SETTLEMENT AGREEMENT

BETWEEN

THE STATES OF MASSACHUSETTS,
CALIFORNIA, ILLINOIS, IOWA, MARYLAND, MINNESOTA, NEW JERSEY, NEW YORK, PENNSYLVANIA, RHODE ISLAND

AND

TIM HORTONS USA INC.
(“AGREEMENT”)

PARTIES

1. The States of Massachusetts, California, Illinois, Iowa, Maryland, Minnesota, New Jersey, New York, Pennsylvania and Rhode Island (the “Settling States”), by and through their Attorneys General (collectively, “the Attorneys General”), are charged with enforcement of, among other things, their respective state’s consumer protection and antitrust laws, and other related statutes and regulations.

2. Tim Hortons USA Inc. is a Florida corporation (“THUSA”) that has its headquarters or principal place of business in Miami, Florida. THUSA is a franchisor, and its corporate and franchisee-operated locations are in the business of offering burgers and fries, among other food products, for sale to consumers.

DEFINITIONS

3. “No-Poach Provisions” refers to any and all language contained within franchise or license agreements or any other documents which purports to restrict, limit or prevent any THUSA franchisee or THUSA-operated restaurant from hiring,
recruiting or soliciting employees of THUSA and/or any other THUSA franchisee for employment for a limited period of time (e.g., within six months after his or her termination from employment). Such language includes, but is not limited to, any “no-solicitation,” “no-switching,” and/or “no-hire” provisions.

4. “THUSA” shall mean Tim Hortons USA Inc., and shall include its directors, officers, managers, agents acting within the scope of their agency, and employees as well as its successors and assigns, controlled subsidiaries, and predecessor franchisor entities.

THE INVESTIGATION BY THE ATTORNEYS GENERAL

5. The Attorneys General undertook an investigation pertaining to certain No-Poach Provisions contained in THUSA’s franchise agreements. As a result of the investigation, the Attorneys General determined:

a. THUSA has independently-owned franchise locations in each of the Settling States;

b. Until on or about September 2018, THUSA included No-Poach Provisions in its franchise agreements; and

c. The Attorneys General allege that THUSA’s use of No-Poach Provisions in its franchise agreements may have limited employees’ earning potential and upward job mobility, and deprived other franchisees of the opportunity to hire workers with requisite skills and experience. The Attorneys General also allege that the economic consequences of these restrictions may be significant.
6. The Attorneys General allege that this course of conduct may constitute a violation of the Settling States’ antitrust laws. The Attorneys General further allege that these methods, acts, or practices may arguably constitute unfair methods of competition and/or unfair or deceptive acts or practices in the conduct of trade or commerce in violation of the Settling States’ consumer protection laws, and may arguably violate other laws in some or all of the Settling States governing the free exercise of the right to contract for employment.

7. THUSA expressly denies all of the allegations set forth in Paragraphs 5c and 6. THUSA’s entry into this Agreement is without prejudice to argue in any forum, including, without limitation, any litigation, about the propriety of the use of purported No-Poach Provisions and expressly preserves all arguments concerning the meaning, interpretation, scope, and lawfulness of those provisions. Moreover, THUSA’s entry into this Agreement is without prejudice to THUSA’s right to argue in any forum, including, without limitation, any litigation concerning the purported No-Poach Provisions, that those provisions served legitimate and significant pro-competitive purposes. It is expressly understood that nothing in this Agreement shall be deemed an admission of liability or wrongdoing by THUSA.

8. THUSA enters into this Agreement for the purpose of resolving this investigation and related dispute only, and this Agreement does not create or affect any rights for any third party.
9. This Agreement is made without trial or adjudication of any issue of fact or law and without THUSA admitting to any violation of law. The parties have voluntarily and knowingly entered into this Agreement to avoid the time and expense of litigation.

10. The Attorneys General have conferred in good faith with THUSA and its attorneys, and the parties have agreed to resolve the dispute through this Agreement.

ASSURANCES

11. THUSA agrees that it will not include No-Poach Provisions in any of its franchise agreements in the United States signed after the execution date of this Agreement.

