
REGULATORY OVERVIEW

THE PRC LAWS, REGULATIONS AND POLICIES

This subsection sets out summaries of certain aspects of PRC laws, regulations and policies, which are relevant to business operations of our Company.

INDUSTRIAL POLICIES

According to the Catalogue for Guiding Industry Restructuring (2024 Version) (《產業結構調整指導目錄(2024年本)》) promulgated by the NDRC on December 27, 2023, and came into effect on February 1, 2024, technologies and equipment for new power systems and technologies and applications for renewable energy utilization belongs to the state-encouraged industries.

According to the Energy Law of the People’s Republic of China (《中華人民共和國能源法》) promulgated by the SCNPC on November 8, 2024 and brought into effect on January 1, 2025, China promotes the improvement of energy utilization efficiency, encourages the development of distributed energy and integrated energy services such as multi-energy complementary and multi-energy combined supply, actively promotes market-based energy conservation services such as contractual energy management, and raises the level of cleaner, lower- carbon, more efficient and smarter end-use energy consumption.

According to the Guiding Opinions on Accelerating the Development of New Energy Storage (《關於加快推動新型儲能發展的指導意見》) jointly promulgated by the NDRC and the National Energy Administration (the “NEA”) on July 15, 2021 and came into effect on the same date, the transformation from the initial stage of commercialization to large-scale development of new energy storage shall be achieved by 2025. The full market-oriented development of new energy storage shall be realized by 2030, and new energy storage will become one of the key supports for carbon peak and carbon neutrality in the energy sector. The core technologies and equipment of new energy storage shall be independent and controllable, and the installed capacity shall basically meet the corresponding needs of the new power system. New energy storage shall become one of the key supports for carbon peak and carbon neutrality in the energy sector.

According to the Basic Rules for the Operation of the Electric Power Market (《電力市場運行基本規則》) promulgated by the NDRC on April 25, 2024 and implemented on July 1, 2024, the term “members of the electric power market” refers to the business entities, the operators of the electric power market and the power grid enterprises that provide power transmission and distribution services, etc. In particular, business entities include the enterprises generating electricity, enterprises selling electricity, electricity users and new business entities (including enterprises engaging in the energy storage, virtual power plants, load aggregators, etc.) which participate in the electric power market transactions. The construction of the technical supporting system of the electric power market shall comply with the requirements of the prescribed performance indicators and have the functions of energy management, transaction management, measurement of power energy, settlement system, contract management, quotation processing, market analysis and forecast, trading information, and regulatory system, etc.

According to the Action Plan (the “Action Plan”) jointly promulgated by the NDRC and the NEA on August 27, 2025, storage power stations are encouraged to participate in electricity market and new energy storage projects that comply with relevant standards, specifications and electricity market registration conditions in the electric market will be promoted.

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LAWS AND REGULATIONS RELATING TO OVERSEAS INVESTMENT

Foreign-Invested Enterprises

According to the FIL implemented by the NPC on January 1, 2020, China implements the pre-entry national treatment and the negative list management system to foreign investments. The pre-entry national treatment refers to granting to foreign investors and their investments, in the stage of investment access, the treatment no less favorable than that granted to domestic investors and their investments; and the negative list refers to special administrative measures for access of foreign investment in specific fields as stipulated by the State (the “Negative List”). The State will give national treatment to foreign investments outside the Negative List.

Foreign investors shall not invest in any field prohibited by the Negative List and shall meet the investment conditions stipulated for any field restricted by the Negative List, while for foreign investments outside the Negative List, it shall be administered under the principle of equal treatment to domestic and foreign investment. The State establishes a foreign investment information reporting system.

According to the Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》) implemented by the MOFCOM and the SAMR on January 1, 2020, foreign investors or foreign-invested enterprises shall submit investment information in a timely manner, follow the principles of truthfulness, accuracy and completeness, and shall not make false or misleading reports or material omissions. Where a foreign-invested enterprise invests (including multi-level investment) to establish an enterprise in the PRC, the relevant information shall be pushed by the market supervision department to the competent department in charge of commerce after the registration and filing with the market supervision department and the submission of the annual report information.

Overseas Investment

The Administrative Measures on Overseas Investments Management (《境外投資管理辦法》) was promulgated by the MOFCOM on September 6, 2014 and implemented on October 6, 2014. “Overseas investment,” as defined by the Administrative Measures on Overseas Investment Management (《境外投資管理辦法》), means ownership of a non-financial enterprise through new establishment, merger and acquisition or any other methods overseas by an enterprise established in the PRC pursuant to the law or obtaining ownership, controlling stake, business management right and other interests in an existing non-financial enterprise. Overseas investments involving sensitive countries and regions or sensitive industries are subject to the approval of the competent authorities. All other overseas investments are subject to filing administration. Local enterprises file with the provincial commercial administration authorities where they are located. Qualified enterprises are put on record and obtain the “overseas investment certificate for enterprise” from the relevant provincial commercial administration authorities.

The Administrative Measures for the Outbound Investment by Enterprises (《企業境外投資管理辦法》) was promulgated by the NDRC on December 26, 2017 and implemented on March 1, 2018. “Outbound investment,” as defined therein, means the investment activities to obtain overseas ownership, right of control, business management right, and other related rights and interests by an enterprise located within the territory of the PRC, either directly or via an overseas enterprise under its control, by way of investments with assets or equities or providing financing or guarantees. To conduct outbound investment, certain procedures must be complied with, including approval and record-filing of the overseas investment project, reporting relevant information and co-operating with supervision and inspection.

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LAWS AND REGULATIONS RELATING TO PRODUCTION SAFETY

According to the Production Safety Law of the People’s Republic of China (《中華人民共和國安全生產法》) amended by the SCNPC on June 10, 2021 and implemented on September 1, 2021, an enterprise shall (i) provide production safety conditions as stipulated in Production Safety Law of the People’s Republic of China and other relevant laws, administrative regulations, national and industry standards, (ii) establish a comprehensive production safety accountability system and production safety rules, and (iii) develop production safety standards to ensure production safety. Any entity that fails to provide required production safety conditions is prohibited from engaging in production activities. Production and business operation entities shall carry out education and training on production safety to employees, and ensure that employees have necessary knowledge on production safety and are familiar with relevant rules and regulations on production safety and safety operating procedures. The producers and operators who violate the Production Safety Law of the People’s Republic of China may result in imposition of penalties, suspension of operation, an order to cease operation, or even criminal liability if causes serious consequences.

LAWS AND REGULATIONS RELATING TO PRODUCT QUALITY

According to the Product Quality Law of the People’s Republic of China (《中華人民共和國產品質量法》) (the “Product Quality Law”), last amended and implemented on December 29, 2018 by the SCNPC, producers and sellers shall establish a sound internal product quality control system and strictly adhere to a job responsibility system in relation to quality standards and quality liabilities together with implementing corresponding examination and inspection measures. The counterfeiting or imitation of quality marks such as certification marks is prohibited; falsifying the place of origin of product, and falsifying or imitating the name or address of another factory is prohibited; adulteration of, or mixing of improper elements with products under manufacturing or on sale, passing off the sham as the genuine or passing off the inferior as the superior is prohibited. Any manufacturer or seller who violates the Product Quality Law may be subject to (i) administrative penalties including ordered suspension of production or sale, ordered correction of illegal activities, confiscation of products subject to illegal production or sale, imposition of fines, confiscation of illegal gains and, in severe cases, revocation of business license; and (ii) criminal liabilities if the illegal activity constitutes crime.

