

**CHARTER OF THE  
NOMINATING AND CORPORATE GOVERNANCE COMMITTEE  
OF THE BOARD OF DIRECTORS  
OF TIM HORTONS INC.**

Adopted September 28, 2009  
(Most Recently Revised: November 10, 2010)

This Charter identifies the purpose, composition, meeting requirements, committee responsibilities, annual evaluation procedures and investigations and studies of the Nominating and Corporate Governance Committee (the “Committee”) of the Board of Directors (the “Board”) of Tim Hortons Inc., a corporation incorporated under the Canada Business Corporations Act (the “Corporation”), pursuant to the Board’s Principles of Governance, its Governance Guidelines (“Governance Guidelines”) and other applicable requirements.

**I. PURPOSE**

The Committee is responsible for: (a) assisting the Board in determining the desired experience, mix of skills and other qualities to assure appropriate Board composition, taking into account the current Board members and the specific needs of the Corporation and the Board; (b) identifying highly qualified individuals meeting those criteria to serve on the Board; (c) proposing to the Board a slate of nominees for election by the shareholders at the Annual Meeting of Shareholders and prospective director candidates in the event of the resignation, death, removal or retirement of directors or a change in Board composition requirements; (d) reviewing candidates nominated by shareholders for election to the Board; (e) developing plans regarding the size and composition of the Board and its committees; (f) reviewing Board succession plans; (g) continuing to review and develop the Principles of Governance and Governance Guidelines adopted by the Board and monitoring and making recommendations to the Board with respect to other corporate governance principles applicable to the Corporation; (h) lead the Board in its annual evaluation of the Board, other Board Committees (if requested by the Board), and management; (i) such other functions as the Board may from time to time assign to the Committee. In performing its duties, the Committee shall seek to maintain an effective working relationship with the Board and the Corporation’s management.

**II. COMPOSITION**

The Committee shall be composed of at least three members (including a Chairperson<sup>1</sup>). The composition of the Committee shall satisfy the independence requirements established for Committee membership in the Governance Guidelines, which requirements are consistent with the listing standards of the New York Stock Exchange and the rules of the Canadian securities regulatory authorities to the extent applicable, both of the foregoing as may be amended from time to time. The Board shall affirmatively determine that the Committee (and any individual members, as applicable) satisfies such requirements whenever any director is appointed to or resigns or is removed from the Committee. The members of the Committee and the Chairperson

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<sup>1</sup> The Chairperson of the Committee will also serve as the Lead Director of the Board if the Chair of the Board is not an independent Director, as set forth in the Board’s Governance Guidelines.

shall be selected annually by the Board and serve at the pleasure of the Board. A Committee member (including the Chairperson) may be removed at any time, with or without cause, by the Board. The Board may designate one or more directors as alternate members of the Committee, who may replace any absent or disqualified member or members at any meetings of the Committee, provided that the independence requirements set forth in the Governance Guidelines are satisfied. No person may be made a member of the Committee if his or her service on the Committee would violate any restriction on service imposed by any rule or regulation of the United States Securities and Exchange Commission, Canadian securities regulatory authorities, or any securities exchange or market on which the common shares of the Corporation are traded.

A Committee member may resign at any time by giving written notice to the Board. A Committee member may resign from the Committee without resigning from the Board, but a Committee member shall tender his or her resignation from the Committee upon ceasing to be a member of the Board or ceasing to satisfy applicable independence requirements set forth in the Governance Guidelines, as noted above.

The Committee shall have authority to delegate responsibilities listed herein to subcommittees of the Committee if the Committee determines such delegation would be in the best interests of the Corporation.