12. THUSA agrees it will not enforce any No-Poach Provision in any of its existing franchise agreements in the United States and will not seek to intervene in any action brought by the Attorney General of any of the Settling States against a current or former franchisee that enforces or attempts to enforce an existing No-Poach Provision. THUSA may defend itself and its practices in any action in which it is named as a party. For the avoidance of doubt, it is THUSA’s position that no franchisee has the right to enforce the No Poach Provision contained in a franchise agreement between THUSA and another franchisee as the franchise agreement does not grant third party beneficiary rights to a non-party franchisee.

13. Within sixty (60) days of execution of this Agreement, THUSA will send a letter to all of its current franchisees with restaurants located in the Settling States who are operating under franchise agreements containing No-Poach Provisions stating
that THUSA, in accordance with an agreement with the Attorney General of the State in which the restaurant is located, is requesting that the No-Poach Provisions be removed from existing franchise agreements. The notice that THUSA will send to these franchisees will be substantially in the form of the letter attached hereto as Exhibit A. That letter will include the proposed amendment that THUSA is requesting that each of its franchisees in the Settling States execute, which will remove the No-Poach Provisions from the franchise agreements.

14. The proposed amendment that will be included with each letter will be substantially in the form of the amendment attached hereto as Exhibit B.

15. The letter to franchisees will also include a request to post through June 30, 2021, a notice at the workplace in a location where it can easily be read to inform employees of this Agreement. A template of such notice in English and Spanish is attached hereto as Exhibit C. THUSA will post this notice through June 30, 2021 in the restaurants it operates in the Settling States.

16. If, after the 60-day period set forth in Paragraph 13, THUSA becomes aware of a franchisee with a restaurant located in one of the Settling States attempting to enforce No-Poach Provisions, and THUSA is unable to persuade such franchisee to desist from attempting to enforce such provision, THUSA will notify the Attorney General of the state in which the restaurant is located and the Massachusetts Attorney General within thirty (30) days of THUSA becoming aware of the attempted enforcement. Notice shall be provided by both United
States Postal Service and email to the appropriate Settling States’ signatories to this Agreement. THUSA’s obligations under this paragraph shall end three years from the date of execution.

17. In addition to sending the letter to its current franchisees in the Settling States pursuant to Paragraph 13 above, THUSA will respond promptly to any inquiries from such franchisees regarding the request to amend the terms of the franchise agreement and will in such letter encourage its current franchisees in the Settling States to sign the proposed amendment. Within 180 days after execution of this Agreement, THUSA will provide; (a) a list of all then current franchisees in the Settling States which indicates whether each franchisee has executed the proposed amendment, refused to execute the proposed amendment, or is requesting an extension to execute the proposed amendment to the Settling States; and (b) copies of all executed amendments it has obtained with its current franchisees in the Settling States to the respective Attorney General of each Settling State and a copy to the Massachusetts Attorney General. THUSA, however, is under no obligation to offer its franchisees any consideration – monetary or otherwise – to induce them to sign the proposed amendment or take any adverse action against such franchisees if they refuse to do so. A decision by a franchisee not to amend its franchise agreement, or not to do so within 180 days after execution of this Agreement, or to request additional time to execute the proposed amendment,
shall not constitute a breach by THUSA of its obligations under this Agreement or failure by THUSA to comply with this Agreement.

18. If THUSA learns that a current franchisee in a Settling State intends in good faith to sign the proposed amendment but is unable to do so within 180 days after execution of this Agreement, THUSA will notify the respective Attorney General of the Settling State in which the franchisee operates, and the Massachusetts Attorney General, to seek a mutually agreeable extension. Any reasonable request for extension (i.e., no more than 60 days) shall not be denied by any Attorney General absent a showing of bad faith by THUSA. During any such extension, that Attorney General will not take further investigative or enforcement action against the franchisee for the use of the No-Poach Provisions.

19. Within 180 days after execution of this Agreement, THUSA will submit a declaration to the Attorneys General, signed under penalty of perjury, stating whether all provisions of this Agreement have been satisfied.

MISCELLANEOUS PROVISIONS

20. This Agreement shall be governed by and interpreted in accordance with the laws of each respective Settling State, if any, which is seeking to enforce the Agreement against THUSA or against which THUSA is seeking enforcement.