According to the Civil Code of the People’s Republic of China (《中華人民共和國民法典》) implemented by the NPC on January 1, 2021, if defects are found after the product is put into circulation, the manufacturer or seller shall take remedial measures, such as ceasing selling, issuing product warnings, alerts, summons and recalls in a timely manner. In case of damage caused by defective products or failure to take timely remedial measures, the infringed party may seek compensation from the manufacturer or seller. If the defect is caused by the seller, the manufacturer has the right to claim compensation from the seller for the victim’s compensation. If a product is manufactured or sold with a known defect or no effective remedial measures are taken according to relevant requirements, causing death or serious adverse health problems, the infringed party is entitled to claim punitive damages in addition to damages.

LAWS AND REGULATIONS RELATING TO LAND AND LEASED PROPERTIES

Land Use Rights

According to the Land Administration Law of the People’s Republic of China (《中華人民共和國土地管理法》) last amended on August 26, 2019 and implemented on January 1, 2020 by the SCNPC, state-owned land may be granted or allocated for use by construction entities in accordance with the law. According to the Interim Regulations on Real Estate Registration (《不動產登記暫行條例》) last

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amended by the State Council on March 10, 2024, and implemented on May 1, 2024, registration of real estate shall be conducted by the real estate registration agency of the people’s government at the county level where the real estate is located.

According to the Civil Code of the People’s Republic of China, the creation, change, transfer and elimination of real estate right shall become effective after it is registered according to law; the real estate ownership certificate shall be the proof on the holder’s ownership of a real estate. According to the Interim Regulations on Real Estate Registration and Rules for Implementation of Interim Regulations on Real Estate Registration (《不動產登記暫行條例實施細則》) last amended by the Ministry of Natural Resources of the People’s Republic of China and implemented on May 9, 2024, the state applies a uniform registration system for real estate.

According to the Urban Real Estate Administration Law of the People’s Republic of China (《中華人民共和國城市房地產管理法》) (Order No. 32 of the President of the People’s Republic of China) which became effective on January 1, 2020, when leasing a house, the lessor and lessee shall sign a written lease contract, prescribing such provisions as the leasing term, use of the house, rental and repair liabilities, and other rights and obligations of both parties; and go through registration procedures for record with the real estate administration department. According to the PRC Civil Code, a lessee may, upon the lessor’s consent, sublease the leased object to a third person.

According to the Administrative Measures for Commodity House Leasing (《商品房屋租賃管理辦法》) promulgated on December 1, 2010 with effect on February 1, 2011, the parties to the house leasing shall sign a lease contract according to laws, and the lease contract shall be registered with the relevant construction or real estate authorities at the city or county level within 30 days after its signing. If the contents of the house lease registration and filing are changed, the lease is renewed or the lease is terminated, the parties concerned shall, within 30 days, go to the original lease registration and filing department to go through the formalities for the modification, renewal or cancelation of the house lease registration and filing. If the parties involved in the house leasing fail to go through the registration and filing procedures, the parties involved in the house leasing will be ordered to make corrections, and if they fail to make corrections within the time limit, they will be fined.

REGULATIONS ON ENVIRONMENTAL PROTECTION

According to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) passed by the SCNPC on December 26, 1989, latest amended on April 24, 2014 and came into effect on January 1, 2015, enterprises, public institutions, and other businesses that discharge pollutants shall adopt measures to prevent and control pollution and damage to the environment caused by waste gas, waste water, waste residue, medical wastes, dust, malodorous gases, radioactive substances, noise, vibration, optical radiation, electromagnetic radiation, and other substances generated in their production, construction, and other activities. The state shall, according to the law, apply a licensing system to the discharge of pollutants. Enterprises, public institutions, and other businesses subject to pollutant discharge licensing management shall discharge pollutants according to the requirements of their respective pollutant discharge licenses; and those without a pollutant discharge license may not discharge pollutants.

According to the Regulation on the Administration of Permitting of Pollutant Discharges (《排污許可管理條例》) promulgated by the State Council on January 24, 2021 and implemented on March 1, 2021, the Measures for the Administration of Pollutant Discharge Permits (《排污許可管理辦法》) promulgated by the Ministry of Ecology and Environment on April 1, 2024 and implemented on July 1, 2024, enterprises, public institutions and other producers or operators that are subject to the administration of permitting of pollutant discharges shall apply for a pollutant discharge permit in accordance with the provisions, and may not discharge pollutants, if a pollutant discharge permit fails

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to be obtained. Enterprises, institutions and other producers and operators that produce and discharge pollutants in small volumes and affect the environment at a small level shall file a pollutant discharging registration form and are exempted from being required to obtain a pollutant discharge permit.

According to the Administration Rules on Environmental Protection of Construction Projects (《建設項目環境保護管理條例》) (the “Construction Environmental Protection Rule”), which was promulgated by the State Council on November 29, 1998, amended on July 16, 2017 and became effective on October 1, 2017, depending on the impact of the construction project on the environment, a construction entity shall submit an environmental impact report or an environmental impact statement, or file a registration form. As to a construction project, for which an environmental impact report or the environmental impact statement is required, the construction entity shall, before the commencement of construction, submit the environmental impact report or the environmental impact statement to the relevant authority at the environmental protection administrative department for approval. If the environmental impact assessment documents of the construction project have not been examined or approved upon examination by the approval authority in accordance with the law, the construction entity shall not commence the construction.

According to the Environmental Impact Appraisal Law of PRC (《中華人民共和國環境影響評價法》), which was promulgated by the SCNPC on October 28, 2002, amended on July 2, 2016 and December 29, 2018, for any construction projects that have an impact on the environment, an entity is required to produce either a report, or a statement, or a registration form of such environmental impacts depending on the degree of effect that may be exerted on the environment.

The Construction Environmental Protection Rule also requires that upon completion of construction for which an environment impact report or environment impact statement is formulated, the constructor shall conduct acceptance inspection of the environmental protection facilities pursuant to the standards and procedures stipulated by the environmental protection administrative authorities of the State Council, formulate the acceptance inspection report, and announce the acceptance inspection report pursuant to the law except for circumstances where there is a need to keep confidentiality pursuant to the provisions of the State. Where the environmental protection facilities have not undergone acceptance inspection or do not pass acceptance inspection, the construction project shall not be put into production or use.

LAWS AND REGULATIONS RELATING TO IMPORT AND EXPORT OF GOODS

Pursuant to the Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》), last amended on December 27, 2025 and took effect on March 1, 2026, and the Regulations on the PRC on the Administration of the Import and Export of Goods (《中華人民共和國貨物進出口管理條例》) last amended on March 10, 2024, the State Council of the PRC shall allow free importation and exportation of goods, and maintain fair and orderly import and export trade in goods except for the goods which is explicitly prohibited or restricted by laws or administrative regulations.

In accordance with the Provisions on the Administration of Recordation of Customs Declaration Entities of the People’s Republic of China (《中華人民共和國海關報關單位備案管理規定》) published by the General Administration of Customs of the People’s Republic of China on November 19, 2021, and effective as of January 1, 2022, customs declaration entities mean consignees or consignors of imports and exports and customs declaration enterprises which have filed record with the customs pursuant to these provisions. Consignees or consignors of imports and exports and customs declaration enterprises applying for filing shall obtain market entity qualification. If the consignees or consignors of imports and exports or customs declaration entities have filed record with the customs, its branches meeting the conditions mentioned in the preceding paragraph may also apply for the filing of the customs declaration entities.

