

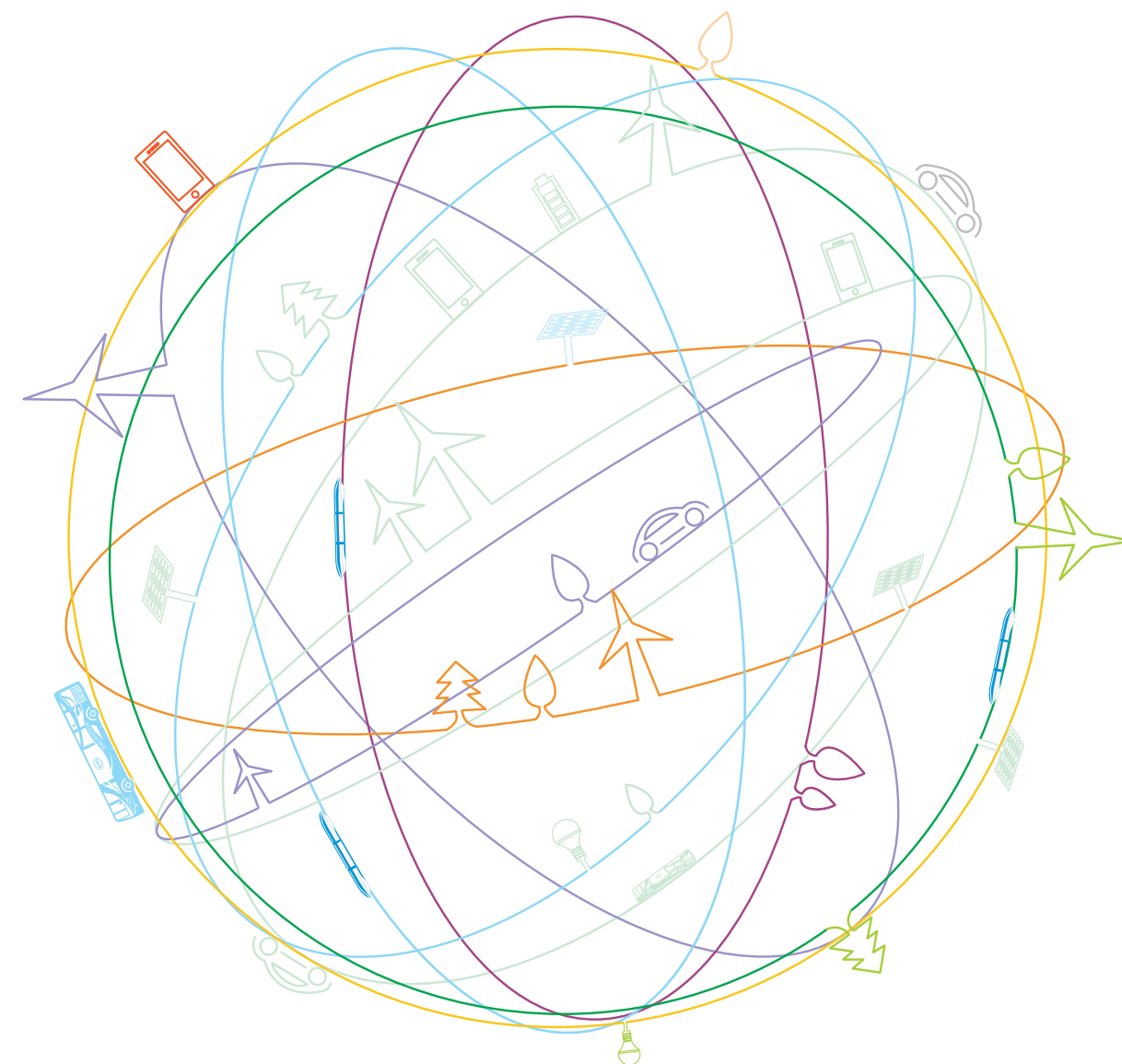


Build Your Dreams
成就梦想



BYD COMPANY LIMITED

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2016 BYD CSR REPORT

Build Your Dreams

ABOUT THIS REPORT

BYD Company Limited (“BYD” or the “Company” or “we”) actively reports to the public the Company’s status in relation to social responsibility, enabling the public to understand, monitor and supervise the social responsibility performance of BYD. Since 2010, BYD has released its social responsibility report annually to disclose the social responsibility philosophy and practice of BYD, which facilitates the mutual understanding, communication and interaction between BYD and its stakeholders and the public and promotes the sustainable development of the Company.

This Report covers BYD Company Limited and its subsidiaries and the reporting period is from 1 January 2016 to 31 December 2016, with some information relating to prior years. The data in the Report were collected in the existing management procedures of the Company. All financial figures are in Renminbi, except otherwise indicated. As the social responsibility management system of the Company improves, BYD will constantly improve and supplement its practice of corporate social responsibility.

This Report is prepared with reference to the “Guide to the Preparation of Corporate Social Responsibility Reports of China” (CASS-CSR 3.0) of the Chinese Academy of Social Sciences and the

“Sustainability Reporting Guidelines 4.0” (G4) of the Global Reporting Initiative (GRI). For details of the indicators disclosed in the Report, please see the index set out at the end of this Report.

This Report is approved by the board of directors (the “Board”) of the Company. Please visit www.byd.com.cn to browse or download the Report.

We wish to thank our stakeholders for their opinions and suggestions relating to our social responsibility report and we will continue to improve and enhance our report.

You are welcome to express your comments and suggestions regarding this Report which can be made via the following means:

Telephone: 86-(0)755-8988 8888

Email: rain.li@byd.com

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Charity





If we do not change the way we consume energy, all fossil fuels will be depleted 250 years later. What shall we do then?

As a responsible corporation, how can mankind realise sustainable development is always on our mind. Our dream is simple — realise sustainability for humans, the environment and society and better protect our environment.

The sustainable business of BYD always centers on its stakeholders including customers, shareholders and employees. We are dedicated to making the mankind's "green dream" come true through technological innovation and industrial optimization and upgrade and to reducing our dependence on fossil fuels in the near future and leave a beautiful world for future generations.

In 2016, we promoted our new energy products such as new energy vehicles, solar energy products and energy storage products in some 240 cities across over 50 countries, provided green transport solutions and services to hundreds of cities worldwide and brought green, environmental and healthy life to hundreds of millions of users not only in metropolis like Los Angeles, London and Beijing but also

in remote and poor mountainous areas in Tibet, Shanxi, Shaanxi etc.

In addition to the obligation of providing returns and reward for our employees, shareholders and customers, BYD sincerely wishes to repay the society by helping the society to solve actual problems through technological means. We have more than 220,000 employees, among which about 20,000 are engineers who work round the clock making exploration. What do they explore? Technologies and solutions needed by the mankind.

We believe sustainability requires forward-looking vision and long-term strategy and plan, while practically solving problems we face at the present is also important. In particular, the issues of air pollution and traffic jam in our cities are increasingly severe in recent years.

How can we solve such pollution and traffic jam? BYD has found a practical and sustainable solution. Seven years ago, BYD launched the "electrified public transportation solutions", paving the way to resolving the problem of urban air pollution, and "electrified public transportation solutions" has been incorporated in the national strategy of China. In 2016, BYD launched the straddle monorail known as the BYD SkyRail, which is a medium and small volume transit system with the aim of resolving the problem of urban traffic congestion. BYD spent 5 years and invested RMB5 billion in the project. With such solution, BYD can realise zero emission at the ground and near ground level arising from urban traffic, effectively resolving the issues of energy security, traffic jam and urban air pollution,

enhancing the quality of urban living.

As a hi-tech enterprise with business spanning four industries including IT, automobiles, new energy and rail transit, we give full play to our own advantages through a "vertical integration + integrated innovation" model and unceasingly enhance our operation efficiency and competitiveness with a pragmatic attitude and in a sustainable way. This enables us, together with the society and the world, to grasp new opportunities for sustainable development and promote social, economic development and improve the environment.

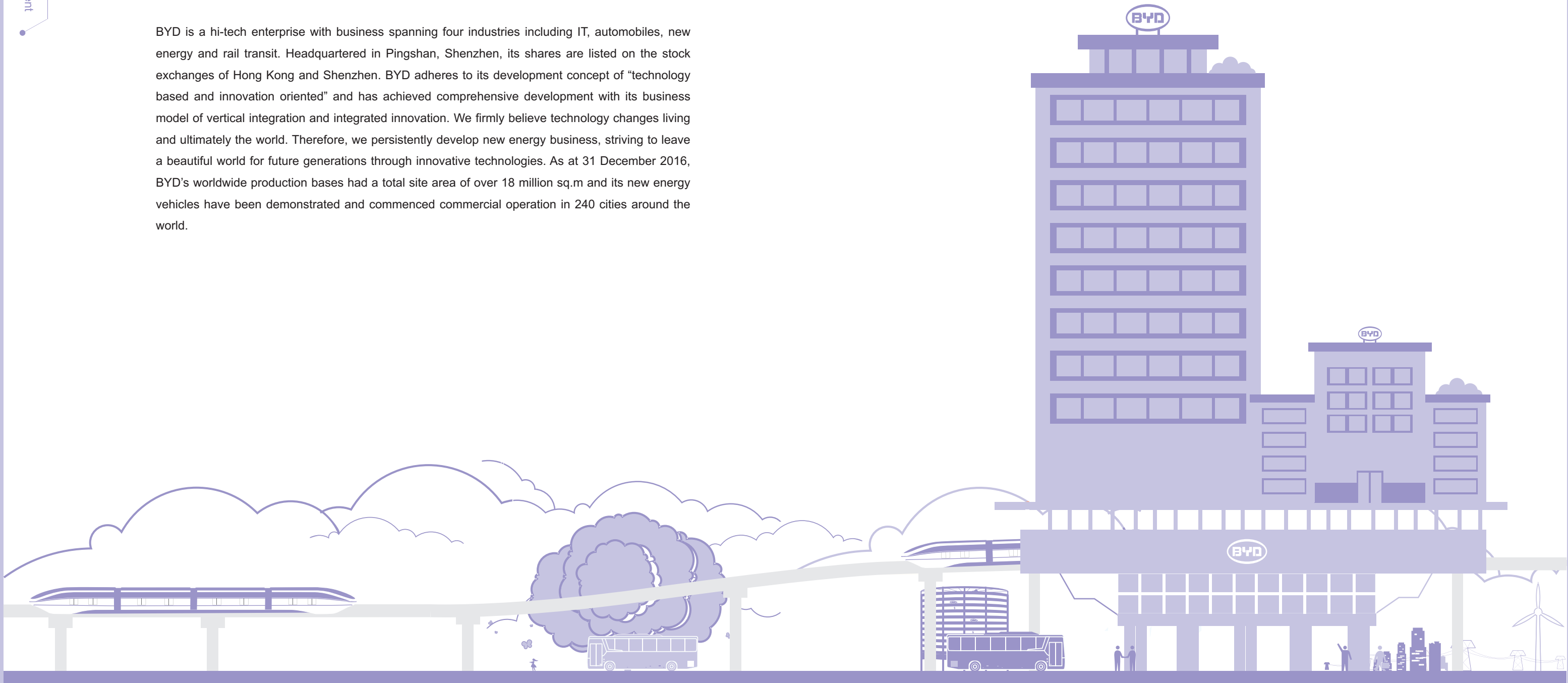
The sustainable development of BYD is in the interest of its shareholders, meets the needs of national economy and people's livelihood and is in line with the development direction of the human society. In the future, BYD will adhere to its conscience, bear its original intention in mind, continue to invest and, through the sustainable development of its business, promote the sustainability of the society so as to make our original dream and the common dream of mankind come true and stride forward.

