

Energy & GHG Reduction Strategy

Alphinat Inc.

Executive Summary

Alphinat Inc. (“Alphinat” or the “Company”) is a Canadian software company operating with a predominantly remote workforce and a limited physical office footprint. As part of its commitment to responsible business practices, Alphinat has developed this Energy and Greenhouse Gas (“GHG”) Reduction Strategy to:

- Measure and understand its current emissions profile
- Identify material sources of energy consumption and GHG emissions
- Establish realistic and verifiable reduction targets
- Implement operational and procurement practices to reduce environmental impact

Given Alphinat’s size (less than 25 employees) and business model (software development and cloud-based solutions), its environmental footprint is primarily indirect and concentrated in:

- Electricity consumption (home offices and limited office use)
- Cloud computing and data hosting
- Business travel (limited)

This strategy is designed to be **practical, measurable, and proportionate** to Alphinat’s operational scale while aligning with **best practices in environmental disclosure and governance**.

2. Organizational Context

(a) 2.1 Business Model

Alphinat develops and delivers enterprise software solutions, including SmartGuide and SmartProfile, to public and private sector clients. Operations are characterized by:

- Predominantly remote workforce
- Limited physical office infrastructure
- Reliance on third-party cloud infrastructure providers
- Low manufacturing or physical supply chain activity

(b) 2.2 Environmental Impact Profile

As a software company, Alphinat's emissions are primarily:

- **Scope 2 (indirect energy):** electricity used in offices and remote work environments
- **Scope 3 (value chain):**
 - Cloud hosting (data centers)
 - Employee commuting (minimal due to remote work)
 - Business travel (limited but measurable)

Direct emissions (Scope 1) are negligible.

3. Governance & Accountability

(c) 3.1 Oversight

Responsibility for environmental performance resides with:

- Senior Management (including CEO and Chairperson)
- Operational oversight embedded in finance and IT functions

(d) 3.2 Internal Controls

The Company maintains:

- Annual review of energy consumption and emissions estimates
- Documentation of assumptions and methodologies
- Periodic updates to reflect operational changes

(e) 3.3 Reporting Principles

This strategy adheres to the following principles:

- **Accuracy:** Based on reasonable estimates and verifiable data
- **Consistency:** Same methodology applied year-over-year
- **Transparency:** Clear disclosure of assumptions and limitations
- **Proportionality:** Scaled to company size and operational complexity

4. Emissions Boundary & Methodology

(f) 4.1 Organizational Boundary

The strategy covers:

- All Alphinat employees
- Corporate office (if applicable)
- Remote work environments (estimated basis)
- Cloud infrastructure used to deliver products

(g) 4.2 Emissions Scopes

(i) Scope 1 (Direct Emissions)

- Not material (no owned vehicles or facilities)

(ii) Scope 2 (Indirect Electricity)

- Office electricity consumption
- Estimated home office electricity allocation

(iii) Scope 3 (Other Indirect Emissions)

- Cloud hosting (primary contributor)
- Business travel (air, rail, taxi)
- Limited commuting

(h) 4.3 Methodology

Emissions are estimated using:

- Electricity consumption (kWh) × regional emission factors
- Cloud usage approximations (based on vendor disclosures and usage levels)
- Travel activity logs × standard emission factors

Where exact data is not available, **reasonable estimates are used and clearly documented.**

5. Baseline Emissions Profile (Estimated)

(i) 5.1 Key Assumptions

- Workforce: <25 employees
- Remote-first operations
- Majority of electricity consumption in Quebec (hydroelectric grid)

- Cloud hosting partially located in Quebec-based or low-carbon data centers

(j) 5.2 Emissions Breakdown (Illustrative)

Source	Estimated Share	Notes
Cloud hosting	50–65%	Primary emissions driver
Remote work electricity	20–25%	Low carbon in Quebec
Office electricity	<10%	Minimal usage
Business travel	5–15%	Variable year-to-year

(k) 5.3 Key Insight

Due to Quebec’s low-carbon electricity grid (predominantly hydroelectric), Alphinat’s **electricity-related emissions are structurally low** relative to global averages.

6. Energy Use Profile

(l) 6.1 Electricity

Primary energy source across all operations.

Characteristics:

- Low emission intensity (Quebec grid)
 - Distributed across remote environments
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(m) 6.2 Cloud Infrastructure

Energy use is embedded in:

- Data processing
- Storage
- Network operations

Providers include major hyperscale platforms operating increasingly energy-efficient data centers.

