



# sofiac

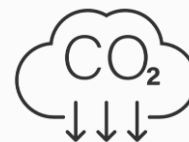
energy performance

by Stuart Galloway  
Executive Vice President  
Ontario and Western Canada

# By 2040, energy efficiency must...



**Reduce energy demand by a third,**  
while enabling the economy to grow  
by 150 percent



**Generate half of the GHG reduction**  
required to meet the targets agreed  
in the Paris agreement

In a business-as-usual scenario, **2/3 of the financially viable economic potential will not materialize**

**A 500M\$  
investment fund  
for deep energy  
retrofit and  
decarbonization  
projects**

Equity partners



Debt partners



Managed jointly by



With the financial support of



# Our mission



**Promote an effective energy transition** to the benefit of businesses, the government, and the economy



**Increase the profitability and competitiveness of businesses** by reducing energy consumption costs



**Fight against climate change** by reducing greenhouse gas emissions

**SOFIAC develops, invests in, and manages deep energy retrofit and decarbonization projects to the benefit of Canadian businesses**



**Commercial**  
sector



**Industrial**  
sector



**Multi-residential**  
sector

**Public Sector Buildings when able to direct source**

# Our offer

## Performance-based approach

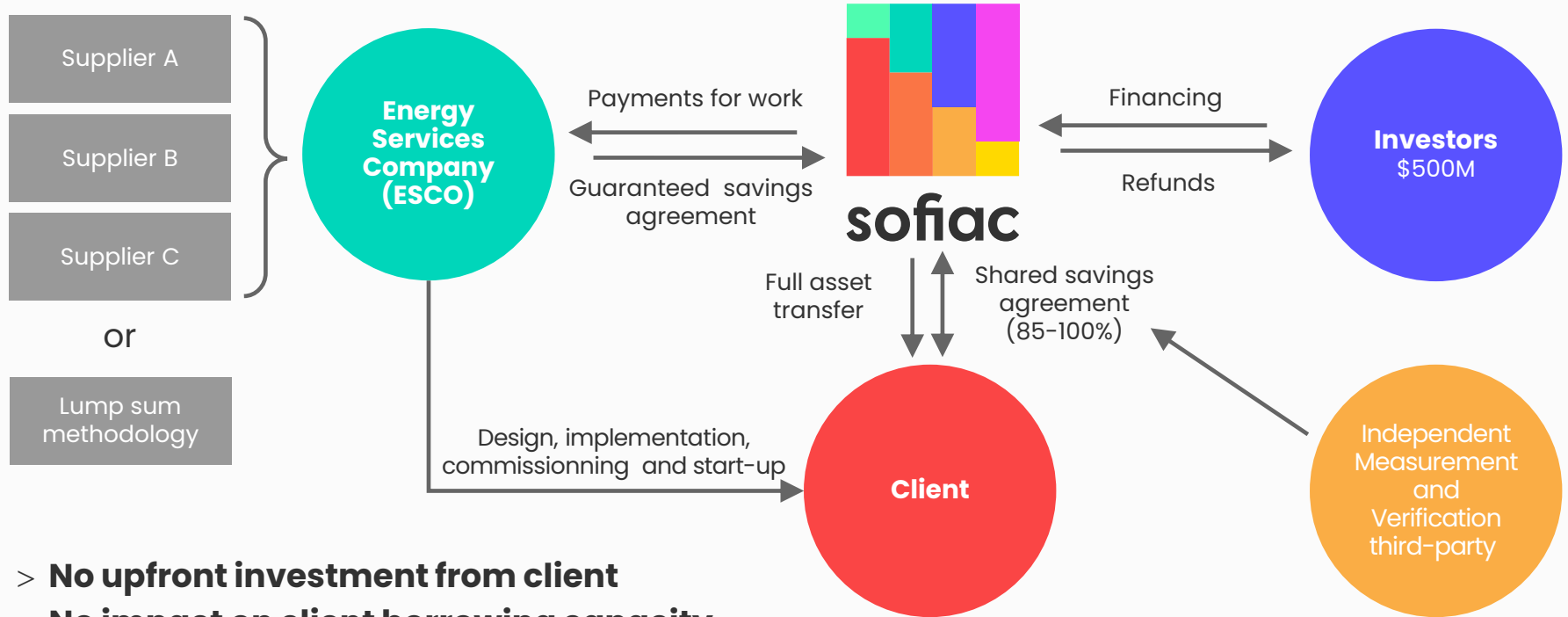
Self-funded projects paid only through a share of the demonstrated savings