Wang Chuan-fu
Chairman and President

SUSTAINABLE CORPORATE SOCIAL RESPONSIBILITY MANAGEMENT

1.1 About Us

BYD is a hi-tech enterprise with business spanning four industries including IT, automobiles, new energy and rail transit. Headquartered in Pingshan, Shenzhen, its shares are listed on the stock exchanges of Hong Kong and Shenzhen. BYD adheres to its development concept of “technology based and innovation oriented” and has achieved comprehensive development with its business model of vertical integration and integrated innovation. We firmly believe technology changes living and ultimately the world. Therefore, we persistently develop new energy business, striving to leave a beautiful world for future generations through innovative technologies. As at 31 December 2016, BYD's worldwide production bases had a total site area of over 18 million sq.m and its new energy vehicles have been demonstrated and commenced commercial operation in 240 cities around the world.



Core Values

"Equality, Factuality, Passion, Innovation" are the persisting core values of BYD. We advocate equality of individuals and maintain a fair, just and open corporate culture. Factuality is the virtue BYD has always been insisting on and a core value to be passed on. BYD people

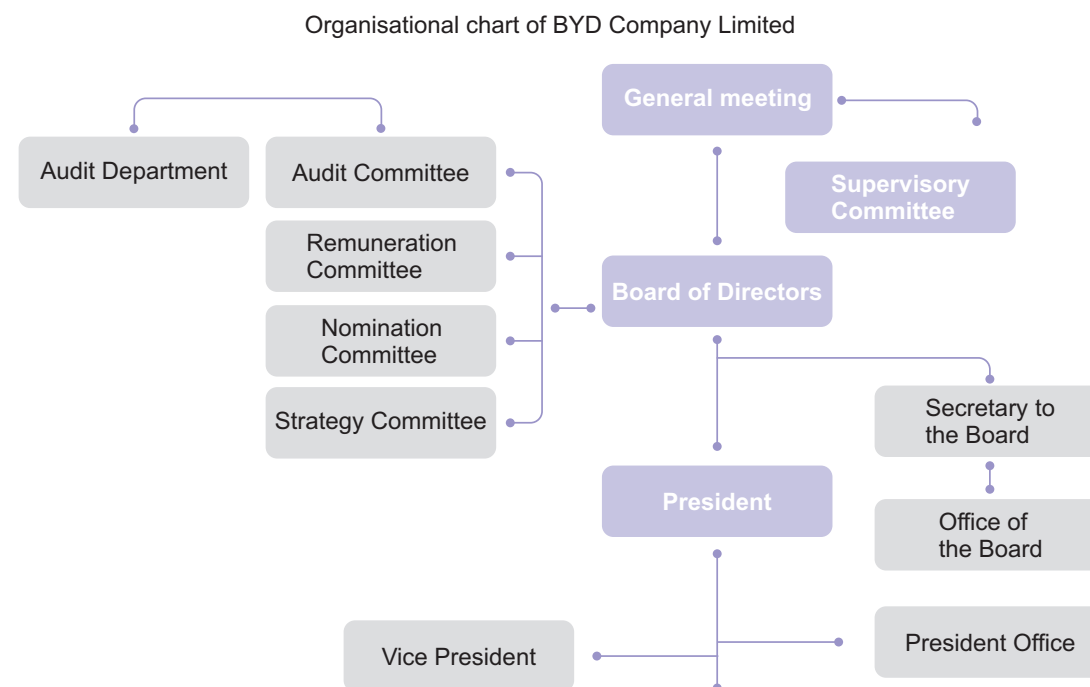
are passionate about our business, and pursue excellence, create brand value for customers and the society and create a better life for mankind with passion. We insist on innovation, always forge ahead with dreams and seek to make our dreams come true.

Corporate Governance

BYD constantly improves its corporate governance structure, seek to establish a scientific and sound modern corporate organisation and increase the satisfaction of its stakeholders.

The Board convenes general meetings regularly and reports its recent work; implements the resolutions of the general meetings; supervises the overall operation and strategic development, and makes decision on

the Company's operation direction and investment plans; supervises and guides the management to further improve rules, regulations and systems, improve decision-making mechanism, regulate working procedures, ensure the strictness of approval procedures, establish and complete a modern and standard organisational structure and enhance the efficiency and quality of investment decisions.



Decision-making Mechanism

The Company's major decisions are to be

approved by the president. The president also

undertakes the overall planning of the Company's new project developments and future development, overseeing the overall situation.

BYD has established a rigorous decision-making mechanism. Self-evaluation of the design and effectiveness of its internal control

is also carried out regularly. The scope of evaluation has been expanded and fully covers the Company's production, operation and management. The goal of internal control is effectively achieved and there is no material defect in the decision-making mechanism.

1.2 Corporate Social Responsibility ("CSR") Strategy

BYD is committed to operating in a responsible way, actively performs social responsibility and contributes to the sustainability of the world.

CSR Vision

BYD is dedicated to the harmonious and sustainable development of itself and the society. It strives to enhance the interest of government, shareholders, customers, employees, suppliers, partners and other stakeholders through innovative technology, products and management and sound commercial operation, seeking to earn the trust and respect of all stakeholders.

As the world is increasingly concerned about the sustainability of the environment and

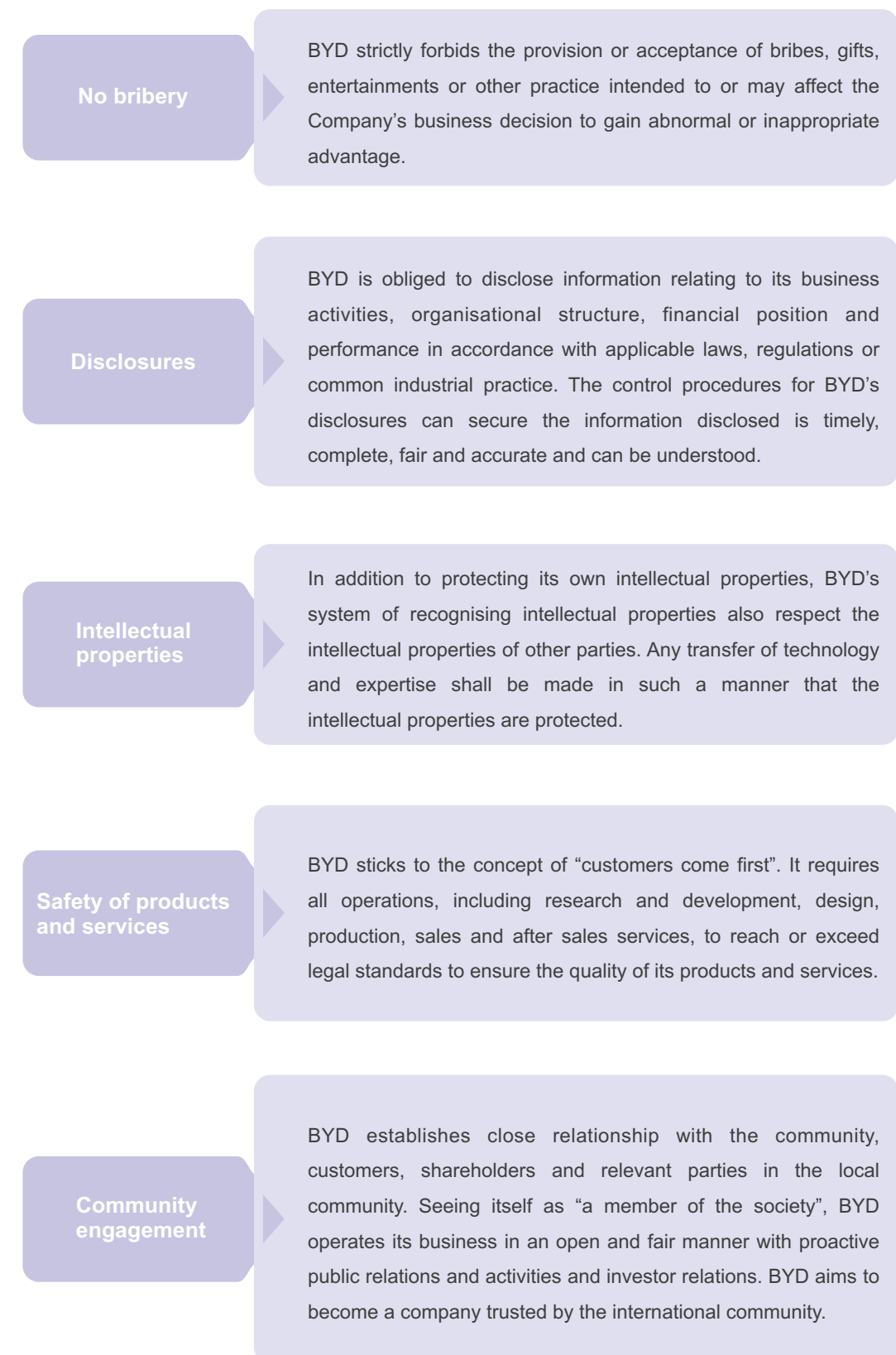
society, procuring the harmonious development of the economy, society and environment has become the mission and responsibility of all enterprises. In view of the new situation and mission, BYD endeavours to use its technology and products to help reduce the pollution problem relating to the use of fossil energy in more countries and regions, trying to benefit the mankind and build a better world with technology and innovation.