(n) 6.3 Travel Energy

Limited but includes:

- Air travel less than total combined of 15,000 KM per year (highest emission intensity)
 - Occasional ground transportation
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7. Reduction Strategy

(o) 7.1 Strategic Principles

Alphinat's approach focuses on:

1. **Avoidance** – eliminate unnecessary energy use
 2. **Efficiency** – reduce energy intensity per activity
 3. **Optimization** – leverage low-carbon infrastructure
 4. **Substitution** – replace higher-emission activities where feasible
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8. Key Reduction Initiatives

(p) 8.1 Cloud Optimization

(i) Actions:

- Prioritize hosting in **low-carbon regions (e.g., Quebec hydro-powered data centers)**
- Optimize:
 - compute usage
 - storage lifecycle management
- Decommission unused resources

(ii) Expected Impact:

- Reduction in indirect emissions from cloud operations
 - Improved cost efficiency
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(q) 8.2 Remote Work Model (Structural Advantage)

(i) Actions:

- Maintain remote-first model
- Avoid expansion of physical office space

(ii) Impact:

- Eliminates commuting emissions
 - Reduces building energy consumption
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(r) 8.3 Energy-Efficient Development Practices

(i) Actions:

- Optimize software performance (reduce compute load)
- Limit unnecessary data processing
- Encourage efficient coding practices

(ii) Impact:

- Reduced cloud energy usage
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(s) 8.4 Procurement of Low-Carbon Services

(i) Actions:

- Prefer vendors with:
 - renewable energy commitments
 - energy-efficient infrastructure

(ii) Impact:

- Indirect reduction in Scope 3 emissions
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(t) 8.5 Travel Management

(i) Actions:

- Limit travel to essential business needs
- Prefer virtual meetings
- Prioritize lower-emission travel options when feasible

9. Targets

(u) 9.1 Near-Term Targets (1–3 years)

- Maintain **>70% of infrastructure in low-carbon regions**
- Limit business travel growth relative to revenue growth
- Improve cloud efficiency (reduce unused capacity)

(v) 9.2 Medium-Term Targets (3–5 years)

- Stabilize or reduce absolute emissions despite business growth
- Increase reliance on:
 - energy-efficient hosting
 - optimized software architecture

(w) 9.3 Long-Term Objective

- Maintain a **structurally low emissions profile** aligned with:
 - remote operations
 - low-carbon electricity sourcing

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Monitoring & Reporting

(x) 10.1 Annual Review

Alphinat will:

- Update emissions estimates annually
- Review progress against targets
- Adjust assumptions as data improves

(y) 10.2 Key Metrics

- Estimated total GHG emissions (tCO_{2e})

- Cloud usage intensity
 - Travel-related emissions
 - Energy efficiency indicators
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(z) 10.3 Limitations

Disclosures are based on:

- Estimates for distributed work environments
- Third-party data (cloud providers)

These limitations are disclosed transparently and updated as methodologies improve.

11. Risk Considerations

(aa) 11.1 Operational Risks

- Increased cloud usage from growth
- Expansion of travel activity

(bb) 11.2 Regulatory Risks

- Evolving disclosure requirements
- Potential future carbon reporting obligations

(cc) 11.3 Mitigation

- Maintain scalable measurement approach
 - Prioritize low-carbon infrastructure
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12. Alignment with Business Strategy

This strategy supports:

- Cost efficiency (cloud optimization)
 - Risk management (regulatory readiness)
 - Market positioning (responsible technology provider)
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13. Continuous Improvement

Alphinat will:

- Refine measurement methodologies
 - Improve data quality
 - Monitor industry best practices
 - Adjust targets as business evolves
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14. Conclusion

Alphinat's environmental footprint is inherently limited by its software-based, remote-first business model. Nevertheless, the Company recognizes the importance of:

- Measuring its impact
- Managing energy use responsibly
- Transparently disclosing its practices

This Energy & GHG Reduction Strategy provides a **practical, credible, and proportionate framework** for managing environmental impact while supporting continued growth.

15. Forward-Looking Information Disclaimer

This document may contain forward-looking statements relating to future environmental performance and targets. These statements are based on current expectations and assumptions and are subject to risks and uncertainties. Actual results may differ materially due to changes in operations, technology, or external factors.