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LAWS AND REGULATIONS RELATING TO LABOR, SOCIAL INSURANCE AND HOUSING PROVIDENT FUND

Labor Contract

According to the Labor Law of the People’s Republic of China (《中華人民共和國勞動法》) last amended and implemented by the SCNPC on December 29, 2018, the Labor Contract Law of the People’s Republic of China (《中華人民共和國勞動合同法》) last amended by the SCNPC on December 28, 2012 and implemented on July 1, 2013, and the Implementing Regulations of the Labor Contracts Law of the People’s Republic of China (《中華人民共和國勞動合同法實施條例》) promulgated by the State Council on September 18, 2008, and effective on the same date, labor relationships between employers and employees must be executed in written form. Employers must establish a system for labor safety and sanitation, and strictly abide by state standards and provide relevant education to its employees. Employees are also required to work in safe and sanitary conditions.

Social Insurance and Housing Provident Fund

According to the Social Insurance Law of the People’s Republic of China (《中華人民共和國社會保險法》) last amended and implemented by the SCNPC on December 29, 2018, the Administrative Regulations on Housing Provident Fund (《住房公積金管理條例》) last amended and implemented by the State Council on March 24, 2019 and the Provisional Regulations on Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) last amended and implemented by the State Council on March 24, 2019, a domestic enterprise shall pay premium for basic pension insurance, unemployment insurance, maternity insurance, work injury insurance, basic medical insurance and housing provident fund for its employees at an appropriate percentage based on the amounts stipulated by the laws. Employers who fail to promptly contribute social insurance premiums in full amount shall be ordered by the social insurance premium collection agency to make or supplement contributions within a stipulated period, and shall be subject to a late payment surcharge at the rate of 0.05% per day; Where payment is not made within the prescribed time limit, the relevant administrative authorities may impose a fine of one to three times the outstanding amount. Where a unit fails to pay or pays not in full amount the housing provident fund by the expiration of the time limit, the managing center of housing provident fund shall order it to be paid and deposited within a specified time limit; where it is not paid and deposited yet by the expiration of the specified time limit, compulsory enforcement by the people’s court of the PRC (the “People’s Court”) may be applied.

According to the Opinions of the Office of the State Council on Comprehensively Promoting the Implementation of the Merger of Maternity Insurance and the Basic Medical Insurance for Employees (《國務院辦公廳關於全面推進生育保險和職工基本醫療保險合併實施的意見》) issued and implemented by the Office of the State Council on March 6, 2019, the State facilitates the incorporation of maternity insurance fund into basic medical insurance fund of employees for unified payment.

On July 31, 2025, the Supreme People’s Court promulgated the Supreme People’s Court’s Interpretation (II) on Several Issues Concerning the Application of Law in Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) (the “New Judicial Interpretation”), which took effect on September 1, 2025. Article 19(1) of the New Judicial Interpretation stipulates that if an employer and an employee agree or the employee undertakes that social insurance contributions need not be paid, the People’s Court shall deem such agreement or undertaking invalid.

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LAWS AND REGULATIONS RELATING TO INTELLECTUAL PROPERTY

Patent

According to the Patent Law of the People’s Republic of China (《中華人民共和國專利法》) last amended by the SCNPC on October 17, 2020 and effective on June 1, 2021 as well as the Implementation Regulations for the Patent Law of the People’s Republic of China (《中華人民共和國專利法實施細則》) last amended by the State Council on December 11, 2023 and effective on January 20, 2024, inventions refer to inventions, utility models and designs. Inventions refer to new technical solutions for a product, method or its improvement. Utility models refer to new technical solutions for the shape, structure or the combination of both shape and structure of a product, which is applicable for practical use. Designs refer to new designs of the shape, pattern or the combination of shape and pattern, or the combination of the color, the shape and pattern of the whole or part of product with aesthetic feeling and industrial application value. The validity period of patent for inventions is 20 years, while the validity period of patent for utility models is 10 years, and the validity period of patent for designs is 15 years, all starting from the date of application.

An invention creation that is accomplished by a person in the course of performing any task for an entity to which the person belongs, or mainly by using materials or technical means of the said entity is a service invention-creation. For a service invention-creation, the right to apply for a patent belongs to the entity. After the relevant application is approved, the entity shall be the patentee. The entity may dispose of the right to apply for patents and patent rights of its invention-creation in accordance with the law and promote the implementation and utilization of the relevant invention-creation. The entity to which a patent right is granted shall reward the inventor or designer of such service invention-creation; after the implementation of the invention-creation patent, the inventor or designer shall be remunerated reasonably according to the scope of marketing and application and the economic benefits obtained. The State encourages the entities to which a patent right is granted to implement property rights incentives by way of equity, option, dividends, etc., so that inventors or designers can enjoy the proportion of profits of innovation.

Trademark

The Trademark Law of the People’s Republic of China (《中華人民共和國商標法》) last amended by the SCNPC on April 23, 2019 and effective on November 1, 2019, and the Implementation Rules of the Trademark Law of the People’s Republic of China (《中華人民共和國商標法實施條例》) amended by the State Council on April 29, 2014 and effective on May 1, 2014, stipulate the registration of a trademark shall be valid for ten years from the date of approval. If there is a continued need for the use of trademark, a renewal shall be made in accordance with requirements within 12 months before the expiry of the trademark registration. If the renewal is not made within the stipulated period, the valid period may be extended for a further period of six months. Each renewal of registration of trademark shall be valid for ten years from the date of the expiry of the previous trademark registration. A trademark registrant may license others the right to use his/her trademark by entering into a trademark license agreement, but licensing details must be filed with the Trademark Office. Failure to file won’t affect bona fide third parties. Quality supervision is the licensor’s responsibility, and licensees must maintain product quality when using the registered trademark.

Copyright

According to the Copyright Law of the People’s Republic of China (《中華人民共和國著作權法》) last amended by the SCNPC on November 11, 2020 and implemented on June 1, 2021, and the Implementation Rules of the Copyright Law of the People’s Republic of China (《中華人民共和國著作權法實施條例》) last amended by the State Council on January 30, 2013 and implemented on March 1, 2013, works of Chinese citizens, legal persons or unincorporated organisations, i.e. intellectual

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achievements in the field of literature, art and science that are original and can be expressed in a certain form, whether published or not, are entitled to copyright in accordance with the law. Copyright includes a series of personal and property rights such as the right of publication, the right of authorship, the right of modification, the right to protect the integrity of the work and the right of reproduction.

According to the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) promulgated by the National Copyright Administration on February 20, 2002 and the Regulation on Computers Software Protection (《計算機軟件保護條例》) amended by the State Council on January 30, 2013 and effective on March 1, 2013, the National Copyright Administration is mainly responsible for the registration and management of software copyright in China and recognizes the China Copyright Protection Center as the software registration organization. The China Copyright Protection Center shall grant certificates of registration to computer software copyright applicants in compliance with the regulations of the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) and the Regulation on Computers Software Protection (《計算機軟件保護條例》).

Domain Names

According to the Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》) promulgated by the MIIT on August 24, 2017 and effective from November 1, 2017, the establishment of domain name root servers and domain name root server operation institutions, domain name registration management institutions and domain name registration service institutions within the territory of the PRC shall obtain permission from the MIIT or the communications administration department of the province, autonomous region or municipality directly under the central government. The principle of “first come, first served” applies to domain name registration service. The Notice of the Ministry of Industry and Information Technology on Regulating the Use of Domain Names in Internet Information Services (《工業和信息化部關於規範互聯網信息服務使用域名的通知》), which was promulgated by the MIIT on November 27, 2017 and came into effect on January 1, 2018, stipulates the obligations of Internet information service providers and other entities to combat terrorism and maintain network security.