CSR Management

The CSR Management Committee of BYD is responsible for formulating the CSR management measures and working plan and the unified organization and management of the Company's CSR work. With its commitment to compliance and constant improvement, BYD highlights its attitude towards the Company's social and

environmental responsibility. We have in place management representatives with defined responsibility to ensure compliance of BYD's operation and product related systems with applicable laws and regulations and the needs of its customers, and to identify and mitigate operation risks. BYD's CSR management is becoming more scientific and regulated.

Management Essentials



1.3 Social Responsibility Communication

External Communication

Since 2010, BYD has issued its Social Responsibility Report for six consecutive years, extensively disclosing its performance in economic, environmental and social

responsibility and contribution to industrial development.



Internal Communication

During 2016, we conducted a survey on our implementation of social responsibility and improved our CSR management system based on findings of the survey. In addition, we held our CSR work communication meeting at

which CSR representatives from various divisions exchanged and discussed the implementation, promotion and development of BYD's CSR work.

1.4 Stakeholder Engagement

BYD proactively and closely cooperates with its stakeholders and listens to their demand carefully, which are important input for improving our management. We conduct various stakeholder engagement activities, including organising meetings, participating or organising activities, questionnaire surveys and academic seminars and participating working groups.

Stakeholders	Means of communication and activities
 Customers and consumers	<ul style="list-style-type: none"> • Customer satisfaction survey • Customer meetings • Technical training • Mobile app “迪粉匯”
 Employees	<ul style="list-style-type: none"> • General Manager Day • General Manager's mail box • Factory director's reception day • Labour union activities • Inspection of complaints mailbox

Stakeholders	Means of communication and activities
 Investors	<ul style="list-style-type: none"> • Shareholders' general meeting • Results announcement conference • Investors' forum • Major reverse roadshow • Regular disclosures • Daily mail and telephone communications
 Suppliers	<ul style="list-style-type: none"> • Suppliers' meeting and review • Supplier contract and questionnaire • Supplier training • Suppliers' conference
 Government	<ul style="list-style-type: none"> • Government's policy communication meetings • Providing input for ordinary work and discussion of the government • Government and intergovernmental meetings • Participation in government projects • Inviting visit and inspection
 Industry/standard associations	<ul style="list-style-type: none"> • Participation in the setting of electric automobile industrial standards • Attend general meetings • Industrial information exchanges and sharing • Give suggestion and advice on industrial plans
 Non-governmental organisations and community	<ul style="list-style-type: none"> • Participation in community projects • Attend non-governmental organisation meetings, invite non-governmental organisations to attend meetings • Discuss specific issues of common interest • Reply information requirements • Charity activities
 Media	<ul style="list-style-type: none"> • Individual meetings and interviews • Special activities targeting key market media and opinion leaders • Invite media and opinion leaders to attend meetings held by BYD • Strengthen interaction through social media
 Research institutions/ academics	<ul style="list-style-type: none"> • Joint research and technical cooperation • Organise seminars, such as the symposium on large scale energy storage that matches new energy power generation, the Third National Conference on Energy Saving Science and Technology • Participate various activities

Evaluation of Substantive Issues

Managing substantive issues would help us identify areas that need improvement and facilitate enhancement of our CSR management standard. Firstly, we identify and define substantive issues, including issues affecting business operation and production

and issues of stakeholders' concern. Through investigating various stakeholders and making consolidated evaluation by internal experts, we ultimately determined the CSR substantive issues of BYD.

Participation in Sustainability Initiatives

By joining sustainability organisations and initiatives, BYD is able to learn the best practices, exchange and share the best practices with peers, explore cooperation,

promote development of standards and join hands with its peers to enhance the standard of the industry's sustainability.

Founding Member of the Private Sector Advisory Board under the United Nations Development Programme

As a founding member of the Private Sector Advisory Board under the United Nations Development Programme (UNDP), Mr. Wang Chuan-fu, Chairman and President of BYD, diligently help implement UNDP's sustainable development goals. Mr. Wang signed a

sustainable development declaration on 12 January 2016, undertaking to support the realization of global sustainable development goals, provide insights and advice and technical expertise and other available capacities for sustainable development.

Public Appeal for "Cooling the Earth by 1 Degree Celsius"

The Paris Agreement has set the goal: to limit the global warming to no more than 2°C above pre-industrial levels and to "pursue efforts" to cap it at 1.5°C above such level. As a supporter and advocate of the Paris Agreement, BYD has been devoted to the development of new energy business with the aim of taking actual effort to reduce the global

emission of greenhouse gases so as to create a cleaner and more environmental-friendly home for the mankind. At the C40 Mayors Summit held in 2016, BYD made the public appeal for "Cooling the Earth by 1 Degree Celsius", advocating for global actions to reduce global warming at the Summit.

Zayed Future Energy Prize

BYD was awarded the Zayed Future Energy Prize in the large corporation category on 18 January 2016. BYD is the first Chinese company to win such prize in the large corporation category. It is the only enterprise in the world to be awarded the Prize and also the Lifetime Achievement Award (awarded earlier to its Chairman).

Zayed Future Energy Prize is considered the "Oscar" of the global renewable energy sector. The Prize was established in 2008 to commemorate the late Ruler of Abu Dhabi and

Founding Father of the United Arab Emirates, Sheikh Zayed bin Sultan Al Nahyan, and to motivate new generations in the global energy sector to create solution for the future. The Prize is awarded to individual, corporation, organisation or non-government organisation. A nominee of the Large Corporation should have achieved success and leading position in the business, have a clear vision for the long-term future of energy and a coherent sustainable strategy for its own role in bringing about this future.





RESPONSIBLE OPERATION





2.1 Operation and Management

Fair Operation

BYD incorporates the performance of social responsibility into the entire process of its business operation and daily management, and improves, enriches and perfects existing management systems. It also incorporates the expectations and appeals from stakeholders in daily management and operations.

Furthermore, BYD constantly regulates its operation with a perspective of responsibility and sustainable development: compliance with laws and regulations, abide by business ethics, strict compliance with code of business conduct, and uphold integrity and fair competition.

Compliance with Laws and Regulations

BYD requires stringent compliance with laws, social norms, professional ethics and internal regulations in its worldwide operations. The Company has a Law and Regulation Management Committee which monitors, supervises and inspects, regularly and from time to time, the management and implementation of laws and regulations in various departments, and evaluates their implementation and compliance in such areas. Currently, the Company manages to conduct legal review for all of its internal regulations, economic contracts and important decisions. Meanwhile, an effective internal control system is also established to ensure the performance

of contracts.

The BYD Codes of Conduct in the "Employee Handbook" of the Company undertakes that all its activities shall fully comply with the laws, system and regulations of the countries where it operates. On the basis of legal compliance, the Codes also require BYD to adopt international standards that have higher requirements to raise the standard of its social and environmental responsibility. BYD is committed to learning the comments of relevant parties regularly so as to develop and improve the Codes.

Protection of Intellectual Properties

BYD has established an Intellectual Property and Legal Division to centralise the management and handling of intellectual properties and legal matters. Through years of practice, we have established the strategy and guidelines for intellectual properties of "Accumulation, reasonable layout, effective protection and flexible use" and put in place a series of effective intellectual property system and procedures to form a collaboration of

systems to protect our and our clients' intellectual properties. They mainly include these systems: BYD Intellectual Properties and Legal Management, BYD Patent Management Regulations, BYD Patent Reward and Penalty Management Regulations.

BYD secures patents over its four main businesses, i.e. IT, automobile, new energy and rail transit. The scope of technology



involves automobile, electronics, chemical, electrical and mechanical, machinery and communication. We effectively protect our independent innovation achievements and avoid infringing the intellectual properties of others, and enhance the competitiveness of our products.

As of 31 December 2016, BYD has accumulatively applied for 15,772 patents in China (of which, 7,345 are invention patents, 6,912 are utility patents, 1,343 are design patents and 172 are patents in Hong Kong, Macau and Taiwan) and 3,272 patents overseas. As of 31 December 2016, accumulatively 10,963 patents were granted in China, of which 1,020 patents were newly



granted in China during 2016; and accumulatively 1,342 patents were granted overseas, of which 170 patents were newly granted overseas during 2016.

BYD diligently publicises and provides training on intellectual properties, arranges site training and exchanges at different levels including new recruits, on-the-job and senior personnel, and enhances staff's awareness of intellectual properties through electronic means and internal publications to ensure the sufficiency, compliance and effectiveness of the Company's IPR management system. In 2016, BYD held 93 internal trainings and exchange activities relating to intellectual properties.

As of 31 December 2016



Accumulatively applied for
15,772 patents in China 3,272 patents overseas



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10,963 patents were granted in China
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2016 newly granted
1,020 patents in China 170 patents overseas

Anti-corruption and Anti-commercial Bribery

BYD requires all its commercial activities to comply with the highest standard of integrity. Any forms of corruption, extortion or fraud are strictly prohibited. Any party violating such requirements is subject to immediate termination of employment and litigation. BYD strictly forbids the provision or acceptance of bribes, gifts, entertainments or other practice intended to or may affect the Company's business decision to gain abnormal or inappropriate advantage. BYD abides by anti-bribery laws overseas and prohibits providing or demanding any bribe to or from local government.



BYD attaches great importance to the establishment of a clean culture and adopts the principle of “zero tolerance” towards corruption. It considers penalizing and prevention of corruption as a key part of its corporate culture, conducts integrity and self-discipline education extensively and circulates corruption cases to raise the awareness of all staff members. For ensuring integrity within the Company, BYD has formulated “BYD Staff External Business Contact Management Requirements”, “BYD Code of Economic Behaviour for Management Personnel” and “BYD Rules for Evaluation of Employee Daily Behaviour” and requires all staff members to observe them.

BYD has established complain channels and

encourage whistleblowing for moral and legal irregularities.

Means of lodging complaint/ whistleblowing:

✉ tousu@byd.com

☎ 86-(0)755-8988 8888-62407

💬 BYDSCC

All personal information of informers will be kept strictly confidential. BYD effectively protects the legal rights of informers and strictly prohibits misconducts such as discrimination, deliberately creating difficulties, suppress or retaliation, directly or indirectly, to informers.

