



Bilateral Institutional Due Diligence (IDD) Document Pack

To satisfy Canadian institutional requirements, Novaterra proposes the creation of a comprehensive **IDD Document Pack**. This provides the granular evidence needed to mitigate risks and ensure compliance with Canadian financial regulations.

Folder 1: Environmental Integrity & Carbon Accounting

- **Scientific Substantiation:** Detailed sequestration studies for Mindanao-grown *Dendrocalamus asper* showing storage of 234.46 t/ha .
- **LCA Reports:** Life Cycle Assessments (LCA) verifying the negative carbon footprint of bio-composites and treated bamboo.
- **Geospatial Tracking:** GPS Polygon maps of all IPEE territories to prevent "leakage" or primary forest degradation.

Folder 2: Social Accountability & Indigenous Rights

- **NCIP Contextual Brief:** Overview of the **National Commission on Indigenous Peoples (NCIP)** mandate, including the processing of **Certificates of Ancestral Domain Title (CADT)**.
- **FPIC Documentation:** Verified records of **Free, Prior and Informed Consent (FPIC)** from NCIP-recognized tribal holders.
- **Stewardship Framework:** Documentation framing the IPEE/NTM relationship as a "Service and Benefit-Sharing Agreement," satisfying Canadian "Economic Reconciliation" benchmarks.

Folder 3: Governance & Traceability

- **Bill S-211 Compliance Audit:** Detailed report on labor practices, ensuring no person under the age of 14 is employed.
- **Institutional Alignment Brief:** Context on **PhilFIDA** (fiber standards) and **DOST-PTRI** (textile R&D) to prove technical oversight.
- **Blockchain Ledger:** A digital traceability platform mapping material flow from General Santos City to Canadian ports.

Folder 4: 3rd Party Accreditation & Verification

- **Verra (Verified Carbon Standard):** Documentation of intent to register the project under high-integrity methodologies like **VM0047** or **VM0042**.
- **Intertek Philippines:** Engagement mandate for **Intertek** (ISO 14065 accredited) to perform independent on-site verification.



Preliminary MOA Framework: Broad Strokes for Endorsement

MOA Component	Objective	Institutional Function
Official Endorsement	Recognize Novaterra and IPEE as regulated strategic partners.	Essential for Canadian SIF/NZA and EDC [^6] funding eligibility.
Exclusive Off-Take	Support Novaterra's role in distributing IPEE-produced bio-assets.	Provides investment confidence in supply chain stability.
Brokerage Legitimacy	Endorse Novaterra as a verified project proponent under the national registry.	Proves the credits meet international standards.
ESG Alignment Proof	Confirm that IPEE/NTM operations align with DENR environmental and social laws.	Satisfies Canadian mandatory labor (Bill S-211) and nature-forward audits.
Stewardship Recognition	Recognize the IPEE/NTM Trade Agreement as the instrument for incentive distribution.	Provides "Chain of Title" certainty for Canadian buyers.
Third-Party Verification	Support engagement of Verra and Intertek for independent auditing.	Moves evidentiary burden from State to international experts.



Detailed ESG Fact-Finding Checklist for Canadian Institutional Funding

1. Labor Integrity and Human Rights (Bill S-211 Alignment) [^7]

- **Age Thresholds:** Does current DENR policy strictly prohibit employment of anyone under the age of 14, or the local compulsory education age?
- **Forced Labor Indicators:** What mechanisms monitor "recruitment fees" or "debt bondage" within agricultural cooperatives?
- **Transparency:** Does the DENR maintain a registry of labor-compliant cooperatives to aid in pre-screening?

2. Indigenous Governance and Economic Reconciliation

- **Documented Consent:** Can the DENR provide standardized verification for **FPIC** involving NCIP-recognized holders?
- **Benefit-Sharing Integrity:** Does the DENR review stewardship-based agreements to ensure they meet IPRA standards for tribal equity?
- **Land Title Security:** For projects on CADT/CALT lands, how does the DENR coordinate with NCIP to ensure targets are protected?

3. Environmental Stewardship and Carbon Verification

- **Geospatial Integrity:** Does the DENR require plot-level geolocation (GPS Polygons) for every hectare of managed bio-assets?
- **Accounting Standards:** Does the CAVCS system align with **IPCC Tier 2** or **Tier 3** methodologies?
- **Processing Controls:** Verification of "closed-loop" water systems for processing facilities.