LAWS AND REGULATIONS RELATING TO ANTI-UNFAIR COMPETITION

According to the Anti-unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》), or the Anti-unfair Competition Law, which was promulgated by the SCNPC on September 2, 1993 and implemented on December 1, 1993, and last revised on June 27, 2025 and implemented on October 15, 2025, operators shall comply with the principle of voluntariness, equality, impartiality, integrity and abide by laws and business ethics in market transactions. Under the Anti-unfair Competition Law, unfair competition refers to an operator disrupts the market competition order and damages the legitimate rights and interests of other operators or consumers in violation of the provisions of the Anti-unfair Competition Law in the production and operating activities. Operators who violate the Anti-unfair Competition Law shall bear corresponding civil, administrative or criminal responsibilities depending on the specific circumstances.

REGULATIONS ON CYBERSECURITY

According to the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》), which was promulgated by the SCNPC on November 7, 2016 and came into effect on June 1, 2017, the PRC has implemented a hierarchical network security protection system, and network operators shall comply with the provisions of laws and regulations as well as the mandatory requirements of the national and industry standards, formulate an internal security management system, and adopt technical measures and other necessary measures to protect the security of the network, stable operation.

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According to the Data Security Law of the PRC (《中華人民共和國數據安全法》), which was adopted by the SCNPC on June 10, 2021 and came into effect on September 1, 2021, the PRC has formulated a system for data classification and grading protection. When conducting data processing activities, one should abide by the provisions of laws and regulations, establish and improve a full-process data security management system, organize and carry out data security education and training, and take corresponding technical measures and other necessary measures to ensure data security.

According to the Measures for Cybersecurity Review (《網絡安全審查辦法》), which was jointly promulgated by the Cyberspace Administration of China, the NDRC, the MIIT, the Ministry of Public Security, the Ministry of National Security, the MOF, the Ministry of Commerce, the People’s Bank of China, the State Administration for Market Regulation, the National Radio and Television Administration, the China Securities Regulatory Commission, the National Administration of State Secrets Protection, and the State Cryptography Administration on November 16, 2021 and came into effect on February 15, 2022, a network platform operator with personal information of more than 1 million users which seek listing in a foreign country is obliged to apply for a cybersecurity review by the Cybersecurity Review Office.

LAWS AND REGULATIONS RELATING TO FOREIGN EXCHANGE

Pursuant to the Administrative Regulations on Foreign Exchange of the PRC (《中華人民共和國外匯管理條例》) announced by the State Council on August 5, 2008 and effective on the same day, transactions involving goods, services, income and current transfers in the balance of payments are regarded as current accounts, under which the foreign exchange payments shall, pursuant to the administrative provisions of the foreign exchange control department of the State Council on payments of foreign currencies and purchase of foreign currencies, be made using self-owned foreign currency or foreign currency purchased from financial institutions engaging in conversion and sale of foreign currencies by presenting the valid document; domestic entities and domestic individuals making overseas direct investments or engaging in issuance and trading of overseas securities and derivatives shall process registration formalities pursuant to the provisions of the foreign exchange control department of the State Council.

According to the Notice of the State Administration of Foreign Exchange on Issues concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) promulgated on December 26, 2014 by the SAFE and implemented since the same date, a domestic company shall, within 15 working days after the completion of its overseas listing and issuance, register the overseas listing with the local branch of the State Administration of Foreign Exchange of the place where it is incorporated. The funds raised by domestic companies through overseas listing may be repatriated to China or deposited overseas, provided that the use of funds shall be consistent with those as set out in the public disclosure documents such as the document or corporate bond issuance document, circulars to shareholders and resolutions of the board of directors or shareholders’ meeting.

On February 13, 2015, the SAFE issued the Circular of Further Simplifying and Improving Foreign Exchange Administration Policies on Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》), which was partially abolished in December 2019. It stipulates that banks shall directly examine and handle foreign exchange registration under overseas direct investment, and the SAFE and its branches shall implement indirect supervision over foreign exchange registration and examination of overseas direct investment through banks.

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REGULATIONS ON OVERSEAS OFFERING AND LISTING OF DOMESTIC ENTERPRISES

According to the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》) (hereinafter referred to as the “Overseas Listing Trial Measures”) and supporting guidelines promulgated by the CSRC on February 17, 2023 and implemented on March 31, 2023, the overseas offering and listing activities of domestic enterprises shall be in strict compliance with laws, administrative regulations and relevant provisions on national security in terms of foreign investment, cybersecurity, data security and etc., and duly fulfill their obligations to protect national security, shall not disrupt domestic market order, and shall not harm national interests, public interest and the legitimate rights and interests of domestic investors.

According to the Overseas Listing Trial Measures, the overseas offering and listing is explicitly prohibited under any of the following circumstances: (1) if the offering and listing is specifically prohibited by laws, administrative regulations and relevant national provisions; (2) if the overseas offering and listing constitutes dangers to national security as reviewed and determined by competent authorities under the State Council in accordance with law; (3) if, in the past three years, the domestic enterprise or its controlling shareholders or actual controllers have committed corruption, bribery, embezzlement, misappropriation of property, or other criminal offenses disruptive to the order of the socialist market economy; (4) if the domestic enterprise is under investigation according to law for suspected crimes or major violations of laws and regulations, but no clear conclusions have been reached; or (5) if there are material ownership disputes over the equity held by the controlling shareholder or by other shareholders that are controlled by the controlling shareholder and/or actual controller.

According to the Overseas Listing Trial Measures, if any of the following material events occur after an issuer’s overseas offering and listing, the issuer shall report the details to the CSRC within three working days from the date of the occurrence and announcement of the relevant event: (1) change in control; (2) investigation, penalties or other measures taken by overseas securities regulatory authorities or relevant competent authorities; (3) the conversion of listing status or the transfer of listing board; (4) voluntary or compulsory termination of listing.

According to the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) jointly issued by the CSRC and other departments on February 24, 2023 and effective on March 31, 2023, in the overseas offering and listing activities of domestic companies, domestic companies, and securities companies and securities service institutions that provide corresponding services shall strictly comply with the applicable laws and regulations of the PRC and satisfy the requirements of these Provisions, enhance the legal awareness of safeguarding state secrets and strengthening archives administration, establish and improve the confidentiality and archives work system, and take necessary measures to fulfill the confidentiality and archives administration obligations, and shall not divulge state secrets or work secrets of state organs, or harm the interests of the state or the public. A domestic company that, either directly or through its overseas listed entity, provides or publicly discloses to relevant securities companies, securities service institutions, overseas regulators, and other entities and individuals, any documents and materials that involve state secrets or work secrets of state organs, shall obtain approval from the competent department with the power of examination and approval according to the law, and report to the administrative department of confidentiality at the same level for filing.

REGULATIONS ON THE H SHARE FULL CIRCULATION

According to the Guidelines for the Application for the “Full Circulation” of the Domestic Unlisted Shares of H-Share Companies (《H股公司境內未上市股份申請“全流通”業務指引》) promulgated by the CSRC on November 14, 2019 and amended on August 10, 2023, full circulation

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represents listing and circulating on the Stock Exchange of the domestic unlisted shares of an H-share listed company, including unlisted Domestic Shares held by domestic shareholders prior to overseas listing, unlisted Domestic Shares additionally issued after overseas listing, and unlisted shares held by foreign shareholders. Shareholders of domestic unlisted shares may determine by themselves through consultation the amount and proportion of shares, for which an application will be filed for the circulation, provided that the requirements laid down in the relevant laws and regulations and set out in the policies for state-owned asset administration, foreign investment and industry regulation are met, and the corresponding H-share listed company may be entrusted to submit the filing registration to the CSRC. Unlisted domestic joint stock companies may apply for the filing registration for “full circulation” to the CSRC when applying for an overseas initial public offering and listing.