21. THUSA is represented by and has consulted with counsel in connection with the decision to enter into this Agreement.
22. This Agreement shall be binding upon THUSA, and any company or entity through which it does business, or which is under its direct or indirect control by any means, or any of those companies’ or entities’ successors in interest, parent corporations, holding companies, subdivisions, subsidiaries, affiliated entities, officers, directors, agents, and employees to the extent that those persons or entities are involved in the franchising or operating of Tim Hortons restaurants in the United States. This Agreement shall have the same effect as an Assurance of Discontinuance, Assurance of Voluntary Compliance, or a Stipulated Judgment, and it may be filed in court pursuant to the respective laws of each Settling State.\(^1\) This Agreement shall not be considered an admission by THUSA for any purpose.

23. In the event that any of the Settling States believe that THUSA has breached the terms of this Agreement:

a. The Settling State or States will provide written notice of the alleged breach to THUSA by both United States Postal Service, via certified mail, return receipt requested, and email to the below contacts:

Tim Hortons USA Inc.
5707 Blue Lagoon Drive
Miami, FL 33126
Attention: General Counsel
generalcounsel@rbi.com

\(^1\) With respect to California, this Agreement will only become effective once it has been entered as a stipulated judgment pursuant to California Code of Civil Procedure section 664.6.
b. THUSA will have forty-five (45) days following receipt of the written notice to cure any alleged breach. The Settling State shall only bring claims for any uncured breaches at the conclusion of the cure period.

24. If a court of competent jurisdiction issues a final, non-appealable judgment that THUSA has materially breached this Agreement, then:

a. For each material breach of this Agreement that results in a refusal to hire, THUSA shall pay the Settling States an aggregate amount up to $100,000, determined at the Settling States' discretion, unless THUSA establishes that (i) the breach was unintentional and (ii) that THUSA cured the breach within forty-five (45) days of receipt of written notice from the Settling State or, alternatively, that the Settling State failed to provide adequate notice as required by Paragraph 23.

b. For each material breach of this Agreement that does not result in a refusal to hire, THUSA shall pay the Settling States an aggregate amount up to $10,000, determined at the Settling States discretion, unless THUSA establishes that (i) the breach was unintentional and (ii) THUSA cured the breach within forty-five (45) days of receipt of written notice from the Settling State, or, alternatively, that the Settling State failed to provide adequate notice as required by Paragraph 23; and

c. In the event that a payment is due under this Paragraph, THUSA shall also pay the reasonable fees and costs incurred by the Settling States in enforcing the
terms of this Agreement where such enforcement requires litigation, including without limitation reasonable attorneys' fees, expenses, and the costs of investigation and litigation, as determined by the court.

25. The Attorneys General agree not to proceed with or institute or intervene in any civil or criminal action or any other enforcement action under their respective state's consumer protection and antitrust laws, and other related statutes and regulations against THUSA or any companies through which THUSA does business or which are under its direct or indirect control by any means, for the use of No-Poach Provisions prior to the execution of this Agreement. The Attorneys General further agree not to proceed with, or institute or intervene in any civil action or other proceeding under their respective state's laws, statutes, and regulations against any of THUSA's current franchisees, for the use of No-Poach Provision prior to the execution of this agreement, to the extent such franchisee timely executes the proposed amendment described in Paragraph 14, and posts the proposed notice as described in Paragraph 15. Notwithstanding this Paragraph, nothing in this Agreement shall be construed as preventing the Attorneys General from investigating THUSA's conduct in the event of a suspected violation of this Agreement. Nothing in this Agreement serves to waive, release, or otherwise affect any claims or potential claims of individuals or classes of individuals not party to this Agreement, even if one or more of the Attorneys General could have brought those claims on their behalf. Nothing in
this Agreement prohibits any of the Attorneys General from participating or intervening in any civil action or other proceeding in order to provide an opinion or interpretation regarding the laws of the applicable Settling State.

26. Notwithstanding Paragraph 25, the Attorneys General reserve the right to take further investigative or enforcement action against any current franchisee in any Settling State that does not sign the proposed amendment described in Paragraph 14 within the time provided under this Agreement or any agreed extension, or fails to post the proposed notice described in Paragraph 15. Neither the failure of any franchisee to sign the proposed amendment nor the failure of any franchisee to post the proposed notice shall constitute a breach by THUSA.