2.2 Caring for Employees

Employees are the foundation for the development of BYD and its biggest asset. The growth and success of BYD are impossible without the hard work of its employees. BYD adheres to the “people-oriented” principle in its human resources management, respects the rights of employees, attaches importance to talent development, encourages employees to achieve technical innovation and strives to build an equal, fair and open working and development environment for its employees.

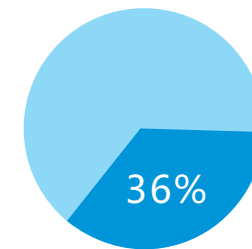
Equal Employment Opportunities and Localization of Employees

As of 31 December 2016, BYD has around 220,000 employees around the world, serving in various sectors.

BYD upholds the principle of “equal opportunity and talent-based hiring” and prohibits any discrimination on the basis of age, gender, ancestry, race, customs, social class, religion, disability or political attribute in the course of recruitment. We strictly prohibit the use of child and forced labour under BYD’s hiring policies and always observe the

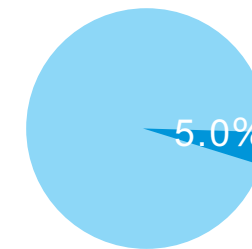
requirements of Labour Law and other relevant laws and regulations that have a significant impact on the Company in this respect. In 2016, the proportion of female employees remained stable, accounting for 36% of total employees, with female management personnel accounting for 5.0%. Among the senior management of BYD, the ratio of female members is approximately 15.5%.

BYD holds a positive stance towards recruiting foreign staff and drives the localization of

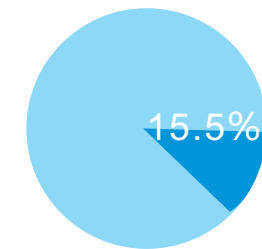


Ratio of female employees
among all employees

oversea staff. Localization of employees not only helps us understand different local cultures but also increases job opportunities and supports the economic development of



Ratio of female management
personnel among all employees



Ratio of female members
among the senior management

such place. In 2016, BYD’s overseas production bases were mainly located in the U.S. and Brazil, and the localization ratio of its overseas employees reached 96%.

Talent Development

BYD advocates “human-nurturing before goods-building” and emphasizes staff development. The quality and skills of staff are enhanced through training. Their professional quality and capability are also developed through actual experience gained in projects and missions.

BYD has established a complete training system and provides employees with adequate training and promotion opportunity, helping their development and realization of personal value. We provide training for new recruits and skill trainings and have a mentor system for fresh graduates. In 2016, BYD held 139,890 training sessions with a total of around 4,739,995 attendees.

BYD encourages staff to develop according to their ability, interest and preference and has created a ladder of promotion for them. BYD continually improves and implements performance appraisal and management system to drive the focus of management personnel at all levels on the growth and development of employees and to improve the effectiveness of performance management, realizing development of both the employee and the corporation. Outstanding staff will be promoted timely according to requirements and needs of the Company. Level promotion is made monthly, and the average proportion of employees promoted during a year is approximately 46%.









Salary, Benefit and Staff Protection

BYD always observes the requirements of Labour Law and other relevant laws and regulations. We adhere to the “people-oriented” principle, practice equal employment opportunities and prohibit any career discrimination. BYD encourages employees to give full play to their personal strength and helps them realise personal value. At the same time, the Company uses both material and non-material incentives to motivate and heighten employees’ sense of happiness and belonging.

The Company has a complete remuneration management system. An employee’s bonus is aligned with the Company’s business condition, performance of the unit he belongs

and his individual performance. To maximize the protection of employees’ interest and benefit, the remuneration system is reviewed and modified annually. In addition, BYD offers various awards covering the corporate level to the production unit level, which include President’s Award, being the top award, the Sustaining Progress Award, Patent Award, Technical Innovation Award, etc. Since 2014, the Company has granted these awards to outstanding targets selected from hundreds of projects annually.

BYD cares for and is committed to solving the basic living issues of its employees. Efforts have been made on housing, transportation, children education, medical, etc.:

 Catering	Staff canteens are provided in the production bases, ensuring the nutrition of employees.
 Housing	Staff quarter is built in the production bases. In addition, commencing in 2000, BYD has built welfare housing for employees in Kuichong of Shenzhen, Daya Bay of Huizhou and Pingshan of Shenzhen, which are priced much lower than market prices and offered to qualified employees for their purchase.
 Transportation	For the convenience of its employees, BYD provides pick up buses of different routes to ferry staff to and from work. We also offer zero down payment privilege for staff to buy their own cars with allowances provided depending on the model. Furthermore, charging parking lot is provided to staff who has purchased new energy vehicles and allow them to charge their cars at the Company for free.
 Medical	BYD has established a comprehensive protection system for employees and constantly improves it. In addition to making social insurance contributions for its employees according to legal requirements, a BYD medical fund is also created to provide dual medical protection for employees. In 2016, the fund paid secondary medical claims for nearly 3,000 employees for a total of over RMB8 million, and provided medical relief amounting approximately RMB440,000 for a dozen of employees with serious disease.



Children education

BYD and the Shenzhen Middle School have jointly set up the Shenzhen Yadi School. Cooperation relationship is also established with schools in the neighborhood of the production bases to resolve school admission issues of employees’ children.

Special maternity protection is also provided for employees, such as pregnant mother’s room and lactation leave, and not requiring pregnant and breast-feeding staff to work overtime or night shift.

Caring for Spiritual Heath of Employees

BYD has set up a multi-channel communication system to enhance the employees’ emotion management ability. Trainings are provided to reinforce employees’ work-related psychological health, pressure management, response to setbacks, positive emotion, job burnout and work and life balance, the skill of consultative

manager and inter-personal communication and psychological crisis intervention, and help employees to learn the basic method and skill of improving their psychological quality and maintaining psychological health. BYD also holds satisfaction survey and informal forum regularly for employees to air their views freely.

Internal Associations

In order to enrich employees’ life, the Company has set up non-profit associations such as BYD Journalists Association, BYD Photographers Association, Qifei Literature Club, Calligraphy

Association, Basketball Club, Football Club, Badminton Club, Ping-pong Club, and Dancing Club. These associations hold regular activities for the members.



Corporate Culture Activities

A variety of corporate culture activities could promote corporate culture and interpret its in-depth meaning to the employees in an entertaining and easy-to-accept way. Such activities enable a vivid and solid visualization of the “words and symbols” used to express our corporate culture, as well as provide moments for our employees to relax and enrich their

spiritual world beyond the workplace.

In 2016, BYD held various types of corporate culture activities such as speech contest, debate contest, activities for the celebration activities of BYD’s 22nd anniversary and Young Running.



BYD Young Running

The Young Running activity commenced in 2015 with the aim of recalling the past days of BYD’s passion, unity, struggle and persistence and inheriting and carrying forward the traditional spirit of BYD people.

On 28 May 2016, the Second BYD Young Running was held at the Julongshan Ecological Park, Pingshan, Shenzhen, with 37 teams and

1,285 runners and near 200 organising staff and volunteers participated.

The scope of the Young Running is further expanded in 2016. Regional Young Running events were held by the Xi’an and Changsha production bases. In the events, BYD people fully demonstrated their style of “I have dreams, eager to work hard, and be Young”.



2.3 Protecting Investors’ Interest

Safeguarding the rights and interests of investors has been a priority for BYD since its listing. BYD proactively establishes sound system and mechanism for the protection of investors’ interest. It works on maintaining a stable share price and has set plan and method of rewarding investors. All undertakings and promises are duly observed and disclosures are made fully and timely. Communication and interaction with investors are promoted through various means. Investors’ legitimate rights and interests have been effectively protected.

Investor Relations Management

BYD makes disclosures based on the principle of truthfulness, accuracy and completeness in accordance with relevant laws and regulations and issuer information disclosure requirements of the Shenzhen Stock Exchange and The Stock Exchange of Hong Kong Limited. Disclosures are timely and accurately made to shareholders and investors, which enhances the openness and transparency of the Company’s operation.

BYD strictly complies with requirements of the listing rules and stock markets and protects legitimate rights and interests of minority shareholders. In accordance with the requirements of protecting the equal interest of shareholders under the listing rules, we

constantly improve the Company’s constitutional documents, rules of procedure for general meeting and dividend policy. Through results announcement briefing, investors survey, daily mail and telephone enquiry, we explain the company’s condition to and answer queries of shareholders and establish positive and interactive relationship with investors. In 2016, BYD received 74 field research and visits of institutional investors including funds, securities firms, insurers, private equity funds and QFII, held two results announcement conferences, participated over 20 meetings of domestic and foreign investment banks and brokerage firms, one large reverse road show and several domestic and overseas road shows.

Returns for Shareholders

BYD is committed to improving returns for shareholders and protecting the interest of minority shareholders.

According to Section 18 of the Measures for the Administration of Securities Issue and Underwriting (Order No. 121 of the China Securities Regulatory Commission) of the China Securities Regulatory Commission, in the event that a listed company which proposes to issue securities has a profit distribution plan or a plan to convert reserves into share capital for distribution which has not been put forward for

approval at shareholders’ meeting or where such plan has been approved but not implemented, the listed company can only issue securities after the implementation of the plan. For avoiding violation of the time restriction regarding the implementation of profit distribution for the year of 2015 and the non-public offering of its A Shares, it was resolved at the 13th meeting of the Fifth Session of the Board on 28 March 2016 that no profit would be distributed for the year of 2015 and planned that the Company would conduct profit



distribution based on the Company's cash flow during the interim period of 2016 after the completion of the non-public offering of A Shares.

Having considered factors including the satisfactory operation conditions during the interim period of 2016 and the steady performance of the Company as well as the reasonable appeal of shareholders and the Company's growth and continuing development, in order to share the results of the operation and development of the Company with all shareholders, the 2016 Interim Profit

Distribution Plan of the Company was approved at the first extraordinary general meeting of the Company in 2016 as follows: based on the total share capital of 2,728,142,855 shares, a cash dividend of RMB3.67 (including tax) per 10 Shares will be distributed with a total cash distribution of approximately RMB1,001,228,400 and no reserves will be converted into share capital.

Implementation of the 2016 Interim Profit Distribution Plan was completed on 13 December 2016.

2.4 Protecting Customers' Rights and Interests

A sound system is established to protect customers' interest to ensure that customers' interest will not be jeopardised. As a result, we believe that the Company is in compliance in all material aspects with applicable laws and regulations in relation to matters such as advertising, labelling and privacy which have a significant impact in the countries which we operate.