On December 31, 2019, CSDCC and the Shenzhen Stock Exchange (“SZSE”) jointly announced the Measures for Implementation of H-share “Full Circulation” Business (《H股“全流通”業務實施細則》) (the “Measures for Implementation”). The businesses in relation to the H-share full circulation business, such as cross-border transfer registration, maintenance of deposit and holding details, transaction entrustment and instruction transmission, settlement, management of settlement participants, services of nominal holders, etc. are subject to the Measures for Implementation.

The Shenzhen Branch of the CSDCC released the Guide for “Full Circulation” Business of H Shares by the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited (《中國證券登記結算有限責任公司深圳分公司H股“全流通”業務指南》) on September 20, 2024, which clearly provides for business arrangements and procedures related to H-share full circulation business, including business preparation, cross-border transfer registration, overseas depository of shares and initial maintenance and change in maintenance of domestic holding details, corporate behavior processing, clearing and settlement, risk management and business charges. In September 2024, China Securities Depository and Clearing (Hong Kong) Limited (“CSDC (Hong Kong)”) also promulgated the Guide of China Securities Depository and Clearing (Hong Kong) Limited to the Program for “Full Circulation” of H-shares to specify the relevant escrow, custody, agent service, arrangement for settlement and delivery, risk management measures and other relevant matters.

According to the Measures for Implementation and the Guide for “Full Circulation” Business of H Shares by the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, shareholders who apply for H Share Full Circulation (“Participating Shareholders”) shall complete the cross-border transfer registration for conversion of relevant domestic unlisted shares into H Shares before dealing in the shares, i.e., CSDC as the nominal shareholder, deposits the relevant securities held by Participating Shareholders at CSDC (Hong Kong), and CSDC (Hong Kong) will then deposit the securities at HKSCC in its own name, and exercise the rights to the securities issuer through HKSCC, while HKSCC Nominees as the ultimate nominal shareholder is listed on the register of shareholders of H-share listed companies.

LAWS, REGULATIONS AND POLICIES OF THE UNITED STATES

LAWS AND REGULATIONS IN RELATION TO THE IMPORTATION OF GOODS INTO THE UNITED STATES

General Customs Framework

The importation of goods into the United States is principally governed by the *Tariff Act of 1930*, as amended (including by the *Customs Modernization Act* enacted as part of the North American Free Trade Agreement Implementation Act in 1993), together with implementing regulations promulgated by U.S. Customs and Border Protection (“CBP”), an agency within the U.S. Department of Homeland

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Security. CBP is the primary federal agency responsible for assessing and collecting duties, fees and taxes on imported merchandise, enforcing U.S. customs laws and administering the entry, examination and release of goods at U.S. ports of entry.

Under U.S. customs laws, the importer of record is primarily responsible for declaring to CBP, with respect to each entry, the correct (i) tariff classification of the imported merchandise under the *Harmonized Tariff Schedule of the United States* (the “HTSUS”), (ii) customs value of the merchandise (generally based on the transaction value, with prescribed adjustments), and (iii) country of origin of the merchandise. Importers are required to exercise “reasonable care” in providing information to CBP, including in submitting entry summaries, supporting commercial documentation and applicable certifications. Failure to comply with these requirements may give rise to civil penalties under 19 U.S.C. § 1592, the severity of which depends on the level of culpability — classified as negligence, gross negligence or fraud — and is generally calibrated to the loss of duties or, where no revenue loss is involved, to the domestic value of the merchandise.

The HTSUS is maintained by the U.S. International Trade Commission (the “ITC”) and is updated periodically to reflect changes in international trade and tariff policy. Each imported article must be classified under a specific HTSUS subheading, which determines the general rate of duty and the applicability of any additional duties, special tariff programs or trade remedy measures. Other key federal agencies involved in the administration of U.S. trade and tariff laws include the Office of the U.S. Trade Representative (the “USTR”), which advises the President on, and conducts, U.S. international trade policy, and the ITC, which conducts trade-related investigations and provides analysis to the President, Congress and the USTR.

Additional Duties and Trade Remedy Measures

In addition to ordinary customs duties imposed under the HTSUS, U.S. law authorizes the imposition of various additional duties and trade remedy measures, including the following:

- The Trade Act of 1974 (the “1974 Act”) has multiple provisions pursuant to which the U.S. government has recently imposed trade restrictions and duties. Beginning in 2018, the USTR imposed additional duties on a broad range of goods originating from the PRC under Section 301 of the 1974 Act, which have been subject to subsequent modifications, exclusions and extensions. Section 122 authorizes the President to impose temporary import surcharges of up to 15% ad valorem (or quantitative limitations) for periods of up to 150 days. At present, the President has imposed a 10% tariff under Section 122 on imports of products from all countries, which will expire on July 24, 2026. Section 201 of the 1974 Act authorizes the President, following an ITC investigation, to impose temporary safeguard measures (including additional duties or quantitative restrictions) where increased imports are determined to be a substantial cause of serious injury, or threat thereof, to a domestic industry.
- Section 232 of the Trade Expansion Act of 1962 authorizes the President to adjust imports (including by imposing additional duties or quantitative restrictions) There are numerous Section 232 tariff measures currently in effect, including on aluminum, steel and copper products and derivatives, automobiles and parts, trucks and parts, etc.
- Section 337 of the Tariff Act of 1930 authorizes the ITC to investigate alleged unfair acts or unfair methods of competition in the importation of articles, including infringement of U.S. intellectual property rights, and to issue exclusion orders or cease and desist orders if a violation is found.

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- IEEPA authorizes the President, under certain circumstances, to regulate or prohibit a broad range of international economic transactions. The President previously imposed substantial tariffs on products of the PRC and other countries in reliance on IEEPA, however the U.S. Supreme Court held on February 20, 2026, that IEEPA does not authorize the imposition of tariffs.

Duties imposed under these authorities may apply cumulatively with ordinary HTSUS duties and with each other, and may be modified, extended, suspended, expanded or terminated with limited or no advance notice. The scope, rate and duration of such measures are subject to ongoing policy review and to evolving geopolitical and economic considerations.

Anti-dumping and Countervailing Duties

The U.S. anti-dumping and countervailing duty laws, codified principally in Title VII of the Tariff Act of 1930, authorize the imposition of additional duties on imported merchandise that is sold in the United States at less than fair value (anti-dumping duties) or that benefits from countervailable subsidies provided by a foreign government or public entity (countervailing duties), where the U.S. Department of Commerce makes an affirmative determination of dumping or subsidization and the ITC makes an affirmative determination that a U.S. industry is materially injured, threatened with material injury, or that the establishment of a U.S. industry is materially retarded, by reason of the subject imports. Anti-dumping and countervailing duties are imposed in addition to ordinary customs duties and any other applicable additional duties.

U.S. EXPORT CONTROL LAWS

U.S. export controls on dual-use commodities, software and technology are primarily administered by the U.S. Department of Commerce, Bureau of Industry and Security (“BIS”), pursuant to the EAR, set forth at 15 C.F.R. Parts 730774. The EAR regulates, among other things, (i) the export from the United States, (ii) the re-export from one foreign country to another, and (iii) certain in-country transfers and “deemed exports” (i.e., releases of controlled technology or source code to foreign persons in the United States), of items “subject to the EAR.” Items subject to the EAR include U.S.-origin commodities, software and technology wherever located, certain foreign-made items that incorporate more than a de minimis amount of controlled U.S.-origin content, and certain foreign-produced items that are the direct product of specified U.S.-origin technology, software or production equipment.

