Ontoly

The Carbon Registry Built for Buildings

Corrective Actions Policy

Ontoly BERS Program

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Table of Contents

1. Purpose and Authority
2. Scope
3. Definitions
4. Non-Conformance Classification
5. Detection and Reporting
6. Corrective Action Procedures
7. Root Cause Analysis Requirements
8. Escalation Matrix
9. Verification Body Non-Conformances
10. Appeals Process
11. Restoration and Reinstatement
12. Public Disclosure
13. Record Retention
14. Training and Awareness
15. Review and Amendment

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1. Purpose and Authority

1.1 The purpose of this Corrective Actions Policy is to establish a consistent, transparent, and proportionate framework for identifying, classifying, assessing, and resolving non-conformances detected during the operation of the BERS Program.

1.2 Authority for this policy is derived from BERS Standard, Section 8.5 (Outcome of Verification) and Section 16 (Program Compliance and Enforcement), which authorize Ontoly to establish corrective action procedures and enforcement mechanisms.

1.3 This policy aligns with ISO 14064-2 corrective action principles and the ICVCM Assessment Framework, ensuring consistency with international carbon market standards and best practices in program administration.

1.4 Decisions under this Policy to suspend a project, hold or deny BERU issuance, or cancel BERUs are taken by the Certification Decision-Maker (BERS Standard Section 2.1.4) and may be appealed under Section 10.

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2. Scope

2.1 This policy applies to Building Representatives and Building Owners with registered BERS projects who fail to comply with BERS Program requirements or the BERS Standard.

2.2 This policy applies to Verification Bodies performing verification activities under the BERS Program, including detection and correction of VB-related non-conformances.

2.3 This policy applies to Ontoly internal operations and processes that affect the integrity and credibility of the BERS Program.

2.4 This policy covers all BERS Program activities, including project intake and registration, data collection and monitoring, verification activities, BERU issuance, transaction settlement, and market surveillance.

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3. Definitions

3.1 Corrective Action means action taken to eliminate the cause of a detected non-conformance and to prevent recurrence, addressing both the immediate symptom and the underlying root cause.

3.2 Corrective Action Notice (CAN) means a formal written notice issued by Ontoly to a Program Participant specifying the nature of a non-conformance, the factual findings, the required remedial action(s), and the deadline for completion.

3.3 Non-Conformance means a failure to meet a requirement established by the BERS Standard, an approved BERS methodology, Ontoly program rules, or an applicable policy or procedure.

3.4 Root Cause Analysis means a systematic process for investigating and identifying the fundamental cause or causes of a non-conformance, examining both immediate factors and systemic deficiencies.

3.5 Verification Statement means the formal opinion issued by a Verification Body at the conclusion of successful verification, confirming that reported GHG emission reductions were achieved in conformity with the BERS Standard.

3.6 Preventive Action means action taken to eliminate the cause of a potential or probable non-conformance before it occurs, strengthening systems to reduce risk.

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4. Non-Conformance Classification

Ontoly employs a three-tier classification system for non-conformances, differentiated by severity and impact on program integrity and GHG credibility:

4.1 Minor Non-Conformance

4.1 A Minor Non-Conformance is an isolated finding that does not materially affect the accuracy of reported GHG emission reductions, does not compromise the integrity of the BERS Program, and is readily remedied. Examples include: late submission of a quarterly monitoring report by fewer than 30 days; minor data formatting errors that do not affect underlying calculations; incomplete but non-material supporting documentation; clerical errors in project registration data.

4.2 Major Non-Conformance

4.2 A Major Non-Conformance is a finding that materially affects, or has the potential to materially affect, the accuracy of reported GHG emission reductions, data integrity, or compliance with BERS Program requirements. Examples include: incomplete or late submission of utility consumption data for a monitoring period; failure to disclose material changes in building ownership or operational control; material discrepancies in GHG calculation methodology or application; failure to make mandatory disclosures regarding energy management system changes.

4.3 Critical Non-Conformance

4.3 A Critical Non-Conformance is a finding involving intentional data manipulation, material misrepresentation, fraud, or conduct that fundamentally undermines program integrity and the credibility of issued BERUs. Examples include: falsification or fabrication of utility consumption data; deliberate manipulation of GHG calculation models to overstate reductions; fabrication of engineering reports or equipment documentation; intentional concealment of material information affecting BERS eligibility; bribery or corrupt conduct; submission of BERUs obtained through fraud.

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5. Detection and Reporting

5.1 Non-conformances are detected through multiple channels: findings from Verification Body verification activities; Ontoly quality assurance and desk review processes; grievance mechanism submissions; whistleblower reports; or regulatory notifications from external authorities.

5.2 Any person may report a suspected non-conformance to Ontoly by submitting a formal report to info@ontoly.org or through Ontoly's grievance and whistleblower mechanisms.

5.3 Ontoly shall acknowledge receipt of all non-conformance reports in writing within 14 business days and shall provide the reporting party with a reference number and preliminary assessment of next steps.

