



Making a True Difference™

Our 2010 Sustainability and Responsibility Report






Making a True Difference is more than just the title of our first report, it is the framework that brings together all of our sustainability and responsibility programs and initiatives. In the report, we have provided some interactive features, which we have illustrated below, to help you to better understand our issues and priorities. For our full sustainability and responsibility report, visit sustainabilityreport.timhortons.com/index.html

ANATOMY OF OUR CUP

INKS
Our cups are printed with water based inks and no added heavy metals.



INTRODUCTION LID PAPER INKS LINER RECYCLING

Anatomy of Our Cup

Anatomy of Our Cup is a short vignette that provides information on all aspects of our hot drink cup, including the lid, paper, inks, liner, recycling and composting options.

Take a picture with your mobile phone or laptop of this QR-code, to view the Anatomy of Our Cup vignette.



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. In 2010 we expanded the program to more than **650 restaurants** recycling our hot drink cup and other paper packaging.



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



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 determine are feasible into our newly constructed and renovated restaurants. The knowledge gained and data gathered at these restaurants will help us continue to build more efficient and environmentally friendly restaurants.

MENU +

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. We hope to introduce the initiatives that we determine are most feasible into our newly constructed and renovated restaurants.

Our report was developed following the Global Reporting Initiative (GRI) G3 Sustainability Reporting Guidelines, and we are committed to comprehensive and transparent reporting in the years to come. Our complete Sustainability and Responsibility Report can be found at sustainabilityreport.timhortons.com/index.html. To provide feedback or if you have any questions email makingatruedifference@timhortons.com.

Individuals



Tim Hortons encourages individuals to achieve their best. We manage the personal impact we have in all that we do.



Our Goals	Performance	Next Steps
<p>Guests</p>  <p>Provide menu options that meet or exceed nutritional guidelines and educate our guests on these products</p> <p>100% response on guest service enquiries</p> <p>Ongoing implementation, communication and measurement of our comprehensive Food Safety Plan across all our restaurants</p>	<p>2010 2011+</p> <p>100%</p> <ul style="list-style-type: none"> We are complying with current and proposed trans fat regulations across our menu. In 2010, we decreased the sodium content across our soup offering by an average of 22%. <p>100%</p> <ul style="list-style-type: none"> From Jan. 1 to Dec. 31, 2010, 100% of our guests who contacted Corporate Guest Services received a response to their enquiry. In 2010, our guest complaints were down 4% and compliments were up 41%. <p>100%</p> <ul style="list-style-type: none"> 100% of our restaurants received one food safety audit between March and August of 2010.¹ 	<ul style="list-style-type: none"> We are working to ensure there are healthier options available across our product categories and to increase communication of the healthy attributes and options within our menu. Every year we aim for 100% response on enquiries that are received by Corporate Guest Services. We will maintain ongoing implementation, communication and measurement of our comprehensive Food Safety Plan across all our restaurants. This will include 100% of corporate employees directly involved with restaurant operations who will receive and maintain up-to-date food safety certification.
<p>Employees</p>  <p>All permanent corporate employees to have an Individual Development Plan and receive an annual performance review</p> <p>All corporate employees to be trained in our Standards of Business Practices</p> <p>A minimum of 90% of corporate employees will feel proud that they work for our Company</p>	<p>90%</p> <ul style="list-style-type: none"> In 2010, 90% of our corporate employees with 2+ years of service had development plans. 84% of our employees felt their supervisor is supportive of their development plan. This result is a 20% increase since 2008. <p>83%</p> <ul style="list-style-type: none"> 83% of our corporate employees completed our online Standards of Business Practices training in 2010.³ <p>100%</p> <ul style="list-style-type: none"> In 2010, our corporate employee opinion survey results showed that 97% of respondents feel proud to work for our Company. 	<ul style="list-style-type: none"> We will continue working towards all our permanent corporate employees having an Individual Development Plan and receiving an annual performance review.² We will continue working towards all our corporate employees being trained in our Standards of Business Practices within their first year of employment. We are aiming to achieve having a minimum of 95% of corporate employees feel proud that they work for our Company, and for a minimum of 80% of corporate employees who feel that our Company is a good place for them to pursue their career goals.²
<p>Partners</p>  <p>Pilot a Sustainability and Responsibility Advisory Council of external experts in 2010</p> <p>Issue our first Sustainability and Responsibility Report in 2011 using the Global Reporting Initiative (GRI) G3 Sustainability Reporting Guidelines</p>	<p>100%</p> <ul style="list-style-type: none"> We invited external experts in nutrition, food safety, sustainable coffee, waste diversion and environment/supply chain to provide guidance and feedback on how we are doing on our most important issues. Independently facilitated interviews and a one-day retreat were part of the process. <p>100%</p> <ul style="list-style-type: none"> We followed the GRI's recommended reporting process and have self-declared to Level B for our inaugural report. 	<ul style="list-style-type: none"> We will incorporate our Advisory Council's feedback and recommendations into our sustainability and responsibility strategy as appropriate. We will continue to report to the GRI Guidelines and participate in the Carbon Disclosure Project (CDP) in 2011.