Protecting Customers' Right to Know

We truthfully illustrate BYD's technical capability and functions and features of its products to our customer through technical guidance documents, product manual and knowledge animation.

BYD provides User Manual and product certification information to its customers when delivering the product.

Based on the language environment of the customer, BYD will provide, for overseas

customers, the English version or local language version of the User Manual and product certification information to ensure that the customer understand the functions, features, operating instructions and interest protection information related to the product.

BYD invites customers to visit, inspect and study its factory to allow customers to fully understand the production process and quality control procedures.

Protection of Customers' Privacy

All staff members are required to sign the Confidentiality Agreement upon joining BYD in relation to the strict protection of customers' privacy. BYD also signs NDA agreement with its clients in its business activities to ensure the security of information of both parties.

BYD has established a customer relationship management system and uses such platform as the carrier for customer management. Strict management authority is set for the access and systematic management of customer information files.

Protecting Customers' Right of Receiving Services

The customer service philosophy of BYD is "excellence from diligence, sincerity in our heart". Taking into account the customer's category and product life cycle, we integrate production, technical and customer service teams to join hands with research and development and quality teams to build a professional service support team to provide all-round service for our customers.

BYD adheres to the goal of achieving customer satisfaction and is creative towards the items and content of services so as to enhance service quality. For example, in terms of automobile, in addition to providing competitive warranty services, BYD also provides 7 TSCI services throughout the product's life cycle as well as providing innovative services such as BYD cloud services, BYD Dream Theatre, service surprises, "after sale six pieces of covers", temporary replacing car, rescue services and 3DC return visit. Regarding photovoltaic products, BYD developed various photovoltaic product installation methods in

accordance with customers' needs and provides customized installation illustrations to assist customers.

BYD persistently handles customers' complaints rapidly and effectively to ensure constant improvement of service quality. It has in place measures for the management of customers' complaints such as "Mechanism for Sales Complaint Management", "Procedures for Accepting Customer Complaints", "BYD Customer Service and Communication Management", "BYD Auto Sales Company Limited Control Procedures for Rectification Measures", as well as customer complain channels such as service hotlines, satisfaction survey, official forums and official service emails. Complaints received will be followed up timely and until the issue is resolved. BYD also regularly analyses common and key customer complaints, tracks and verifies whether problems are rectified, and formulates corresponding plans for continual improvement.

Customer Satisfaction Management

A sound customer satisfaction management system is established, which mainly uses telephone interview to investigate feedbacks from customers across the product cycle on factors such as service attitude, flow, quality, delivery time and pricing. By analysing the feedback information, BYD understands issues

causing customer dissatisfaction and customers' major demands. Improvement is then made on such weaknesses. Customers' major demands are also used as key appraisal items to ensure fulfilling customers' demand and enhancing their satisfaction.

2.5 Supply Chain Management

BYD persistently practice responsible, transparent and green procurement, and proactively performs social responsibility and pursues sustainability in the course of procurement. We seek to form a closed cycle for the suppliers' life cycle management and create an efficient, collaborative, win-win supply chain platform.

In the "BYD Supplier Requirements" and "BYD Management and Operation Rules on Suppliers"



Corporate Social Responsibility”, we set out and communicate the requirements for BYD’s existing and potential suppliers and the basis for the recognition and operation risk analysis of suppliers, and the basis for constant improvement and development of suppliers. BYD spelled out detailed standards and requirements for the suppliers in respect of quality management, environmental management, occupational health and safety, corporate social responsibility, intellectual property, material and production management, etc., and stipulated an overriding requirement under the corporate social responsibility that no supplier will be accepted if it violates labour law or laws on the protection of rights and interests of women and children, no matter how high it scores under other criteria.

Selection of New Suppliers

In accepting any new supplier, BYD will examine whether it can satisfy the terms concerning corporate social responsibility set out in the “BYD Supplier BSR Review Table” which has stipulated overriding items, not fulfilling only one of such item will lead to rejection of the supplier.

BYD adopts strict environmental protection standards, labour practice standards and human rights standard in the selection of

suppliers and requires suppliers to have ISO14001 environmental management system certification, comply the terms concerning environmental protection, labour and human rights set out in the “Suppliers’ Corporate Social Responsibility Agreement” and “BYD Supplier BSR Review Table” and sign the “Toxic and Hazardous Materials Agreement” and “BYD Environmental Management Material Standard for the IT Business Group”.

Evaluation and Survey of Suppliers’ Social Responsibility

Regular evaluation and survey of suppliers’ social responsibility are conducted according to the reviewing terms concerning corporate social responsibility set out in the “BYD Supplier BSR Review Table”, which include field review and appraisal to verify whether a supplier complies with BYD’s social responsibility policy and requirements. BYD will interview and discuss with any supplier failing the review, and provide counselling and training to facilitate the supplier’s improvement. If the supplier fails to make the required rectifications within a designated period, it is subject to disqualification, depending on the actual situation.

BYD will choose the time to conduct annual review of suppliers which have active transactions. BYD will make a list of suppliers

for survey, which are selected from qualified suppliers based on the characteristics of materials such as high energy consumption or high pollution materials such as PCB, FPC and LCD. Survey will then be made on the listed suppliers and the Annual Environmental and Humanities Key Performance Indicators Report shall be completed.

BYD also regularly makes enquiry on government websites to check if any BYD supplier is blacklisted by the government. If so, the code of such supplier will be locked in the procuring system and trading will be suspended. Formal emails will be sent to various purchasing departments to notify them of such matter. For serious cases, penalty of a certain amount will apply.

Promoting Suppliers’ Performance

In order to promote suppliers’ performance of social responsibility, BYD requires suppliers to sign the “Suppliers’ Corporate Social Responsibility Agreement”, guiding and regulating the suppliers to serve the community and proactively undertake social responsibility.

In the beginning of every year, BYD will formulate an annual supplier environmental and humanities performance appraisal plan. Pursuant to such plan, suppliers will be required to provide the Annual Environmental and Humanities Key Performance Indicators Report for the previous year. Random checks will be made on the appraisal data included in such reports to ensure the truthfulness and validity.

BYD attaches great importance to the protection of the rights and interest of child and

minor labour and women. It is expressly stipulated in the “BYD Supplier Requirements” that suppliers should ensure no child labour is used in any stage of the operation process. Suppliers should also formulate procedures for the protection of minor labour and adopt effective measures for their protection, including identifying minor labour, regular body check, restriction of overtime work, night shift or dangerous operation. For female employees, suppliers should put in place procedures for the protection of the legitimate rights and interest of women, provide equal pay for equal work among male and female employees, and provide statutory holidays and leaves for female employees such as maternity leave and Women’s Day holiday.

Responsible Procurement

Based on the development strategy and environmental policy of the Company and for securing the orderly supply of production and living materials and services required, BYD builds win-win, mutual growth, equal and collaborative relationship with its suppliers to achieve the most optimized costs, resources

and efficiency and unceasing enhancement of BYD’s core competitiveness in cost management.

The ratio of responsible procurement of BYD reaches 100%.

Transparent Procurement

For the supply chain management and procurement, BYD sticks to the “sunlight procurement” philosophy and ensures the supply chain management and procurement process are “fair, open and just”.

As for supply chain management, firstly we require suppliers to set clearly defined and formal business ethics and code of business conduct according to industrial standards such

as EICC. We then incorporate them into the review standard for supplier approval. We actively advocate, establish and maintain a supplier “sunlight” procurement system through means such as convening “supplier conference” and “supplier exchange meeting”. We also treat supplier “sunlight” procurement as one of the key factors in the appraisal of suppliers and strictly monitor suppliers’ establishment of “sunlight” procurement system and process.



As for the way of procurement, BYD extensively uses various ways such as bidding, electronic confidential quotation and price comparison. Suppliers are required to sign the “Sunlight Cooperation Agreement”, to lay down the rights and obligations of both parties in the transparent cooperation in relation to procurement. Channels for complaints such as telephone, email and SMS details are also set out in the “Sunlight Cooperation Agreement” to facilitate the lodging of complaints by the suppliers. In this way, suppliers also become “supervisors” over the “sunlight” procurement of BYD.

BYD has established the dedicated Purchasing Management Committee and Supervisory Division, which are directly responsible for internal governance of supply chain management and procurement. Boards are erected in various locations of the Company’s

Green Procurement

BYD always insists on green procurement in the supply chain and procurement of raw materials. BYD has a green procurement system with “green suppliers and green raw materials”. BYD’s headquarters Purchasing Division takes the guiding role and the regions, business divisions and factories serve as the main force of such system to regulate the issues and ensure that all materials and parts purchased satisfy environmental protection requirements.

BYD has formulated a series of green procurement policies and guidelines. In respect of supplier management, BYD released documents such as “BYD Supplier Requirements”, “Development, Evaluation and Management Procedures of Production Materials Suppliers”, “Operation Rules for

production bases for the posting of complaints and publicly provide telephone and email details for lodging complaints. Any act or activity in violation of “sunlight” procurement are subject to severe punishment once verified to ensure all-members’ supervision of supplier management and procurement and the effective implementation and monitoring of “sunlight” procurement.

In addition, the Purchasing Division of BYD will regularly collect information to prepare a supplier blacklist relating to those using improper means of competition or blacklisted by the government as a punishment for various causes. Suppliers in the blacklist are not allowed to trade with the Company within one year, and they will only be re-approved according to procedures until their rectifications meet the requirements.

Development and Acceptance of Production Materials Suppliers”, “Management Rules for Review of Production Materials Suppliers”, “Management Rules for Performance Appraisal of Production Materials Suppliers”, spelling out the requirements and clear operation guidelines for the environmental material management of suppliers, and intervening the management of suppliers’ toxic and hazardous materials at the stage of supplier approval. Prior to commencing cooperation, suppliers are required to sign the “Toxic and Hazardous Materials Agreement” and “Corporate Social Responsibility Agreement”. BYD has also established a Supplier Green Procurement Management Team and a Supplier Green Procurement Performance Appraisal System, for the regular and diligent annual appraisal of suppliers’ green

procurement performance.

Environmental protection failure report will be issued to suppliers violating green or environmental protection behaviour in their production or operation, requiring their improvement or enhancement. For especially serious cases, punishment includes penalty and reducing purchasing volume. For very bad cases, the supplier will be disqualified. In respect of raw material and parts procurement, BYD requires suppliers to use environmental friendly materials at the early sampling stage, conducts DfE investigation on raw materials at the interim stage and implements monitoring and inspection on materials received at the later stage of mass production to ensure the actual

implementation of BYD’s “green procurement” policies.

