hortons Sustainable Food Management Fund at the internationally recognized University of Guelph.

- In 2012 and 2013, University of Guelph researchers are investigating opportunities that produce sustainable outcomes in the best interest of animals and farmers in the protein food chain. The focus for the first year will be on eggs and pork. The research aims to understand the costs of making transitions to alternative hen and sow housing systems, and the viability and timeline of implementation. Traceability of these alternative value chains has already emerged as a major challenge to the industry.
- The researchers are also conducting consumer research on perceptions of animal welfare and sustainability attributes in a hospitality setting.
- Our North America-wide restaurant industry summit focusing on animal welfare issues, academic research and best practices for the restaurant industry supply chain is being planned for the fall of 2013. The summit will be facilitated by the University of Guelph.



We believe that current scientific research, advanced technology, and innovative producers have created better, more humane and sustainable housing systems that can improve the quality of animals' lives. To advance on implementing alternative housing systems, striking a balanced, realistic solution for the farming community and the rest of the supply chain is essential. We fully recognize this will take time.

For more information on our Animal Welfare Program, please visit [timhortons.com](http://timhortons.com).



### Our Animal Welfare Policy





## Our 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:

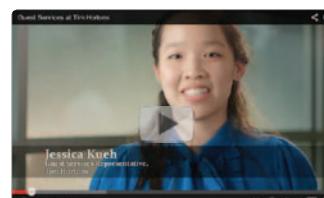
### **Real People Making a True Difference**

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

Nutrition



Guest Services



Environmental Stewardship



### **Anatomy of Our Cup**

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



### **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.



Visit our complete 2012 Sustainability and Responsibility Report at [sustainabilityreport.timhortons.com](http://sustainabilityreport.timhortons.com).



## Contact Us



*Tim Hortons*  
MAKING A TRUE  
DIFFERENCE™

We welcome all feedback on our 2012 Sustainability Report and our sustainability programs in general. To submit feedback, or to ask a question, please click [here](#) or visit [www.timhortons.com/ca/en/contact-nature.html](http://www.timhortons.com/ca/en/contact-nature.html).

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**Tim Faveri**  
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