Items subject to the EAR are classified under specific Export Control Classification Numbers (“ECCNs”) on the Commerce Control List (Supplement No. 1 to Part 774 of the EAR). Whether a license is required for a particular transaction depends on (i) the classification of the item, (ii) the country of destination (as set forth on the Commerce Country Chart), (iii) the end-user and (iv) the end-use. Items that are subject to the EAR but are not specifically described in any ECCN are designated “EAR99” and generally may be exported, re-exported or transferred to non-embargoed destinations and to non-restricted end users for non-restricted end uses without a BIS license, although such items remain subject to applicable end-use, end-user and destination-based restrictions, including sanctions and restricted-party list requirements.

BIS also maintains a number of restricted-party lists pursuant to Part 744 of the EAR, including (i) the *Entity List* (Supplement No. 4 to Part 744), which identifies foreign persons subject to specific license requirements. In general, the export, re-export or transfer (in-country) of items subject to the EAR (including items classified as EAR99) to parties identified on the Entity List requires a license from BIS.

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Persons or entities that violate the EAR may be subject to civil and criminal penalties, including monetary fines, denial of export privileges and, in egregious cases, imprisonment. BIS also has authority to suspend or revoke export privileges and to impose other administrative remedies.

U.S. ECONOMIC SANCTIONS LAWS

The United States administers economic and trade sanctions principally through the U.S. Department of the Treasury’s Office of Foreign Assets Control (“OFAC”), which promulgates and enforces sanctions programs that (i) broadly prohibit U.S. persons from engaging in transactions or dealings involving particular jurisdictions or their governments, such as, among others, those currently applicable to Cuba, Iran, and North Korea, or (ii) imposes targeted prohibitions against, among other things, specifically designated persons, entities or specified sectors of a foreign economy. OFAC maintains a number of restricted-party lists, which, among other things, broadly prohibits U.S. persons from engaging in transactions or dealings with listed persons.

Certain U.S. sanctions programs also include extraterritorial provisions that may expose non-U.S. persons to sanctions risk for engaging in specified transactions involving sanctioned jurisdictions or designated persons, even where such transactions have no U.S. nexus. Violations of OFAC sanctions may be subject to substantial civil and criminal monetary penalties.

U.S. OUTBOUND INVESTMENT RESTRICTIONS

The U.S. Outbound Investment Final Rule restricts certain investments by U.S. persons and U.S.-controlled entities in foreign persons engaged in specified activities in identified national security technology sectors associated with a “country of concern.”

Under the Outbound Investment Final Rule: (A) a “country of concern” currently refers to the PRC, including the Hong Kong Special Administrative Region and the Macao Special Administrative Region; (B) “covered activities” include certain activities in the (i) semiconductor and microelectronics, (ii) quantum information technologies, and (iii) artificial intelligence sectors that are deemed to pertain to national security technologies and products; (C) “covered transactions” include (i) acquisitions of equity or contingent equity (including purchases of shares in initial public offerings), (ii) provision of debt financing convertible into equity or carrying certain governance rights, (iii) conversion of contingent equity interests, (iv) greenfield and brownfield investments, (v) certain joint ventures, and (vi) certain investments made as a limited partner; and (D) a “covered foreign person” generally means (i) a person of a country of concern that is engaged in a covered activity, and (ii) a person that holds specified equity or contractual interests in, or directs the management of, a person of a country of concern engaged in a covered activity.

Covered transactions can be fully prohibited absent an exemption, or require a U.S. person to file a notification with the Department of the Treasury within prescribed timeframes. Excepted transactions include, among others, investments in public companies or buyouts of covered foreign persons. Violations of the Outbound Investment Final Rule may be subject to civil monetary penalties under IEEPA.

LICENSES AND PERMITS

U.S. customs laws generally require importers to comply with classification, valuation, country-of-origin marking and entry requirements administered by CBP, and require formal entry to be made and applicable duties to be paid prior to release of merchandise from CBP custody. U.S. export control laws require persons engaging in regulated transactions to obtain, where applicable, export licenses or to rely on available license exceptions issued by BIS or, where applicable, by other U.S.

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government agencies. U.S. economic sanctions laws administered by OFAC may, in addition, require specific or general licenses for transactions that would otherwise be prohibited under applicable sanctions programs.

Regulatory approvals or permits may also be required where products fall within additional controlled categories (such as those subject to Department of State, Department of Energy, Nuclear Regulatory Commission or Department of Defense jurisdiction), where exports involve restricted end users or end uses, or where transactions implicate sanctioned jurisdictions. In addition, certain product categories imported into the United States may be subject to product-specific regulatory approvals administered by other U.S. federal agencies, including the Federal Communications Commission, the Consumer Product Safety Commission, the Environmental Protection Agency and the Department of Transportation.

PRODUCT SAFETY, CONSUMER PROTECTION AND PRODUCT LIABILITY

Consumer Product Safety Act and CPSC

The Consumer Product Safety Act (the “CPSA”) establishes a comprehensive federal framework governing the safety of consumer products. The U.S. Consumer Product Safety Commission (the “CPSC”) is the federal agency responsible for administering the CPSA and enforcing compliance. The CPSC has authority to issue mandatory safety standards, require certifications, mandate reporting of product defects that could create a substantial product hazard, and order corrective actions such as recalls, repairs, replacements or refunds.

Depending on their design, scale and end use, certain energy storage products may fall within the scope of the CPSA, particularly where products are deployed in residential, commercial or consumer-adjacent environments. BESS are not listed in the CPSA as an exempt product category (e.g., motor vehicles, medical devices, aircraft), and may fall within CPSC jurisdiction where they are consumer products or present consumer-adjacent hazards, especially in residential, commercial or shared-use environments. Accordingly, the key CPSA provisions applicable to BESS are the general hazard, reporting, recall, certification and enforcement provisions, rather than a product-specific safety standard.

The CPSC has adopted detailed interpretive regulations under 16 C.F.R. Part 1115, clarifying that fire risk, thermal runaway, electrical hazards and explosion risks can constitute reportable hazards if they create an unreasonable risk of injury or death. Any defect that creates a substantial product hazard would be subject to reporting and possible recall. Civil penalties may be imposed for violations of state or federal laws, including significant monetary fines.

Consumer Product Safety Improvement Act

The Consumer Product Safety Improvement Act of 2008 (the “CPSIA”) significantly expanded the CPSA by imposing enhanced product testing, certification, traceability, and mandatory reporting requirements. The CPSIA also increased civil and criminal penalties for non-compliance and strengthened the CPSC’s enforcement authority.

Safety Performance Standards Act

The Safety Performance Standards Act (the “SPSA”) authorizes federal agencies to adopt performance-based safety standards rather than prescriptive design standards. This approach facilitates reliance on recognized industry and technical standards, including electrical safety, fire safety and system performance standards that are commonly adopted for energy storage systems.

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General Product Liability Law

Product liability law in the United States is primarily governed by state common law, rather than a single federal statute. Manufacturers, distributors and sellers may be subject to liability under theories including strict liability, negligence and breach of warranty. Claims may arise from alleged defects in design, manufacture or warnings and may relate to personal injury, property damage or economic loss.

Magnuson-Moss Warranty Act

The Magnuson-Moss Warranty Act regulates written warranties offered in connection with consumer products. While the Act does not require manufacturers to provide warranties, it imposes disclosure requirements and substantive rules governing the content and enforcement of warranties that are offered and provides consumers with federal remedies for breach of warranty.

DATA PRIVACY AND CYBERSECURITY LAWS

The United States does not maintain a single comprehensive federal data protection law. Instead, data privacy and cybersecurity are regulated through a combination of sector specific federal laws and state statutes.