Through front-end procurement control over suppliers and raw materials, BYD ensures that pollution or waste will not extend to the later process. A full cycle management is thus established to include raw materials, work in progress and finished products, achieving organic interaction between the suppliers, customers and BYD, truly realizing green and environmental protection during the entire production and operation activities of BYD, and thus putting into actual practice its commitment to the society and environment as demonstrated in its remarkable green procurement performance.

Managing Conflict Minerals

BYD checks the source of metals of its suppliers annually for their compliance with the OECD Due Diligence Guidelines for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. BYD requires every supplier to certify that they understand and support the EICC-GeSI actions, and will not deliberately purchase conflict minerals from the Democratic Republic of the Congo or surrounding countries. Suppliers are

also required to provide evidence that they have completed the EICC-GeSI Conflict Minerals Reporting Template, and sign the undertaking of not using conflict minerals. BYD supports the Conflict Free Smelter (CFS) Initiative and other programs to ensure the sourcing of materials from responsible and sustainable sources. BYD will reassess a supplier if its supply chain is found to include metals from the conflict areas.





2.6 Production Safety Management

Culture of Production Safety

Protecting the health and safety of employees all the times is a core value in the production safety of BYD. BYD implements the OHSAS18001 Occupational Health and Safety Management system and establishes safety standards, implements production safety accountability system, arranges various types of production safety training, and nurtures employees' rule-observing operation and safe operation practice of prior awareness of danger. BYD organised and completed full-time safety management training for key responsible staff such as factory directors and production managers. Taking the opportunities of the national production safety month and fire prevention month, BYD also organised various activities to promote safety awareness such as film watching, evening party, consultation day, knowledge contest, workshop safety quiz and safety notice board appraisal. BYD promotes the establishment of safety culture in working teams and creates an atmosphere to encourage participation in production safety management by all members of working teams,

Occupational Health

Our workshops are equipped with lounges, providing hot and cold drinks and washing basin and warning signs are installed. In the working sites, we provide effective personal protective gears (PPE) for employees. BYD maintains complete occupational health monitoring files and organises employees to have occupational health checks prior to taking up, during and upon leaving a post.

In 2016, targeting occupational hazards such as polishing dust, stamping noise and welding smoke and dust, BYD completed wet processing robot modification of polishing line,

with the aim of long-term penetration and cultivating of safety concept and awareness in the employees to change their unsafe habits, facilitate their voluntary safety compliance and forming the habit of not only aware of their own safety but also will help others to observe safety rules.

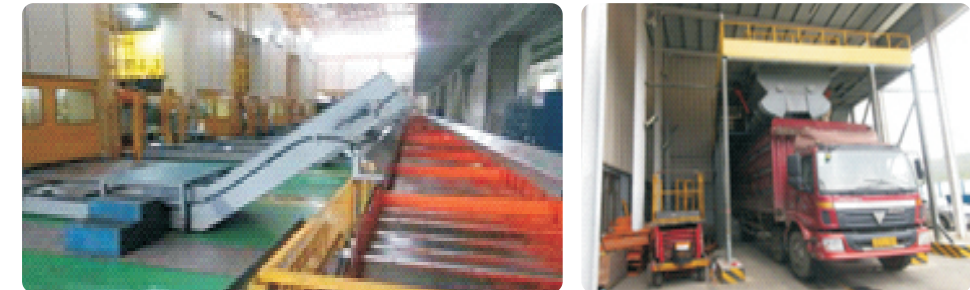
BYD regulates and reinforces supervision, protection and management of high risk operation such as those involving special equipment, dangerous chemicals, hot work, and working at height and in confined space. It also conducts regular and comprehensive safety hazard identification, prevention and rectification. In addition, dedicated teams are formed which have developed equipment such as robotic stamping and welding arms, spraying robots and lifting equipment to essentially improve the safety of lifting operation and reduce the risk of machine injury, resulting in our steady lowering rate of accidents.



Avoiding production of dust with automatic wet processing robotic arms

CNC automation modification, automated stamping, automated welding and centralised treatment of smoke and dust from two arc welding, which has improved the working

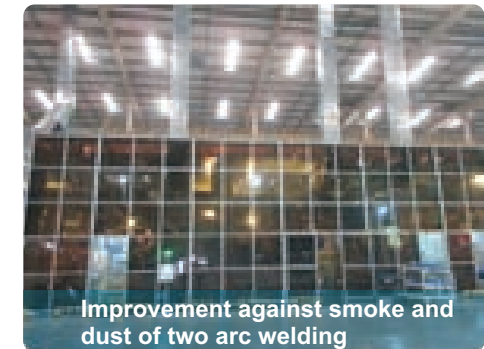
environment and reduced the labour required and in turn the risk of occupational hazards. BYD had no occupational poisoning and disease in 2016.



Automatic collection of stamping scraps to reduce moving work and cutting injuries of workers



Automation of welding line



Improvement against smoke and dust of two arc welding



Robotic arm lifting operation



Robotic arm gluing operation

Emergency Handling

Be prepared and vigilant. From harm prevention to emergency rescue, BYD has established a relatively complete emergency control system. Each production base has a dedicated fire emergency team equipped with emergency facilities and a mini fire station. Emergency response plans are drawn up, and emergency drills are arranged covering all areas of the

factories in respect of fire, chemical leakage control, confined space poisoning and suffocation to enable employees to be familiar with their working environment and escape routes and learn fire-fighting techniques and safety knowledge for emergency self-rescue and accident prevention and control measures.



A mini fire station in the production base



Complete emergency equipment in the mini fire station



Emergency evacuation drill



Emergency rescue exercise

Natural Disaster Response

In 2016, Shenzhen experienced three strong typhoons. BYD timely issued warnings before the arrival of the typhoons and convened meetings to arrange emergent preventive measures, initiated natural disaster response plan, putting the responsibility system for typhoon protection in practice. Meanwhile, BYD timely conducted identification and prevention of

risky areas, arranged employees in the typhoon affected regions to leave, relocated employees in buildings near slopes, reinforced materials stacked outdoor, cleared drainage and places vulnerable to water damage, prepared for flood prevention and rescue, and strengthened security inspection. BYD did not experience any accident during the three typhoons.

2.7 Reducing the Impacts on the Environment

BYD has been a positive respondent to environmental protection. While helping reduce energy consumption through green products, we also focus on reducing the direct impacts of our operation on the environment. By introducing an energy management system, promoting the replacement of traditional energy with renewable energy and saving energy through technical and management means, BYD continues to reduce its own energy consumption and carbon dioxide emissions.

In 2016, BYD further strengthened the implementation of energy-saving and emission-reduction targets, conducted technological transformation and equipment upgrades, and enhanced the research and development of green and environment-friendly products. BYD focuses on improving the environmental awareness of employees. It promotes environmental knowledge to employees through means such as training, conference and publicity boards. BYD also actively takes part in various types of activities organized by the environmental protection authorities, carries out environmental impact assessment and is subject to regular inspections by the relevant governmental departments.

BYD's energy consumption in 2016

Energy	Unit of measurement	Energy consumption
Electricity	Ten thousand of kWh	301,012.6
Water	Ten thousand of cubic metres	2,714.2
Natural gas	Ten thousand of cubic metres	6,436.8
Gasoline	Ten thousand of litres	356.7
Diesel	Ten thousand of litres	56.8
Kerosene	Litre	6,150

Energy Management

BYD has been committed to energy-saving and emission-reduction, and carries out company-wide related work. From the headquarters to every division, BYD has set up departments responsible for energy management, supported by a professional management team. BYD sets

annual targets of energy-saving and emission-reduction and incorporates the achievement of the targets into the appraisal of performance of departments. It selects outstanding energy-saving and emission-reduction projects and issues awards correspondingly.

The Project of Heat Recovery by Air Compressors

BYD has installed screw-type air compressors at its production facilities and uses waste heat recovery technology to recover the heat generated by air compressors to heat water for staff bathing. It terminated the use of electric

bars for heating, thereby not only recovering the heat energy previously emitted but also reducing the use of cooling water and electricity and effectively saving resources.

Street Lamp Electric Efficiency Improvement Project

BYD has replaced its existing 250W high pressure sodium lamps (metal halogenated lamps) with 55W energy-saving lamps and 400W high pressure sodium lamps (metal halogenated lamps) with 85W energy-saving

lamps. In addition, BYD requires all departments to use energy-saving lamps only for street lamps and not to purchase high pressure sodium lamps (metal halogenated lamps).

Greenhouse Gas Management

BYD regards greenhouse gas management as part of its operation and actively takes effective energy-saving and emission-reduction measures.

BYD has set greenhouse gas targets which are continuously improving, and conducts regular assessment. It also continues to monitor and improve the greenhouse gas management performance. BYD promotes the concept of

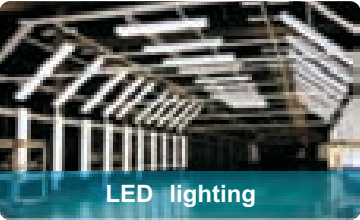
green and environmental protection, researches and develops environment-friendly technologies, and develops and manufactures green products. It actively reduces energy consumption, and continues to promote clean production to lower greenhouse gas emissions within the Company.

In 2016, BYD's total carbon dioxide emissions were 2,048,654.8 tonnes.

Green Operation and Production

BYD adheres to green manufacturing, and continuously improves energy efficiency in order to reduce energy consumption and carbon emissions during the manufacturing process. Leveraging its unique advantages in the field of new energy, BYD applies green products including electric vehicles, energy storage stations, solar power stations, electric forklifts and LED in its own production activities. As at 31 December 2016, BYD has adopted a total of 461 new energy vehicles for official travel and staff transport. For workshop logistics, BYD replaces traditional fuel-powered forklifts with electric forklifts. As at 31 December 2016, BYD utilised a total of 1,408 BYD pure electric forklifts to replace traditional fuel-powered forklifts in order to maximize the protection of the production environment and ensure product quality. In addition, in order to save electricity,

BYD covered the roofs of its production facilities with solar plates to supply electricity to the plant area with photovoltaic power generation. It also adopted LED energy saving lamps and solar street lamps at its production facilities to maximize energy conservation and achieve green production. As at 31 December 2016, BYD had built a total of 25.8 MW solar power stations at its own production facilities, which can generate power of 28.20 million kWh each year. Compared with the same amount of power generated through thermal power, it can save coal consumption by 9,024 tonnes of standard coal (based on average coal consumption for power generation of 320g/kWh) each year, and reduce carbon dioxide emissions by 25,000 tonnes, sulphur dioxide emissions by 478.3 tonnes and nitrogen oxide emissions by 135.4 tonnes each year.