¹ Due to the timing of our Operations Audit period (Period 1: Sept.–Feb.; Period 2: Mar.–Aug.), we can only report on one complete six-month period in 2010. Full-year results will be reported in the 2011 Sustainability and Responsibility Report.

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


³ The result reflects those who have scored 80% or higher on the final mastery test. Our shortfall in 2010 is due to new hires, individuals who had the course in progress as of December 31, 2010, and those corporate employees who did not score 80%.

Communities



Tim Hortons believes it has a positive role to play in enabling communities to thrive and grow.



Our Goals	Performance	Next Steps
<p>Children</p>  <p>17,000 economically disadvantaged children participating in Tim Horton Children's Foundation camps and programs by 2013</p>	<p>2010 2011+</p>  <p>86% on target</p> <ul style="list-style-type: none"> We welcomed 14,654 children between Jan. 1 to Dec. 31 through our Residential, Youth Leadership and year-round Group programs. Renovations at our camps will allow us to increase the number of children served, and we continue to work on obtaining final approvals for a new camp in Manitoba and for a proposed British Columbia camp site. 	<ul style="list-style-type: none"> We will continue working towards 17,000 economically disadvantaged children participating in Tim Horton Children's Foundation camps and programs by the end of 2013. Together with our Restaurant Owners, guests and other supporters, we hope to raise a minimum of \$10 million on Camp Day to send children to camp.
<p>Community Success</p>  <p>Invest a minimum of \$15 million through our national, regional and local initiatives in 2010</p> <p>275,000 children participating in the Timbits Minor Sports Program in 2010</p> <p>Implement a meaningful, structured and long-term partnership with the Aboriginal community</p>	<p>100%</p> <ul style="list-style-type: none"> Together with our Restaurant Owners, we invested \$15.1 million through our national, regional and local initiatives in 2010. Over 293,000 children participated in our Timbits Minor Sports Program in 2010. In 2010, 44,759 restaurant Team Members completed Aboriginal awareness training. Since 2009, over 120,000 have completed the training. 	<ul style="list-style-type: none"> We will invest a minimum of \$15.0 million through our national, regional and local initiatives in 2011. Together with our Restaurant Owners and guests, we hope to raise \$3.5 million for local charities through our Smile Cookie Program in 2011. We will continue to significantly invest in keeping children active through our Timbits Minor Sports Program, our holiday Free Skate and Swim and sponsorship programs. We will work to maintain a meaningful, structured and long-term partnership with the Aboriginal community.
<p>Tim Hortons Coffee Partnership</p>  <p>2,500 small holder farmers participating in our Coffee Partnership projects in 2010</p> <p>10,000 hectares of land under environmentally responsible management in 2010</p>	<p>46%</p> <ul style="list-style-type: none"> In 2010, 1,159¹ farmers participated. Since 2005, we have had 2,542 farmers participating in the Partnership. Our Brazil project is still in its growth phase and we expect increased membership in 2011. In 2010, our projects represented 2,657 hectares.¹ Since 2005, we have had 9,212 hectares of land under environmentally sustainable management. Our Trifinio project came in with less area in 2010 due to a higher number of smaller farm sizes than originally estimated, and our Brazil project is still in its growth phase. We expect higher land area in 2011. <p>27%</p>	<ul style="list-style-type: none"> We hope to achieve a three-year average of 1,500 small holder farmers participating in our Coffee Partnership in 2011.^{2,3} We are aiming for 4,500 technical training demonstrations² for farmers in 2011 and 95% of farmers to have a farm management plan.² We hope to achieve a three-year average of 3,000 hectares of land under environmentally sustainable management in 2011,^{2,3} which is to include 90% of water recycled and/or treated on project farms² and 100% of farmers not using banned pesticides.^{2,4}

¹ Metric was independently verified by Control Union Certifications in 2010.

² Metric to be independently verified in 2011.