### **III. MEETING REQUIREMENTS**

The Committee shall meet as necessary but at least four times each year, to enable it to fulfill its responsibilities. The Committee shall meet at the call of the Chairman of the Board, the President or by any two committee members, preferably in conjunction with regular Board meetings. The Committee may meet by telephone conference call or by any other means permitted by law or the Corporation's By-laws. A majority of the members of the Committee shall constitute a quorum. The Committee shall act on the affirmative vote of a majority of members present at a meeting at which a quorum is present. Without a meeting, the Committee may act by unanimous written consent of all members. The Committee shall determine its own rules and procedures, including designation of a chairperson *pro tempore*, in the absence of the Chairperson, and designation of a secretary. The Committee may also adopt rules of governance, not inconsistent with this Charter, to assist the Committee in the discharge of its responsibilities. The secretary need not be a member of the Committee and shall attend Committee meetings and prepare minutes. The Committee shall keep written minutes of its meetings, which shall be recorded or filed with the books and records of the Corporation. Any member of the Board shall be provided with copies of such Committee minutes upon request.

The Committee may ask members of management or others whose advice and counsel are relevant to the issues then being considered by the Committee, to attend any meetings and to provide such pertinent information as the Committee may request.

The Chairperson of the Committee shall be responsible for leadership of the Committee, presiding over Committee meetings, making Committee assignments and reporting the Committee's actions to the Board from time to time (but at least quarterly) as requested by the Board. The Chairperson, with the assistance of management, shall also set the agenda for Committee meetings.

#### IV. COMMITTEE RESPONSIBILITIES

The Committee members, as directors and as articulated in the Governance Guidelines, will exercise their business judgment in a manner they reasonably believe to be in the best interests of the Corporation. Committee members are entitled to rely on the honesty and integrity of the Corporation's executives and its outside advisors and auditors to the fullest extent permitted by law. In carrying out its oversight responsibilities, the Committee's policies and procedures should remain flexible to enable the Committee to react to changes in circumstances and conditions so as to ensure the Corporation remains in compliance with applicable legal and regulatory requirements. In addition to such other duties as the Board may from time to time assign, the Committee shall have the following responsibilities:

##### A. Board Candidates and Nominees

1. To propose to the Board a slate of nominees for election by the shareholders at the Annual Meeting of Shareholders and prospective director candidates in the event of the resignation, death, removal or retirement of directors or a change in Board composition requirements;
2. Prior to recommending to the Board that one or more current directors be submitted to shareholders for re-election, the Committee will review the performance of each person potentially standing for election or reelection and make appropriate recommendations to the Board concerning that person's candidacy;
3. To periodically review established criteria for the selection of new directors and nominees for vacancies on the Board, including procedures for reviewing potential nominees proposed by shareholders;
4. To review with the Board the desired experience, mix of skills and other qualities to assure appropriate Board composition, taking into account the current Board members and the specific needs of the Corporation and the Board;
5. To conduct candidate searches, interview prospective candidates and conduct programs to introduce candidates to the Corporation, its management and operations, and confirm the appropriate level of interest of such candidates;
6. To recommend to the Board, with the input of the Chief Executive Officer, when deemed appropriate by the Committee, qualified candidates for the Board who bring the background, knowledge, experience, skill sets and expertise that would strengthen and increase the diversity and other attributes of the Board;
7. To conduct appropriate inquiries into the background and qualifications of potential nominees;

8. To review the suitability for continued service as a director of each Board member whose continued service as a director is potentially affected by specific provisions of the Governance Guidelines; and
9. To recommend to the Board any action to be taken in connection with a director who has tendered his or her resignation in accordance with the Corporation's majority voting policy.

Notwithstanding the provisions set forth in this Section IV, if the Corporation is legally required by contract or otherwise to provide third parties with the ability to nominate directors (*e.g.*, preferred share rights to elect directors upon a dividend default, shareholder agreements or management agreements), the selection and nomination of such directors need not be subject to the Committee's nominating process.