Water Resources Management

BYD attaches great importance to water conservation. By sticking to its rules of "Water Conservation, Total Consumption Control, Planned Water Use, Comprehensive Utilisation and Efficiency", it has developed a water-saving development plan and strengthened water use management. We determine the water quota based on the actual water consumption of each unit, and strictly supervise its implementation. In addition, we strive to improve water use and avoid waste of water resources by adjusting water consumption structure and improving

water consumption methods. For example, we conduct regular maintenance and management of water supply network, water facilities, equipment and appliances to reduce leakage rate; recycle equipment cooling water and condensate water for use; recycle water resources for use through wastewater treatment stations and reclaimed water facilities and use treated domestic sewage and industrial wastewater for washing rest rooms at staff quarters, industrial park greening and road cleaning.

Packaging Materials Management

BYD advocates the development of circular economy, and actively explores ways to improve the efficiency of resource utilisation. BYD gives priority to recyclable materials in

procurement and reduces the total consumption of packaging materials through reducing consumption without affecting quality.

BYD's total consumption of packaging materials in 2016

Classification of packaging materials	Unit of measurement	Weight
Plastic	Tonne	26,828.4
Paper	Tonne	43,737.1
Metals	Tonne	9,265.9
Wooden boxes	Tonne	2,062.1

Waste Management

BYD has always attached importance to waste management, and has developed strict rules for the management of various wastes and the responsibilities of the relevant departments. BYD has consistently advocated the classification of waste. Toxic and hazardous waste are disposed of by the Safety and Environment Engineering Department of the Human Resources Division and qualified external entities; domestic garbage and harmless production waste are disposed of by the Logistics Division and the Safety and Environment Engineering Department of the

Human Resources Division by contacting external sanitation department for processing; recyclable waste is recycled by the Logistics Division and the relevant consumption departments for use, part of which is processed by professional recycling units. BYD also trains new staff, cleaners and waste managers on the laws and regulations relating to solid waste, list of hazardous waste, and safety and environment knowledge. Furthermore, BYD requires all divisions to save resources and encourages double-sided printing and printing informal documents using waste paper.

Reducing Emulsion Consumption

BYD has set up an emulsion concentrate system, which concentrates and distillates the emulsion after CNC cutting process. The distilled water is re-applied to the emulsion formulation, and the volume of emulsion

commissioned for external disposal has significantly reduced. In 2016, BYD's emulsion consumption decreased by 5,434 tonnes from 2015.

Power Batteries NMP Recovery

By changing NMP distillation method from batch distillation to continuous distillation and optimising hot oil flow based on feedstock feed, power batteries NMP recovery system improves gas heat utilization efficiency. Batch distillation has high energy consumption, requires high precision and generates poor consistency, affecting product quality. In the process of batch distillation, all sections are distillation sections and there is no stripping section. As such, its

time-sharing energy consumption at the top and bottom of tower is higher than that of continuous distillation. The change to continuous distillation has significantly increased production capacity with stable output, saved human power, improved resource utilisation, and had lower consumption compared to batch distillation, generating higher cost-effectiveness.

Information on waste emissions in 2016

Type of waste	Unit of measurement	Emission volume/output volume
Domestic garbage	Tonne	35,247.7
Harmless production waste	Tonne	216,094.9
Hazardous solid waste	Tonne	22,440.5

Wastewater and Waste Gas Management

BYD pays attention to the prevention and treatment of water pollution and waste gas, and has formulated the relevant management rules and continues to improve them. Its pollution control facilities are in compliance with the "three-simultaneous" system for environmental protection projects, i.e. they shall be designed, constructed and put into use simultaneously with the relevant production project. The design of its pollution control facilities follows various policies and is in compliance with national laws and regulations including the Environmental Protection Law, the Water Pollution Control Law and the Air Pollution Control Law and various regulations issued by local governments. The

rain and sewage diversion is implemented for water consumption at BYD's various production bases. Monitoring is conducted at wastewater outfalls of its production bases in accordance with emission standards. Any excessive emissions are analysed for reasons and corrective measures are taken in a timely manner. The waste gas generated at workshops of BYD mainly includes dust, acid mist and volatile organic compounds (VOCs), and waste gas treatment facilities are constructed at all of its production bases to treat waste gas for them to meet the required standards before emission.

Lowering VOC Emissions

BYD upgraded the paint used in vehicle painting to water paint in order to reduce VOC emission, which has reduced paint consumption and has a remarkable effect. According to the Emission Standard of Volatile Organic Compounds for Surface Coating of Automobile Manufacturing Industry (DB44 816-2010),

based on the average VOC volatilization of 70 g/m² per unit and emission standard of 20 g/m², following the upgrade, VOC emission of 50 g/m² can be reduced each unit, amounting to annual reduction of VOC emissions by of 1,000 tonnes based on annual production of 200,000 units and 100 square metres painted each unit.

Coating Machine Heat Recovery Project

Three coating machines at Kengzi No. 1 plant of BYD currently have an exhaust temperature of 110 degree and total exhaust volume of 90,000 cubic metres/hour, representing huge waste of heat. By adding heat recovery

equipment to recover such heat for use in fresh air pre-heating of coating machines, the heating energy consumption in the coating process has been effectively lowered.

BYD's total emissions in 2016

Type	Unit of measurement	Emission volume
Industrial waste water	Tonne	2,765,861
Domestic sewage	Tonne	7,945,778
Waste gas Of which: Sulphur dioxide	Ten thousand of cubic metres Tonne	1,713,816.218 6.44
COD	Tonne	769.899
Ammonia nitrogen	Tonne	87.7702
VOCs	Tonne	161.5743



GREEN PRODUCTS AND TECHNOLOGIES



3.1 Technology-Based and Innovation-oriented

BYD always adheres to the "Technology-Based and Innovation-oriented" development philosophy, and firmly believes that technologies will change the life and ultimately change the world. Currently BYD has established the Central Research Institute, the Auto Engineering Research Institute, the Electric Power Research Institute, the Truck and Special Vehicle Research Institute and the Light Rail Transit Research Institute, and has a total of approximately 20,000 sophisticated technical experts in hardware, software and testing, who are engaged in the research and development in the areas of new materials, automobile, new energy and rail transit and actively promote the progress of the industry.

BYD has always attached importance to the training of scientific and technical personnel. Through incentive measures including title reporting, training and selection of outstanding research and development projects, it has stimulated the enthusiasm for innovations of technological staff and provided reserve of high-level compound talents for the development of the Company.

"542" Initiative

BYD's unique "542" Initiative, the first in the world, has re-defined automotive standards in three aspects including performance, safety and oil consumption. 5 means no more than 5 seconds for acceleration from 0 to 100 km/h; 4 means full speed electric four-wheel drive; and 2 means no more than 2 litres of fuel consumption for 100 km distance. Through the technology, users can get better driving

performance and safety performance than traditional fuel-powered vehicles with the least energy consumption. The technology has strong advantages in environmental protection, cost-effectiveness and safety.

Application: The technology has been applied in a number of vehicle models of BYD since June 2015.



Full Speed Electric Four-Wheel Drive

BYD's full speed electric four-wheel drive can realize real-time adjustment to front and rear motors and reasonable allocation of front and rear axle torque based on real-time road feedbacks. It has a response speed of 20ms, 10 times faster than traditional mechanical four-wheel drive. It is safe, has extremely fast

response, steady and strong power and is energy efficient.

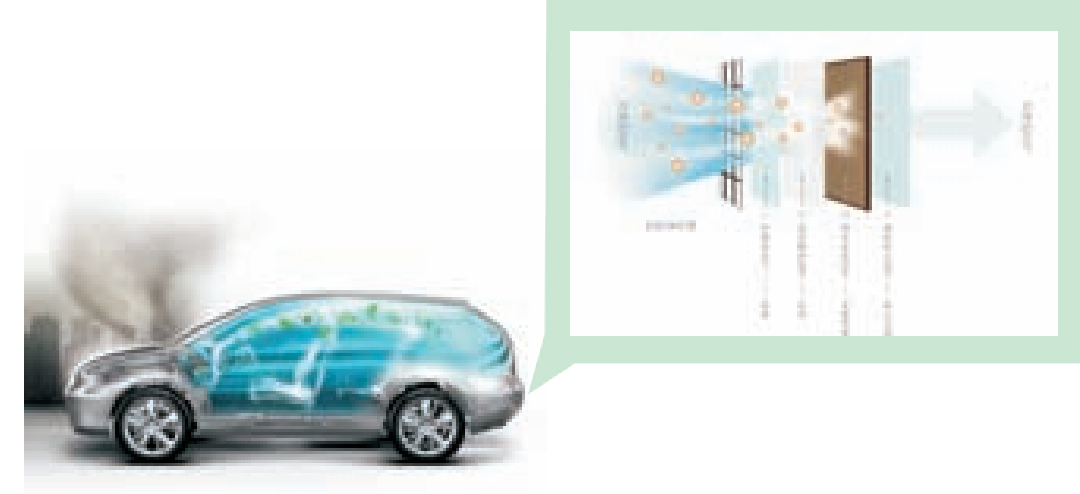
Application: The technology has been applied in a number of vehicle models of BYD since June 2015.

Remote Driving Technology

BYD's unique remote driving technology, the first in the world, has realized the electronisation of engine start and stop, gearbox shift and steering. By integrating the sense of technology, safety, practicality and cost-effectiveness, it has enhanced drivers' control experience and driving fun, can reduce the number of scratching incidents when parking in narrow space, and can realize remote-control car calling on rainy days. BYD's remote driving

technology represents a useful exploration into the application of automatic parking, lane recognition and unmanned driving technologies in the industry and has accumulated extensive experience.

Application: The technology has been applied in a number of vehicle models of BYD since August 2012.



Insta-Pure Technology

Frequent haze in recent years has affected people's physical and mental health. BYD integrates PM2.5 monitoring, filtration and purification into its air conditioning system. It is a high frequency and high efficiency intelligent system and can realize real-time detection and showing of air condition. It has super strong high-efficiency purification ability and can

quickly reduce PM2.5 level in vehicles to lower than 35 micrograms, so that people in the vehicles can regain fresh air and bid farewell to urban pollution.