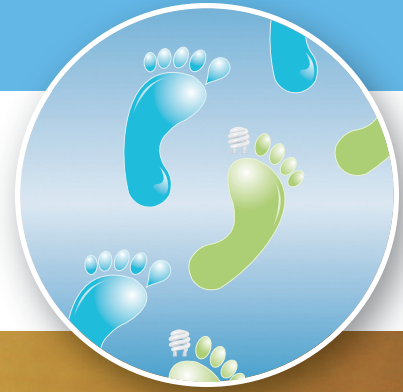
³ New goal is a multi-year rolling average due to our current three-year project duration.











⁴ Banned pesticides refers to those pesticides banned under the Stockholm Convention on Persistent Organic Pollutants (POPs).

The Planet



Tim Hortons understands that changes in the environment need to be managed and embraces our responsibility to do our part.



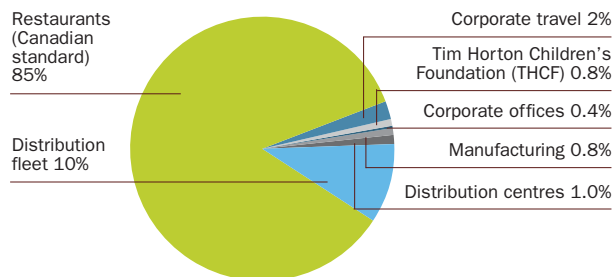
Our Goals	Performance	Next Steps
<p>Environmental Stewardship</p>  <p>5% reduction in packaging within our supply chain and manufacturing operations by 2012</p> <p>Work to achieve a solution so that our paper cup is accepted in recycling and composting systems in local municipalities</p> <p>5% energy and water use reduction for all our corporate buildings and new restaurant construction by 2011</p> <p>Register two pilot restaurants for Leadership in Energy and Environmental Design (LEED®) certification in 2010</p> <p>5% increase in fuel efficiency for our distribution fleet by 2011</p>	<p>2010 2011+</p> <p> on target</p> <ul style="list-style-type: none"> We are currently establishing our baseline and working on packaging reduction through individual vendor initiatives. <p> on target</p> <ul style="list-style-type: none"> Our cup is now being collected for diversion at more than 650 of our restaurant locations. In 2010, the number of restaurants with the new three- or four-stream recycling units totaled 1,165. Having these units in place enables our restaurants to take paper cups and other paper packaging as soon as markets are secured/confirmed. <p> on target</p> <ul style="list-style-type: none"> We are measuring our performance from 2008 (our baseline year). In 2010, we implemented energy and water conservation initiatives across our manufacturing facilities, distribution centres and warehouses. <p> 100%</p> <ul style="list-style-type: none"> We registered three restaurants for LEED® certification (Hamilton, Ontario; Regent Park, Toronto, Ontario; Geddes, NY) in 2010. <p> 52%  on target</p> <ul style="list-style-type: none"> From 2008–2010, the fuel efficiency of our distribution fleet increased by 2.58%.¹ The focus in 2011 will continue to be on equipment upgrades and driver behaviour to maximize fuel efficiency. 	<ul style="list-style-type: none"> We will continue working towards a 5% reduction in packaging within our supply chain and manufacturing operations by the end of 2012. We will continue to work to achieve waste diversion and appropriate end-of-life solutions for our hot beverage cup and other packaging. We will continue to work towards a 5% energy and water use reduction for all our corporate buildings and new restaurant construction by the end of 2011. We will monitor and assess the performance of our LEED® pilot restaurants and plan to register an additional five restaurants for certification in 2011. We will continue to work towards a 5% increase in fuel efficiency for our distribution fleet by the end of 2011.
<p>Supply Chain</p>  <p>Implement our Business Partner and Supplier Code of Conduct (BPSCC) and develop a supporting auditing program in 2010</p> <p>Develop an independent audit and verification program for our coffee sourcing in 2010. Begin auditing and verification in 2011</p> <p>Animal welfare at Tim Hortons</p>	<p> 100%</p> <ul style="list-style-type: none"> In 2010, we implemented our BPSCC with our food, equipment and packaging suppliers, and developed a verification program which uses a risk assessment approach to determine those business partners and suppliers to be reviewed. <p> 100%</p> <ul style="list-style-type: none"> We have developed our BPSCC and verification program to be applicable to our coffee sourcing partners. All our coffee sourcing partners have signed back on our BPSCC. <p>New for 2011</p> <ul style="list-style-type: none"> We acknowledge that for our Animal Welfare program to be successful, procedures, standards and best practices need to be integrated across our business. We have had discussions with many of our stakeholders that have been helpful in providing a broad perspective on animal welfare issues. 	<ul style="list-style-type: none"> We intend to implement our BPSCC with all of our remaining business partners and suppliers in 2011. We intend to pilot our BPSCC Verification program in 2011 and amend our procedures as required. We will revise and finalize our Animal Welfare Policy in 2011.