Policy Alignment and Gap Implementation Strategy

Canadian Requirement	Covered by DENR Policy?	Novaterra/IPEE Gap Measure
Verification Standards	DAO 2021-43 aligns with ISO 14064-2/3.	Mandatory third-party audit by Intertek under Verra standards.
Modern Slavery Compliance	National labor laws prevent child labor.	Implementation of a formal "Supplier Code of Conduct" with 14+ age thresholds.
Environmental Monitoring	EIAs are standard for forest lands.	Deployment of real-time geospatial reporting and blockchain traceability.
Indigenous Rights	IPRA ensures tribal rights.	FPIC documentation and formal stewardship model.
Permanence & Buffers	Principles established in DAO 2021-43.	Mandatory "reversal buffer" pools to protect against natural disturbances.



DENR Substantiation Questionnaire: Policy and Point-by-Point Needs

1. Verification and Interoperability

- How will the DENR facilitate "**Internationally Transferred Mitigation Outcomes**" (ITMOs) with Canada under Article 6?
- What is the timeline for the national Carbon Registry to integrate with international systems like Canada's **Credit and Tracking System (CATS)**?
- Does the CAVCS system align with **IPCC Tier 2** or **Tier 3** methodologies?

2. Land Use and Indigenous Governance

- How does the DENR coordinate with the **National Commission on Indigenous Peoples (NCIP)** to ensure IPEE agreements comply with the **Indigenous Peoples' Rights Act (IPRA)**?
- What specific safeguards ensure the participation of tribal groups in benefit-sharing from stewardship-derived incentives?
- What is the process for securing carbon rights over forest resources in ancestral domains?

3. Institutional Leadership Support

- Can the DENR facilitate official introductions to **DOST-PTRI** to leverage their Textile Biopolymer R&D Facility for Abaca-based finishes?
- How can **PhilFIDA** support mechanized farming techniques to meet the requirements of Canadian funding streams?

Appendix A: Canadian Institutional & Regulatory Frameworks

Strategic Innovation Fund (SIF): A multi-billion dollar federal program administered by ISED Canada to fund large-scale industrial transformations. Stream 1 (R&D and Commercialization) and Stream 5 (National Ecosystems) are the primary targets for Novaterra's Abaca innovation.

Net Zero Accelerator (NZA): An \$8 billion initiative within SIF designed to help Canadian industries decarbonize and achieve net-zero by 2050.

Bill S-211 (Fighting Against Forced Labour and Child Labour in Supply Chains Act): A mandatory Canadian law effective January 1, 2024, requiring firms to report on steps taken to eradicate forced and child labor.



Project Arrow 2.0 (Vector and Borealis Platforms): Canada's flagship ZEV initiative. Phase 2.0 explicitly seeks bio-based "Advanced Materials" that are lightweight and 3D-printable.

Appendix B: Philippine Institutional Context

National Commission on Indigenous Peoples (NCIP): Primary agency protecting Indigenous rights, tasked with accrediting IPOs and processing **Certificates of Ancestral Domain Title (CADT)**.

Philippine Fiber Industry Development Authority (PhilFIDA): Agency under the Department of Agriculture promoting fiber industry growth through R&D and standards enforcement.

Philippine Textile Research Institute (DOST-PTRI): Premier textile research arm of the Department of Science and Technology, operating specialized facilities for biopolymers and automotive textiles.

[^1]: Canada's Indo-Pacific Strategy – priorities the Philippines for resilient, democratic supply chains.

[^2]: Project Arrow 2.0 (Vector and Borealis Platforms) – Canada's flagship ZEV initiative.

[^3]: Strategic Innovation Fund (SIF) – federal program for industrial transformation.

[^4]: Net Zero Accelerator (NZA) – \$8 billion initiative for emissions reduction projects.

[^5]: SIF Stream 1 (R&D and Commercialization) – specifically for material characterization.

[^6]: Export Development Canada (EDC) – export credit agency with enhanced due diligence.

[^7]: Bill S-211 (Fighting Against Forced Labour Act) – mandatory reporting on supply chain ethics.

[^8]: Carbon Insetting – emission reductions directly within a company's own supply chain.