5.4 Ontoly shall conduct an initial assessment of all reported non-conformances within 21 business days to determine whether a reasonable basis exists for further investigation and to classify the non-conformance as Minor, Major, or Critical based on available information.

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6. Corrective Action Procedures

6.1 Minor Non-Conformance Procedure

6.1 (a) Upon classification as Minor, Ontoly issues a Corrective Action Notice (CAN) specifying the finding, required corrective action, and remediation deadline. (b) Remediation deadline: 30 calendar days from the date of the CAN. (c) The Building Representative shall submit a written corrective action response within the deadline, including a brief root cause analysis and evidence demonstrating that the non-conformance has been corrected. (d) Ontoly shall review the response and determine whether the non-conformance has been satisfactorily resolved. Ontoly shall communicate this determination within 14 business days. (e) At Ontoly's sole discretion, one extension of an additional 15 calendar days may be granted where the Building Representative demonstrates good-faith effort and reasonable progress toward remediation. (f) If the non-conformance is not remedied within the deadline (including any authorized extension), Ontoly may escalate the finding to Major status.

6.2 Major Non-Conformance Procedure

6.2 (a) Upon classification as Major, Ontoly issues a CAN specifying the finding, required corrective action(s), and potential consequences of non-remediation, including project suspension or BERU cancellation. (b) Remediation deadline: 60 calendar days from the date of the CAN, as specified in BERS Standard, Section 8.5.3. (c) The Building Representative shall submit a written Corrective Action Plan within 14 days of the CAN, addressing the non-conformance and detailing steps to be taken. A mandatory Root Cause Analysis shall be included. (d) The Building Representative shall submit evidence of completed corrective actions within the full 60-calendar-day remediation period. (e) At Ontoly's discretion, one extension of up to 30 additional calendar days may be granted if the Building Representative demonstrates substantial progress and reasonable likelihood of completion within the extended period. (f) Pending remediation, BERU issuance for the affected project is held in abeyance and shall not be released until the non-conformance is resolved. (g) If the non-conformance is not remedied within the deadline (including any authorized extension), the project shall be suspended, BERUs for the monitoring period shall be denied, and the building may be removed from the BERS registry.

6.3 Critical Non-Conformance Procedure

6.3 (a) Upon classification as Critical, Ontoly shall immediately suspend the affected project and freeze all BERU transactions pending investigation. (b) Ontoly issues a CAN with a detailed finding and requires the Building Representative to provide a comprehensive written response within 14 calendar days. (c) The maximum remediation period is 90 calendar days from the date of the CAN. (d) Ontoly may require an independent third-party assessment of the non-conformance and root cause analysis at the expense of the Building Representative. (e) Ontoly reserves the right to cancel all previously issued BERUs for the affected project, permanently remove the project from the BERS registry, publicly disclose the nature and

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magnitude of the non-conformance on the Ontoly Registry, and refer the matter to law enforcement authorities. (f) The Building Representative shall bear full financial responsibility for compensating all buyers of cancelled BERUs and for the costs of any independent assessments or investigations incurred by Ontoly.

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7. Root Cause Analysis Requirements

7.1 A Root Cause Analysis is mandatory for all Major and Critical non-conformances. For Minor non-conformances, a brief root cause explanation is required.

7.2 A Root Cause Analysis shall address: What happened (the specific failure or deviation)? Why it happened (the fundamental cause(s))? What systemic, procedural, or control deficiencies contributed to the occurrence? What preventive measures will be implemented to ensure recurrence does not occur?

7.3 For Critical non-conformances, Ontoly may require that the Building Representative engage an independent third-party expert to conduct or validate the root cause analysis, with costs borne by the Building Representative.

7.4 The Root Cause Analysis and preventive action plan shall be submitted as part of the written corrective action response and shall be subject to approval by Ontoly's Compliance Officer.

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8. Escalation Matrix

8.1 A Minor Non-Conformance shall be escalated to Major status if: (i) the non-conformance is not remedied within the original or extended deadline; or (ii) a pattern of recurring Minor non-conformances is detected (three or more Minor non-conformances in any 24-month period involving the same Building Representative or Building Owner).

8.2 A Major Non-Conformance shall be escalated to Critical status if: (i) the non-conformance is not remedied within the original or extended deadline; or (ii) during investigation, evidence emerges of intentional misconduct, deliberate concealment, data manipulation, or fraud.

8.3 The Compliance Officer shall escalate all Critical non-conformances to the Ontoly Chief Executive Officer immediately. The CEO shall assess whether the matter warrants referral to law enforcement or regulatory authorities.

8.4 The CEO shall escalate to the BERS Governance Board any Critical non-conformance or pattern of Major non-conformances that suggests systemic deficiencies affecting multiple projects or Program Participants.

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9. Verification Body Non-Conformances

9.1 Verification Body non-conformances are identified through Ontoly oversight and quality assurance activities, as provided in BERS Standard, Section 8.2.4 (VB Oversight).