27. Nothing in this Agreement shall be construed as relieving THUSA of a duty to comply with all applicable federal, state and local laws, regulations, rules, and permits. The Settling States are not required to provide notice in advance of taking any enforcement action if necessary to protect the health, safety or welfare of the public.

28. This Agreement contains the complete agreement between the Attorneys General and THUSA related to the conduct at issue. No admissions, promises, representations, or warranties other than those set forth in this Agreement have been made by the Attorneys General or by THUSA. This Agreement supersedes all prior communications, discussions, or understandings regarding No-Poach Provisions between the Attorneys General and THUSA, whether oral or in
writing. This Agreement can only be modified or supplemented by a written
document signed by THUSA and the applicable Attorney(s) General.

29. All written notices to the States shall be sent by both United States Postal Service
and email to the appropriate Settling State’s signatory to this Agreement.

30. The Attorneys General and THUSA agree and represent that any persons signing
this Agreement are authorized by proper authorities to execute this Agreement on
their behalf. By signing below, the parties agree to comply with all of the terms
of this Agreement.

31. Execution of this Agreement does not constitute an approval by the Settling States
of any of THUSA’s business acts or practices.

32. This Agreement is a voluntary agreement, and it shall not be construed as an
admission of law, fact, liability, misconduct, or wrongdoing on the part of
THUSA, any THUSA parent companies, subsidiaries, or affiliates, or any of its
current or former franchisees. THUSA neither agrees nor concedes that the
claims, allegations and/or causes of action which have or could have been asserted
by the Attorneys General have merit, and THUSA expressly deny any such
claims, allegations, and/or causes of action.
AGREED TO AND APPROVED FOR BY:

Tim Hortons USA Inc.,

[Signature]

Vicente A. Tome
Head of Legal, US & LAC
FOR THE SETTLING STATES:

MASSACHUSETTS

Cynthia Mark  
Chief, Fair Labor Division  
Massachusetts Office of the Attorney General  
One Ashburton Place  
Boston, MA 02108  
(617) 963-2626  
cynthia.mark@state.ma.us

CALIFORNIA

Satoshi Yanai  
Supervising Deputy Attorney General  
Office of the Attorney General  
Worker Rights and Fair Labor Bureau  
300 S. Spring Street, Suite 1702  
Los Angeles, CA 90013  
(213) 269-646400  
satoshi.yanai@doj.ca.gov

ILLINOIS:

Alvar Ayala  
Workplace Rights Bureau Chief  
Office of the Illinois Attorney General  
Workplace Rights Bureau  
100 W. Randolph Street, 11th floor  
Chicago, IL 60601  
Ayala@agt.state.il.us

IOWA

Max M. Miller  
Consumer Protection Division  
Office of the Iowa Attorney General  
1305 E. Walnut St.  
Des Moines, IA 50319  
Telephone: (515) 281-5926  
Fax: (515) 281-6771  
Max.Miller@ag.iowa.gov

MARYLAND

Schonette J. Walker  
Assistant Attorney General  
Deputy Chief, Antitrust Division  
Maryland Office of the Attorney General  
200 Saint Paul Place  
Baltimore, Maryland 21202  
(410) 576-6470  
swalker@oag.state.md.us

MINNESOTA

Joseph C. Meyer  
Assistant Attorney General  
Residential Utilities and Antitrust Division  
Office of the Minnesota Attorney General  
Suite 1400  
445 Minnesota Street  
St. Paul, MN 55101-2131  
(651) 757-1433  
joseph.meyer@ag.state.mn.us
NEW JERSEY

Glenn J. Moramarco
Assistant Attorney General
AAG in Charge of Special Litigation
25 Market Street, PO Box 112
Trenton, NJ 08625
609-376-3235
Glenn.Moramarco@law.njoag.gov

RHODE ISLAND

Adam D. Roach
Special Assistant Attorney General
RI Office of the Attorney General
150 South Main Street
Providence, RI 02903
(401) 274-4400
aroach@riag.ri.gov