At the federal level, there are numerous regimes that cover various data security requirements in different contexts, such as Gramm-Leach-Bliley Act (GLBA) and the Health Insurance Portability and Accountability Act (HIPAA). Outside of industry-specific regulation, Section 5 of the Federal Trade Commission Act prohibits unfair or deceptive acts or practices, including misleading statements relating to data privacy, cybersecurity or data usage practices. 15 U.S.C. § 45(a)(1) states “Unfair methods of competition in or affecting commerce, and unfair or deceptive acts or practices in or affecting commerce, are hereby declared unlawful.” This forms the foundation of the FTC’s authority to regulate how companies collect, use, secure, disclose, and represent their data practices. The FTC has interpreted “unfair or deceptive acts or practices” to include, among other things: (i) failure to implement reasonable data security safeguards; (ii) misrepresentations or omissions regarding data collection, usage, sharing or retention practices; (iii) failure to comply with published privacy policies; and (iv) failure to provide adequate notice or security in connection with data breaches.

In the absence of a comprehensive federal data privacy statute, Section 5 is the principal federal mechanism for regulating commercial data privacy and cybersecurity practices across industries. Section 5 expressly extends to certain foreign conduct affecting U.S. commerce as well if there is a likelihood reasonably foreseeable injury within the United States.

At the state level, numerous jurisdictions have adopted comprehensive data privacy laws, cybersecurity, and data breach notification statutes. These laws generally regulate the collection, use, disclosure and security of certain categories of personal information and impose notification obligations in the event of unauthorized access or disclosure. Data security obligations may also arise under industry standards or contractual commitments.

FEDERAL, STATE AND LOCAL TAX LAWS

The United States operates under a multi-tiered taxation system consisting of federal, state and local taxes. At the federal level, businesses may be subject to U.S. federal income tax under the Internal Revenue Code, as well as customs duties, withholding taxes and other federal levies. At the state and local levels, jurisdictions may impose corporate income or franchise taxes, sales and use taxes, property taxes and other transaction-based or activity-based taxes. Tax rates, filing requirements and exemptions vary widely by jurisdiction.

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A business may become subject to state or local taxation if it establishes sufficient economic or physical presence commonly referred to as “nexus” — within the relevant jurisdiction, which may arise from property ownership, personnel, sales activity or other business operations.

EU LAWS AND REGULATIONS

Product Liability Directive (85/374/EEC)

According to Council Directive 85/374/EEC concerning liability for defective products (the “Product Liability Directive”), the producer — defined to include the manufacturer, any producer of raw materials or component parts, any person presenting themselves as producer by affixing their name or trademark, and any person who imports a product into the Community for sale or distribution in the course of their business — is liable for damage caused by a defect in its product. A product is defective when it does not provide the safety which a person is entitled to expect. Claims are subject to a three-year limitation period and are extinguished after ten years from the date the product was put into circulation. The producer’s liability may not be limited or excluded by contract. The Product Liability Directive will be repealed by Directive (EU) 2024/2853, with effect from December 9, 2026.

Market Surveillance Regulation (EU) 2019/1020

According to Regulation (EU) 2019/1020 on market surveillance and compliance of products (the “Market Surveillance Regulation”), which entered into force on July 16, 2021, the Market Surveillance Regulation applies to all manufactured products subject to the EU harmonisation legislation. A product may only be placed on the EU market if there is an economic operator established in the EU responsible for verifying conformity documentation, cooperating with market surveillance authorities and informing them where a product presents a risk; that operator’s name and contact details must be indicated on the product or its packaging. Products entering from third countries must be released for free circulation only after controls by designated authorities. Where a product presents a serious risk, authorities must ensure its withdrawal or recall and notify the Commission through the RAPEX rapid alert system.

Regulation (EU) 2023/1542 — EU Battery Regulation

According to Regulation (EU) 2023/1542 concerning batteries and waste batteries (the “Battery Regulation”), entering into force on August 17, 2023 with phased application, the Battery Regulation lays down sustainability, safety, labelling, marking and information requirements for all batteries placed on the EU market or put into service, and imposes due diligence obligations on economic operators. A “stationary battery energy storage system” is defined as an industrial battery with internal storage designed to store and deliver electric energy. Batteries may only be placed on the market if they satisfy the sustainability and safety requirements and the labelling requirements of Chapter III. Stationary battery energy storage systems must be safe during normal operation; from August 18, 2024, their technical documentation must demonstrate compliance with Annex V safety parameters. Key phased obligations include: carbon footprint declarations for rechargeable industrial batteries above 2 kWh from February 18, 2026; recycled content documentation from August 18, 2028; separate collection symbol marking from August 18, 2025; general labelling from August 18, 2026; and QR code and battery passport access from February 18, 2027. The substantive product requirements and conformity assessment regime apply directly by virtue of the Battery Regulation itself.

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“Conformité Européenne (“CE”) marking framework

- ***Regulation (EC) No 765/2008 — Accreditation and General CE Marking Principles***

According to Regulation (EC) No 765/2008 setting out the requirements for accreditation, the CE marking may be affixed only by the manufacturer or its authorised representative to products covered by harmonisation legislation; by doing so, the manufacturer takes responsibility for the conformity of the product with all applicable requirements. The CE marking is the only marking which attests such conformity. Each member state must appoint a single national accreditation body operating on a not-for-profit basis. Member states must provide for effective, proportionate and dissuasive penalties for improper use of the CE marking.

- ***Decision No 768/2008/EC — Common Framework for Marketing of Products***

According to Decision No 768/2008/EC on a common framework for the marketing of products, all products placed on the EU market must comply with all applicable requirements, and economic operators bear responsibility proportionate to their role in the supply chain. Manufacturers must design and manufacture products in accordance with applicable requirements, draw up technical documentation, carry out conformity assessment, draw up an EU declaration of conformity, affix the CE marking before placing a product on the market, and take corrective action where a product is non-compliant or presents a risk. Importers may place only compliant products on the market and must verify conformity assessment, technical documentation and CE marking before doing so; importers and distributors who place products on the market under their own name or trademark, or who modify a product in a way affecting compliance, are treated as manufacturers and bear the same obligations. A product conforming to harmonised standards published in the Official Journal is presumed to conform to the requirements covered by those standards.

Low Voltage Directive — Directive 2014/35/EU

According to Directive 2014/35/EU on electrical equipment designed for use within certain voltage limits, applicable from 20 April 2016, the Directive applies to electrical equipment with a voltage rating of between 50 and 1 000 V AC and between 75 and 1 500 V DC. Equipment may be made available on the market only if it does not endanger health and safety. Manufacturers must design and manufacture equipment in accordance with safety objectives, draw up technical documentation and an EU declaration of conformity, affix the CE marking, keep documentation for ten years, and take corrective measures and notify market surveillance authorities where they have reason to believe equipment is non-compliant. Importers must verify conformity assessment and CE marking before placing equipment on the market. Equipment conforming to harmonised standards is presumed to conform.

Electromagnetic Compatibility (EMC) Directive — Directive 2014/30/EU

According to Directive 2014/30/EU on electromagnetic compatibility (the “EMC Directive”), applicable from April 20, 2016, the EMC Directive applies to apparatus and fixed installations. Apparatus must meet the essential requirements: generating no electromagnetic disturbance exceeding levels allowing other equipment to operate as intended, and having adequate immunity against electromagnetic disturbance. For apparatus, manufacturers must carry out an electromagnetic compatibility assessment, draw up technical documentation and an EU declaration of conformity, affix the CE marking, and keep documentation for ten years. Fixed installations must be installed using good engineering practice and respecting the intended use of components; they do not require CE marking but documentation must be kept available for inspection. An importer or distributor placing apparatus on the market under its own name or modifying it in a way that may affect compliance, is treated as the manufacturer. Where a battery energy storage system (“BESS”) container constitutes a “fixed

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installation” under the EMC Directive, it is not subject to CE marking or EU declaration of conformity requirements but must be installed in accordance with good engineering practice and the supplier must assemble documentation for inspection by national authorities.