9.2 Minor VB non-conformance (e.g., minor report deficiencies, late submission) shall be addressed with a corrective action request specifying remediation deadline of 30 calendar days.

9.3 Major VB non-conformance (e.g., incomplete verification scope, failure to follow BERS methodology) shall result in a formal warning letter, enhanced oversight of subsequent verification cycles, and potential re-verification of affected projects at the VB's expense.

9.4 Critical VB non-conformance (e.g., issuance of false verification statement, acceptance of prohibited benefits) shall result in suspension from BERS verification activities or permanent removal from the BERS verification panel, with public disclosure of the finding (per BERS Standard, Section 8.2.5).

9.5 For Major or Critical VB non-conformances, Ontoly may require re-verification of all projects in the VB's assigned cohort, with costs borne by the VB.

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10. Appeals Process

10.1 Any Building Representative, Building Owner, or Verification Body subject to a corrective action finding or enforcement action may appeal to the BERS Governance Board within 30 calendar days of Ontoly's final determination.

10.2 An appeal shall be submitted in writing and shall include: a clear statement of the basis for disagreement with the finding; supporting documentation and evidence; a proposed alternative remedy or outcome; and a request for Board review.

10.3 The BERS Governance Board shall render a written decision within 60 business days of receipt of a complete appeal. The Board's decision shall include findings of fact, legal analysis, and the basis for the outcome.

10.4 The decision of the BERS Governance Board is final and binding and may not be appealed further within the BERS Program.

10.5 Filing an appeal does not stay any project suspension, BERU freeze, or other corrective action already in effect pending the Board's decision.

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11. Restoration and Reinstatement

11.1 A project suspended due to a Major non-conformance may be reinstated upon: (i) satisfactory completion of all corrective actions required by the CAN; (ii) submission and Ontoly approval of a preventive action plan to prevent recurrence; and (iii) written confirmation from Ontoly that the non-conformance has been resolved.

11.2 A project suspended due to a Critical non-conformance may only be reinstated upon approval by the BERS Governance Board, which shall require: (i) comprehensive evidence of systemic remediation; (ii) independent third-party audit or verification confirming corrective actions; (iii) evidence of enhanced controls and governance; and (iv) Board determination that reinstatement is consistent with program integrity.

11.3 Reinstated projects, following either Major or Critical non-conformance, shall be subject to enhanced monitoring and oversight for a minimum of two subsequent monitoring periods, which may include increased desk review frequency, enhanced data validation, or supplemental verification activities.

11.4 BERUs cancelled due to Critical non-conformance cannot be reinstated or reissued. Previously cancelled BERUs remain permanently invalid, and any secondary buyers of cancelled BERUs shall bear their own losses.

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12. Public Disclosure

12.1 Ontoly shall publicly disclose all Critical non-conformance findings, associated enforcement actions, and project disqualifications on the Ontoly Registry. Disclosure shall include the nature of the finding, the building and project identifier, the date of the CAN, and the outcome.

12.2 Major non-conformances shall be disclosed in aggregate form in Ontoly's annual program report, without project-specific identification, to inform the market of compliance trends and enforcement activity.

12.3 Minor non-conformances shall not be publicly disclosed.

12.4 Verification Body suspensions and removals from the BERS verification panel shall be publicly disclosed on the Ontoly Registry, with the effective date and nature of the non-conformance that prompted the action (per BERS Standard, Section 8.2.5).

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13. Record Retention

13.1 All Corrective Action Notices, corrective action responses, root cause analyses, investigation notes, escalation records, and final resolution documentation shall be retained by Ontoly for a minimum of 7 years from the date of final closure or resolution.

13.2 Records shall be maintained in a form accessible to Verification Bodies (for their own records), regulatory authorities, law enforcement, and the BERS Governance Board upon formal request.

13.3 The retention period begins on the date that the non-conformance is resolved or the building is removed from the registry, whichever is later.

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14. Training and Awareness

14.1 Ontoly staff involved in compliance, verification oversight, or corrective action administration shall receive training on this policy and the corrective action procedures at the time of hire and annually thereafter.

14.2 Building Representatives and Building Owners shall receive communication regarding the corrective actions framework at the time of initial BERS Program enrollment, including the non-conformance classification system, procedures, and potential consequences.

14.3 Verification Bodies shall receive detailed orientation materials on the corrective actions procedures and shall acknowledge understanding and agreement to comply with all Ontoly corrective action decisions.

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15. Review and Amendment

15.1 This Corrective Actions Policy shall be reviewed annually by the Ontoly Compliance Officer to assess effectiveness, identify trends, and recommend improvements.

15.2 Amendments shall be considered to reflect lessons learned from corrective actions issued and to enhance clarity, fairness, or effectiveness.

15.3 Material amendments to this policy shall require approval by the Ontoly Chief Executive Officer and shall be communicated to all Covered Persons with at least 30 days' notice prior to effectiveness.

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