Jessica Agarwal
Assistant Attorney General
New York State Office of the Attorney General
28 Liberty Street
New York, NY 10018
(212) 416-8701
Jessica.Agarwal@ag.ny.gov

PENNSYLVANIA

Nancy A. Walker
Chief Deputy Attorney General
Fair Labor Section
Commonwealth of Pennsylvania
Office of Attorney General
1600 Arch Street, Suite 300
Philadelphia, PA 19103
(215) 560-2704
nwalker@attorneygeneral.gov
EXHIBIT A
SAMPLE NOTICE TO FRANCHISEES

Dear [Franchisee Name]:

In July 2018, the Attorneys General of California, Illinois, Iowa, Maryland, Massachusetts, Minnesota, New Jersey, New York, Pennsylvania and Rhode Island (the "States"), requested information from THUSA regarding our franchise agreements. In particular, the States objected to any purported "No-Poach Provisions" or policies which they claim restrict the hiring or solicitation of employees between THUSA and its franchisees, including [Franchisee Name]. These purported No-Poach Provisions, which are also known as "non-solicitation" or "no hire" provisions, appear in some THUSA franchise agreements.

We have cooperated with the investigation and have entered into a Settlement Agreement (attached) without admitting that THUSA or its franchisees have violated any law or regulation or acted improperly in any respect. We believe the franchise system’s interests are best served by resolving the matter without costly and protracted litigation.

Under the Agreement with the States, THUSA will not enforce purported No-Poach Provisions in any of our existing franchise agreements in the United States. Moreover, THUSA will not include any such provisions in any future franchise agreements.

As you may know, you do not have any right to enforce any such provision against another franchisee since the THUSA franchise agreement does not grant you any such right.

Our Agreement with the States requires that we request from franchisees with locations in any of those States that they agree to amend their existing franchise agreements to remove the purported No-Poach Provisions. Enclosed for your signature is an amendment to your franchise agreement(s) with THUSA to remove the purported No-Poach Provisions. Our Agreement with the States also requires that we request from franchisees that they post a notice regarding the Agreement to their employees in their restaurants in English and Spanish. The template of the employee notice to be posted is also enclosed.

Please review the amendment and employee notice with your attorney. To the extent that you agree to this amendment to your franchise agreement and post the enclosed employee notice through June 30, 2021 in a location where it can easily be read by your employees, the States have committed to not pursue any suit, or take any investigative or enforcement action against you for conduct relating to the No-Poach Provision of your franchise agreement, up to and including the date you sign the amendment.
Please sign and return the amendment to me as soon as possible. If you decide not to sign the enclosed amendment by August 31, 2020 or fail to post the employee notice until June 30, 2021, the States have indicated that they will reserve the right to investigate you and/or pursue enforcement actions against you or your company relating to the contractual provisions described above. Thus, while you should consult with your attorney, we encourage you to sign the proposed amendment in order to avoid potential enforcement action by the States.

If you have any questions or concerns, please contact me at [Contact Info].

If you receive any media inquiries, please refer them to mediainquiries@timhortons.com.

Sincerely,

[Name, Title]
AMENDMENT TO:
TIM HORTONS FRANCHISE AGREEMENT (USA)

The Tim Hortons Franchise Agreement(s) between Tim Hortons USA Inc. ("We") and the undersigned franchisee ("You") listed in Exhibit A hereto (as amended, the "Franchise Agreement(s)") shall be amended in accordance with the following terms.

1. **Background.** We and You are parties to each Franchise Agreement and You operate one or more franchised outlets in California, Illinois, Iowa, Maryland, Massachusetts, Minnesota, New Jersey, New York, Pennsylvania or Rhode Island under the Franchise Agreement(s). We have determined that it is in the best interests of the franchise system to not enforce Sections 13.05(c) and 13.06(b) of the Franchise Agreement(s) as described below. For your reference only, the language of Sections 13.05(c) and Section 13.06(b), as set forth in our franchise disclosure document prior to September 1, 2018, is set forth on Appendix I attached hereto. The purpose of this Amendment to your Franchise Agreement(s) is to document this change. All initial capitalized terms used but not defined in this Amendment shall have the meanings set forth in the Franchise Agreement(s).