Machinery Regulation — Regulation (EU) 2023/1230

According to Regulation (EU) 2023/1230 on machinery (the “Machinery Regulation”), applicable from January 20 2027, the Machinery Regulation lays down essential health and safety requirements for machinery and related products placed on the EU market or put into service. “Machinery” is defined as an assembly fitted with or intended to be fitted with a drive system, consisting of linked parts or components, at least one of which moves; where a BESS incorporates power conversion or mechanical handling equipment capable of causing an explosion through its own potential sources of ignition, it may fall within scope. The Machinery Regulation applies to products new to the EU market, including products imported from third countries. Manufacturers must carry out a risk assessment covering all hazards including cybersecurity risks capable of affecting safety, draw up technical documentation, carry out the applicable conformity assessment procedure, draw up an EU declaration of conformity and affix CE marking. Economic operators who substantially modify machinery must carry out a new conformity assessment.

ATEX DIRECTIVE — DIRECTIVE 2014/34/EU

According to Directive 2014/34/EU on equipment and protective systems intended for use in potentially explosive atmospheres (the “ATEX Directive”), the Directive applies where battery off-gassing may create flammable concentrations. Products are classified into Group I (mining) and Group II (other places), further subdivided into categories 1, 2 and 3 according to the requisite level of protection. Manufacturers must design products to meet essential health and safety requirements, carry out conformity assessment (requiring a notified body for categories M1, M2 and 1), draw up an EU declaration of conformity and affix both the CE marking and the Ex marking. Importers must verify compliance before placing products on the market.

REACH REGULATION — REGULATION (EC) NO 1907/2006

According to Regulation (EC) No 1907/2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (“REACH”), the Regulation lays down provisions on substances and mixtures to ensure a high level of protection of human health and the environment. Chemical substances manufactured or imported into the EU in quantities of one tonne or more per year must be registered with the European Chemicals Agency. Articles containing substances of very high concern above 0.1% by weight must be notified. The use of substances listed in Annex XIV is prohibited unless an authorisation is granted; substances in Annex XVII are subject to restrictions. REACH is directly relevant to the chemical composition of battery electrolytes, cathode and anode materials, solvents and cooling fluids.

RoHS Directive — Directive 2011/65/EU

According to Directive 2011/65/EU on the restriction of the use of certain hazardous substances in electrical and electronic equipment (the “RoHS Directive”), EEE placed on the market must not contain lead (0.1%), mercury (0.1%), cadmium (0.01%), hexavalent chromium (0.1%), PBB (0.1%) or PBDE (0.1%) beyond the maximum concentration values. Exemptions for specific applications are time limited. Manufacturers must carry out internal production control, draw up an EU declaration of conformity and affix the CE marking, keep technical documentation for ten years, and take corrective action where non-compliance is suspected. Importers must verify conformity assessment and CE marking before placing EEE on the market.

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WEEE DIRECTIVE — DIRECTIVE 2012/19/EU

According to Directive 2012/19/EU on waste electrical and electronic equipment (the “WEEE Directive”), the Directive establishes measures to protect human health and the environment by preventing adverse impacts of WEEE management. Producers — defined as manufacturers, resellers under their own name, or importers/exporters of EEE — are responsible for financing the collection, treatment, recovery and disposal of WEEE. To fulfil obligations in a given Member State, a producer must be established in that Member State; producers not established in the Member State in which they place EEE on the market must appoint an authorised representative established in that Member State. Producers must register with the national register before placing products on the market and provide information on EEE placed on the market and collected. Member States must ensure systems allowing final holders and distributors to return WEEE free of charge; a minimum annual collection rate of 65% applies from 2019. EEE must be marked with the crossed-out wheeled bin symbol.

ENERGY MARKET FOCUSED ON BESS

Regulation (EU) 2019/943 — Electricity Market Regulation

Regulation (EU) 2019/943 establishes the core principles for the EU internal electricity market, requiring network tariffs not to discriminate against energy storage and ensuring non-discriminatory access to balancing markets for all participants, including electricity from renewable sources, demand response and energy storage. From the perspective of the energy storage market, the Regulation reinforces that storage assets should be treated as full market participants able to participate in electricity markets, balancing mechanisms and flexibility services without unjustified barriers.

Directive (EU) 2019/944 — Electricity Market Directive

Directive (EU) 2019/944 complements the electricity market framework by requiring Member States to facilitate market access for new participants including energy storage providers. The Directive links energy storage development with distribution network planning and recognises seasonal storage as important for decarbonisation. Energy storage is confirmed as an essential component of the future electricity system, supporting flexibility, decarbonisation and security of supply.

Commission Recommendation of March 14, 2023 on Energy Storage

The Commission Recommendation of March 14, 2023 on Energy Storage identifies energy storage as a key technology for decarbonising the energy system and providing system flexibility alongside demand response and interconnections. The Recommendation calls on Member States to assess whether storage services are adequately remunerated, allow operators to stack revenues from several services, remove barriers to demand response and behind-the-meter storage, and accelerate deployment of storage facilities in areas with insufficient grid capacity.

Action Plan for Affordable Energy

In its Action Plan for Affordable Energy of February 26, 2025, the European Commission identifies system flexibility as a key tool for reducing electricity prices, referring to the role of energy storage and demand response in managing supply-demand imbalances. The Commission notes that in many Member States demand response and storage still face barriers to accessing wholesale markets and participating in ancillary services, and announced new rules on demand response to ensure consumers can benefit from the financial value of flexibility.

REGULATORY OVERVIEW

Net-Zero Industry Act

Regulation (EU) 2024/1735, the Net-Zero Industry Act (the “NZIA”), establishes a framework for improving the EU internal market by ensuring access to a secure and sustainable supply of net-zero technologies, including energy storage. Its objective is to scale up manufacturing capacity for net-zero technologies within the EU and strengthen supply chains. The NZIA sets a benchmark for the EU to reach, by 2030, annual manufacturing capacity equivalent to at least 40% of the EU’s annual deployment needs, using procurement and resilience criteria to reduce dependency on individual third-country suppliers.

NZIA provisions operate as a local-content mechanism using procurement and resilience criteria to reduce excessive dependency on individual third-country suppliers. In parallel, the European Commission has restricted access to EU funding for energy projects using inverters and power conversion systems from high-risk third countries, increasing the importance of supply-chain due diligence for BESS suppliers.

DATA PRIVACY AND CYBERSECURITY

Data privacy

In the EU, personal data protection is governed by Regulation (EU) 2016/679 (the “GDPR”), applicable as of May 25, 2018. The GDPR establishes a comprehensive framework for the protection of personal data, including requirements relating to legal bases for processing, obligations of controllers and processors regarding the security of processing, and the rights of data subjects. It also regulates the transfer of personal data outside the European Economic Area. Where an entity processes personal data in connection with the services it provides or the personal data of its business partners, the GDPR applies to such processing.

Cybersecurity

Within the EU, the NIS2 Directive (Directive (EU) 2022/2555) imposes obligations concerning risk management, implementation of appropriate security measures, and reporting of significant incidents on essential and important entities operating in covered sectors, including the energy sector. The directive also introduces requirements relating to supply chain security, management accountability, and the regular monitoring and improvement of cybersecurity measures.

The Cyber Resilience Act (the “CRA”), i.e., Regulation (EU) 2024/2847, will become fully applicable on December 11, 2027. The CRA establishes harmonized cybersecurity requirements across the EU for products with digital elements, and sets out obligations for manufacturers regarding security by design, vulnerability management throughout the product lifecycle, and the reporting of specified incidents and actively exploited vulnerabilities.