B. Board and Committees

1. To review periodically the size of the Board and recommend to the Board changes as appropriate;
2. To recommend to the Board policies pertaining to the roles, responsibilities, retirement age, tenure and removal of directors;
3. To assist the Board in determining and monitoring whether or not current directors and prospective directors satisfy the independence requirements set forth in the Governance Guidelines, and otherwise within the meaning of any rules and laws applicable to the Corporation to ensure that a substantial majority of the directors are independent directors;
4. To review and consider, with Corporation counsel and with the Audit Committee where appropriate, possible conflicts of interests that may arise between the Corporation and any director that may impair a director's independence;
5. To establish, monitor and recommend to the Board any changes to the purpose, structure, operations and responsibilities of the various committees of the Board and the qualifications and criteria for membership on each such committee;
6. To make recommendations to the Board with respect to Board committee membership assignments and changes thereto, taking into account any criteria for service set forth in the Corporation's Governance Guidelines and in the applicable committee charter, as well as the Corporation's needs, individual attributes, service rotation and other relevant factors;
7. To recommend that the Board establish such special committees as may be necessary or appropriate to address ethical, legal or other matters that may arise, as needed; and

8. To oversee and review the orientation and continuing education programs for directors.

C. Evaluations

1. To oversee the process for and, if requested, to assist the Board with conducting, not less frequently than annually, an evaluation of the effectiveness of the Board as a whole; and
2. To report annually to the Board on director orientation and the Board's performance evaluation.

D. Corporate Governance and Responsibility

1. To review periodically (but not less frequently than annually) and monitor the Board's Principles of Governance and Governance Guidelines to ensure that they reflect best practices and are appropriate for the Corporation and to assist the Board in achieving such best practices, and, recommend any changes to the Principles of Governance and Governance Guidelines that are necessary or advisable (including, but not limited to, changes to the criteria for determining director independence);
2. To annually review the Corporation's compliance with the listing requirements of each of the New York Stock Exchange, Toronto Stock Exchange and the rules of the Canadian securities regulatory authorities;
3. To periodically review and recommend changes to the Corporation's Certificate of Incorporation and By-laws as they relate to corporate governance issues;
4. To review and report to the Board periodically (but not less frequently than annually) on matters regarding sustainability, corporate responsibility, and environmental and social issues. This will include potential long- and short-term trends, and impacts, risks and opportunities to our business, including the Corporation's public reporting on these topics and performance against our stated commitments and goals;
5. To oversee, review, and report to the Board periodically (but not less frequently than annually) regarding the Corporation's Corporate Political Contributions Policy;
6. To oversee the process for CEO succession planning, including reviewing such planning and related processes with the Executive Chairman and the CEO and facilitating the Board's identification and evaluation of potential successors to the CEO, as and when appropriate; and
7. To review and make recommendations to the Board annually regarding the functions and responsibilities of the Chairman, CEO and Lead Director.

## **V. ANNUAL EVALUATION PROCEDURES**

The Committee shall annually assess its performance to confirm that it is meeting its responsibilities under this Charter and report the results of the assessment to the Board. In this review, the Committee shall consider, among other things, (a) the appropriateness of the scope and content of this Charter, (b) the appropriateness of matters presented for information and approval, (c) the sufficiency of time for consideration of agenda items, (d) the frequency and length of meetings and (e) the quality of written materials and presentations. The Committee may recommend to the Board such changes to this Charter as the Committee deems appropriate. In addition, if requested by the Board, the Committee shall lead the Board in its annual evaluation of the other Board Committees, with assistance from and input of such other Committees.

## **VI. INVESTIGATIONS AND STUDIES**

The Committee may conduct or authorize investigations into or studies of matters within the Committee's scope of responsibilities as described herein, and may retain, at the expense of the Corporation, independent counsel or other consultants or advisors necessary to assist the Committee in any such investigations or studies, if authorized by the Board. The Committee shall have sole authority to retain and terminate any search firm to be used to identify director candidates, including the sole authority to negotiate and approve the fees and retention terms of such search firm.

## **VII. MISCELLANEOUS**

Nothing contained in this Charter is intended to expand applicable standards of liability under statutory or regulatory requirements for the directors of the Corporation or members of the Committee. The purposes and responsibilities outlined in this Charter are meant to serve as guidelines rather than as inflexible rules and the Committee is encouraged to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities. This Charter is intended to be consistent with and supplemented by the Board's Principles of Governance and Governance Guidelines. This Charter is, and any amendments thereto will be, displayed on the Corporation's website and a printed copy will be made available to any shareholder of the Corporation who requests such.