2. **Modification of Terms.** As of the Effective Date (defined below) of this Amendment, You and We agree that Sections 13.05(c) and 13.06(b) are hereby deleted from each Franchise Agreement, as shown in Appendix A attached hereto, and are of no further force or effect provided that, for the avoidance of doubt, the introductory language preceding such sections will not be deleted and shall remain in full force and effect.

3. **Miscellaneous.** Except as specifically modified by this Amendment, the provisions of the Franchise Agreement(s) shall remain in full force and effect. This document is an amendment to, and forms a part of, each Franchise Agreement. If there is an inconsistency between this Amendment and any Franchise Agreement, the terms of this Amendment shall control. This Amendment constitutes the entire agreement between the parties hereto, and there are no other oral or written representations, understandings or agreements between them, relating to the subject matter of this Amendment. This Amendment inures to the benefit of the parties hereto and their respective successors and assigns and will be binding upon the parties hereto and each of their respective successors and assigns. This Amendment may be executed in multiple counterparts, but all such counterparts together shall be considered one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement effective as of ______________________, 2020 (the "Effective Date").

TIM HORTONS USA INC. [FRANCHISEE'S NAME]
APPENDIX I
Excerpt from Article XIII (Independent Covenants of Franchisee) of the THUSA Franchise Agreement

13.05 Diversion of Business; Competition with the Franchisor: The Franchisee covenants that for the duration of this Agreement and any renewal hereof, except as otherwise approved in writing by the Franchisor, as follows:

(c) not to employ or seek to employ any person who is at that time employed by the Franchisor or by any other franchisee of the Franchisor operating the same or any other business, or otherwise directly or indirectly to induce such person to leave his or her employment.

13.06 Covenant Not to Compete After Termination, Expiration or Transfer: The Franchisee acknowledges that the Franchisor’s name, business reputation associated therewith, the methods and techniques employed by the Franchisor, the training and instruction to be provided hereunder, the knowledge of the services and methods of the Franchisor and the opportunities, associations and experiences established and acquired by the Franchisee hereunder are of considerable value. In consideration thereof, and in the event of termination or expiration of this Agreement for any reason whatsoever or a transfer as defined in Article XI, the Franchisee covenants that, for a period of two (2) years after the expiration, termination or transfer of this Agreement, regardless of the cause of expiration, termination or transfer, the Franchisee shall not:

(b) employ or seek to employ any person contrary to the provisions of subsection 13.05(c);
EXHIBIT C
EMPLOYEE NOTICE
(post through June 30, 2021)

In July 2018, the Attorney General of your state asked Tim Hortons USA Inc. to stop using or enforcing No-Poach Provisions in its Franchise Agreements. The Attorney General believes that No-Poach Provisions may have prevented some employees from getting a job at another Tim Hortons location.

Tim Hortons does not believe that it acted improperly in any way, and denies that it violated any law. Tim Hortons cooperated with the Attorney General and agreed to stop using or enforcing these provisions.

You are allowed to be recruited or hired by another Tim Hortons location, if you so desire.

If you have any questions or concerns, please contact your state Attorney General’s Office [include State Attorney General Contact Information].

AVISO A LOS EMPLEADOS
(publicar hasta el 30 de junio de 2021)

En julio del 2018, el Fiscal General de su estado le pidió a Tim Hortons USA Inc. que dejara de usar o hacer cumplir las cláusulas en contra del reclutamiento y contrato de talento en sus acuerdos de franquicia. El Fiscal General cree que las cláusulas en contra del reclutamiento y contrato de talento pueden haber impedido que algunos empleados obtengan trabajo en otra locación de Tim Hortons.

Tim Hortons no cree que haya actuado incorrectamente de ninguna manera, y niega haber violado ninguna ley. Tim Hortons cooperó con el Fiscal General y acordó dejar de usar o hacer cumplir estas cláusulas.

Si lo desea, puede ser reclutado o contratado por otra locación de Tim Hortons.

Si tiene cualquier pregunta o duda, por favor comuníquese la Oficina del Fiscal General de su estado [include State Attorney General Contact Information].