¹ This result includes trucks within our distribution fleet and our camp buses. Excludes our truck refrigeration units at this time.

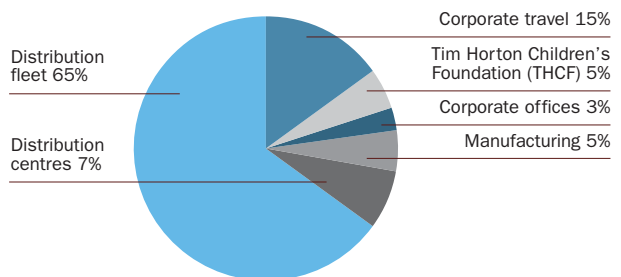
Tim Hortons Environmental Performance Summary

DIRECT ENERGY USE¹	2008	2009	2010 ² Unit of measurement
Corporate Offices ³	2,402,203	2,299,182	1,854,355 kWh
Manufacturing ⁴	17,548,517	18,089,859	25,623,952 kWh
Distribution Centres ⁵	4,942,341	5,512,236	4,064,949 kWh
INDIRECT ENERGY USE⁶			
Corporate Offices	4,546,857	4,719,787	5,135,205 kWh
Manufacturing	3,604,205	3,804,644	5,911,033 kWh
Distribution Centres	10,820,141	10,715,771	11,341,257 kWh
TOTAL Direct and Indirect Energy Use	43,864,264	45,141,478	53,930,751 kWh
TIM HORTON CHILDREN'S FOUNDATION (THCF)⁷			
Direct Energy Use	3,219,292	3,571,609	3,349,079 kWh
Indirect Energy Use	2,827,401	2,756,566	2,858,105 kWh
TOTAL Direct and Indirect Energy Use	6,046,693	6,328,175	6,207,184 kWh
RESTAURANTS (Canadian standard restaurants)⁸			
Direct Energy Use	112,517,227	188,525,635	156,547,109 kWh
Indirect Energy Use	938,804,052	773,779,579	791,612,038 kWh
TOTAL Direct and Indirect Energy Use	1,051,321,279	962,305,214	948,159,147 kWh
ENERGY INTENSITY⁹			
Corporate Offices	7,730	7,555	7,327 kWh/FTE ¹⁰
Manufacturing	0.621	0.591	0.618 kWh/kg produced ¹¹
Distribution Centres	0.013	0.012	0.011 kWh/distribution sales (\$) ¹²
THCF	52	55	61 kWh/participant days ¹³
Restaurants ⁸	0.254	0.217	0.201 kWh/restaurant sales (\$) ¹⁴
WATER INTENSITY⁹			
Corporate Offices	10,472	14,100	15,805 L/FTE
Manufacturing	1.02	0.60	0.51 L/kg produced
Distribution Centres	0.016	0.012	0.015 L/distribution sales (\$) ¹²
THCF	157	201	158 L/participant days
Restaurants ⁸	0.967	0.954	0.945 L/restaurant sales (\$) ¹⁴
GHG EMISSIONS (Tonnes of CO₂e)¹⁵			
Corporate Offices	963	980	1,049 tonnes
Manufacturing	1,284	1,351	1,870 tonnes
Distribution Centres	2,557	2,560	2,630 tonnes
Distribution Fleet ¹⁶	23,226	21,181	24,227 tonnes
Corporate Travel ¹⁷	5,219	5,354	5,427 tonnes
THCF ¹⁸	2,308	1,979	1,833 tonnes
Restaurants ⁸	211,671	193,910	203,271 tonnes
Corporate carbon (CO ₂) reductions from green power purchases ¹⁹	n/a	-3	-10 tonnes
Restaurant carbon (CO ₂) reductions from green power purchases ¹⁹	-68	-66	-56 tonnes
Total CO₂e Emissions	247,160	227,246	240,241 tonnes
GHG EMISSIONS (CO₂e) BY SCOPE			
Total Gross emissions Scope 1 (Direct)	15,976	15,230	18,087 tonnes
Total Gross emissions Scope 2 (Indirect)	4,365	4,432	4,984 tonnes
Total Gross emissions Scope 3 (Other Indirect)	226,887	207,652	217,236 tonnes
Total Gross CO₂e Emissions	247,228	227,315	240,307 tonnes

2010 TIM HORTONS GHG EMISSIONS
(240,307 tonnes of CO₂e)



2010 TIM HORTONS GHG EMISSIONS EXCLUDING RESTAURANTS
(37,036 tonnes of CO₂e)



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