- > **No client investment** needed
- > **Turnkey projects** to reduce GHG emissions or energy consumption by a minimum of 25%
- > Technical and financial **risk free**
- > **10+ year** contractual arrangements
- > Structured as a **subordinated debt**
- > **Low internal return rate** by investors
- > Available to all facilities **across Canada**



**To achieve ESG goals at no cost**

# An innovative commercial structure



- > **No upfront investment from client**
- > **No impact on client borrowing capacity**
- > **Contractual agreement of 10+ years**
- > **Technical, financial and operational risks taken by SOFIAC**

# We partner with renowned and experienced ESCOs committed to delivering excellence and results

**AECOM**

 **AINSWORTH**

**BaulinE**  
Le souci des gens et des bâtiments

**c·nergie**

 **ecosystem**

 **ENERGERE**  
SOLUTIONS ÉCONERGÉTIQUES

 **EQUANS**

**Honeywell**

**Johnson  
Controls** 

**SIEMENS**

 **TRANE**

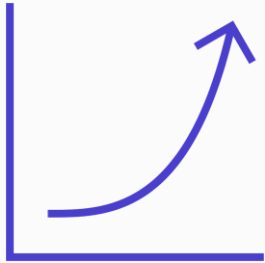
**MCW** 

**SOTECK clauger** 

 **sofiac**  
energy performance



# Positive financial impacts for clients



- > **Optimization of all available subsidies**
- > **No impact on corporate financing operations**
  - Non-recourse, long-term junior debt
- > **All amortization benefits to the client**
  - All implemented assets transferred to client as of day one
  - Accelerated depreciation on most investments
- > **Reduced future CAPEX needs**
  - Acceleration of replaced assets without any investments

**Positive (free) cash flows from day one and for the whole contract duration**

# Agnostic to all technical solutions



## Potential technical solutions

- > Lighting retrofit
- > Efficient motors and pumps
- > Variable drives
- > Heat recovery
- > Chiller plant retrofit
- > Thermal storage
- > Aerothermal and geothermal energy
- > Control system
- > Electrical peak management
- > CO2 refrigeration
- > Passive solar technologies
- > Fuel switching to cleaner sources

# Clients retains control of all assets at every project stage



**By keeping control of what  
should or shouldn't be  
included in the project**



**By getting full asset ownership  
and operational control once  
installed**

# SOFIAC's proposal framework



## All project parameters defined jointly by SOFIAC and its client

- > Duration of the agreement (10 to 15 years)
- > Shared savings ratio
- > Energy escalation rate
- > Expected energy efficiency measures
- > Exclusions(if any)
- > Open book or lump sum approach
- > Savings measurement and verification strategies

# Additional positive impacts



## Finances

Improve  
competitiveness

Reduced  
operating costs

Increased  
property value



## Certifications

ISO 50 001

LEED EB

BOMA Best



## ESG

Important  
Decarbonization

Net-zero objective

Other potential  
benefits (HFC and  
ODS reduction)

# Development and implementation process



- Confidentiality agreement
- Detailed process overview
- Exchange on client needs
- **Letter of interest** (non-binding)

- Data collection
- Confirmation of opportunities
- Validation of client financial strength
- SOFIAC's proposal
- **Letter of intent**

- **Contract signature**
- ESCO selection
- Detailed feasibility study

- Supply management
- **Implementation of measures**
- Commissioning

- Quantification of energy savings (IPMVP)
- **Savings sharing process**

# Management team



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