Application: The technology has been applied in a number of vehicle models of BYD since September 2014.

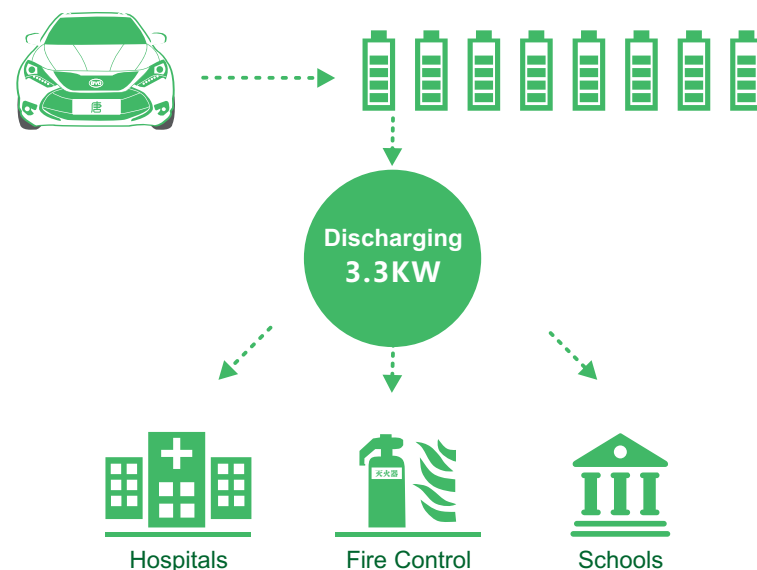
Bi-directional Inverter Charging and Discharging Technology

BYD is the first in the world to have developed vehicles with charging and discharging functions (3.3 KW). With such technology, a vehicle is a mobile intelligent power station, and can be charged using the power grid at hours of low power consumption, with energy saved in batteries, and supply power to the power grid at electricity peak hours, with a maximum charging power of three-phase 25 KW. It can easily achieve charging and discharging whether in a household single-phase grid or large three-phase grid.

For example, at hours of low power consumption, vehicles can be charged using the power grid, with energy saved in batteries; at electricity peak hours, vehicles can supply 220V alternating current to single-phase/three-

phase grid, operated like a mobile energy storage station. It can also supply power to hospitals and schools and for fire-fighting in case of emergency. Such vehicles have the ability to charge each other and can be used as emergency rescue vehicles to charge the vehicles which cannot operate due to insufficient power. They can be used as temporary power supply for single-phase/three-phase electrical appliances (such as electrical appliances requiring alternating current at outdoor picnics), and supply power to 10-25KW electrical appliances.

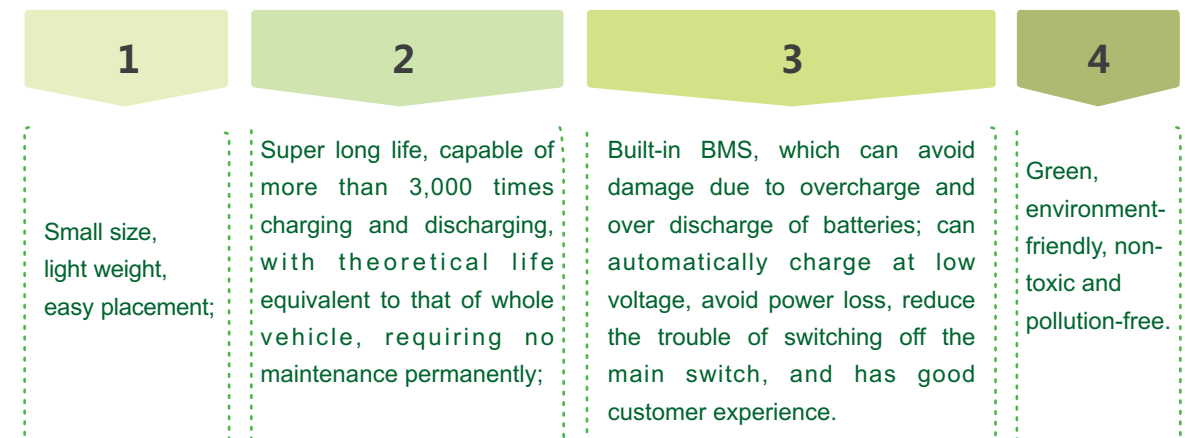
Application: The technology has been applied in a number of vehicle models of BYD since April 2015.



Starting Battery and Management System for Electric Vehicles

The lead-acid batteries used in starting traditional vehicles have low energy density, large volume and weight, short life and contain lead, which is very harmful to human body and environment.

BYD's lithium iron-phosphate battery, the first of such kind in the world, can solve these problems. The technology mainly has the following advanced natures:



Application: The technology has been applied in a number of vehicle models of BYD since November 2013.

3.2 Green Products

To provide customers with efficient, energy-saving, environmentally-friendly products and solutions to reduce carbon emissions, has been BYD's mission and relentless pursuit. BYD has always adhered to the green environmental protection requirements in the whole life cycle of its products including development, production and delivery, in the hope of improving environment by using its green products to change traditional energy consumption and bring more energy and possibilities to urban life through pollution control and traffic jam control.

Leading Solar and Energy Storage Products

Through technological innovations, BYD uses polysilicon developed through unique processes and adopts new refining methods and vertically-integrated industrial chain, which greatly reduced the cost of solar energy application, making the cost of solar power generation become similar to the cost of coal power generation, and accelerates the popularization of solar power generation, so that clean energy can be utilised by ordinary people.

For energy storage technologies, BYD's battery energy storage stations, relying on advanced iron-phosphate battery technology, has effectively solved the worldwide problem of energy storage and has strong advantages in stabilizing the output power of wind and solar

power stations, increasing the percentage of connection to power grid and enhancing grid security. In addition, they are safe, pollution-free, have long cycle life and are not restricted by geographical conditions. Its energy storage stations are equipped with "iron-phosphate batteries" independently developed by BYD and have a conversion efficacy of over 90%, 20% higher than traditional pumped storage efficiency.

BYD actively cooperates with customers, industry and universities, leads and participates in energy storage industry seminars, so as to promote the rapid development of the energy storage industry.



Large-scale Energy Storage and New Energy Power Generation Seminar

In July 2016, BYD, China Electric Power Research Institute, Zhongguancun Energy Storage Industry Alliance and the Institute of Energy Storage Engineering of the Chemical Industry and Engineering Society of China jointly held the Large-Scale Energy Storage and New Energy Power Generation Seminar. Government officials in the energy storage industry and experts in energy storage technologies attended the seminar and

had in-depth discussion about the combination of the battery energy storage with new energy power generation. A report on the Power Generation through Combination of Large-scale Energy Storage and New Energy was prepared and submitted to the relevant government authorities for reference in order to promote the rapid development of energy storage in new energy power generation.



Third National Energy Storage Science and Technology Conference

Between 21 and 24 October 2016, BYD and the Institute of Energy Storage Engineering of the Chemical Industry and Engineering Society of China jointly held the Third National Energy Storage Science and Technology Conference, which energizes institutions, talents, equipment, funding and projects and creates a powerful force to promote the innovation and development of energy storage technologies. Through rigorous and scientific strategic and applied

research, it has provided theoretical basis, analysis reports and policy recommendations for government authorities to prepare energy storage development strategies, energy storage development planning, renewable energy regulations and major economic policies, and will provide comprehensive and objective information and consulting for the planning and orderly development of national and local energy storage industrial parks.



New Energy Vehicles

New energy vehicle is BYD's "pollution control" solution for the community. Currently BYD's new energy vehicle products cover seven conventional fields including private vehicles, taxis, buses, coaches, logistics trucks, urban

sanitation trucks, and construction trucks, as well as four specialised fields including vehicles for warehousing, ports, airports and mining operations.



New energy vehicles have eliminated the reliance on oil and significantly reduced waste gas emission. Taking K9, BYD's pure electric bus, and e6, its pure electric taxi, for example, compared to traditional fuel-powered vehicles, a unit of e6 can save fuel consumption by 14,120 litres, and reduce carbon dioxide emissions by 32 tonnes, sulphur dioxide emissions by 0.62 tonnes and nitrogen oxide emissions by 0.18 tonnes each year; a unit of K9 can save fuel consumption by 41,666 litres, and reduce

carbon dioxide emissions by 95 tonnes, sulphur dioxide emissions by 1.84 tonnes and nitrogen oxide emissions by 0.52 tonnes each year.

As at 31 December 2016, BYD's new energy vehicles, represented by K9 and e6, has demonstrated and commenced commercial operation in over 240 cities in more than 50 countries and regions in the world. In particular, BYD had helped Taiyuan become the first city in the world with zero emissions from taxis.

The BYD SkyRail

The BYD SkyRail is BYD's "traffic jam control" solution for the community. The surge in the number of motor vehicles has brought about the problem of urban traffic congestion. In the limited urban space, the growth rate of roads always cannot keep up with the growth rate of vehicles. BYD proposed the initiative of "Building a city on the rail", which, by reducing

the number of vehicles on the ground, makes full use of underground, ground and overhead space to build a vertical transport network and alleviate the problem of urban congestion.

The BYD SkyRail falls under rail transit with small and medium capacity and has strong advantages compared with the subway:

1	2	3	4	5
Low investment. Its cost represents only 1/5 of cost of the subway.	Fast construction. Elevated rails can be installed above existing greenbelt, requiring less demolition, and its simple construction period is only 1/3 of the subway.	Low noise. It uses rubber wheels running on the track beam, and has small noise impact on residents along the line.	It occupies smaller area and its bridge structures are light and beautiful.	It has flexible grouping and can meet the demand for transport systems of different capacity.

Driven by electricity, the BYD SkyRail generates no exhaust during operation, which does not cause environment pollution and is a green transport system. Further, the BYD SkyRail has an energy feedback regenerative braking system, which will convert kinetic energy into electrical energy and store the same in car batteries when the train is braking. The excess energy is transferred to the conductive rail for use by the train when starting and accelerating, thereby saving energy.

The BYD SkyRail can be used as an urban trunk line, or as a connection line between urban centre and second centre or satellite

cities, or as a connection line between large-scale transport vehicles such as subway and communities, hospitals and schools, or as a tourist sightseeing line. It has a strong applicability and relatively low initial investment, easy to recover cost. The BYD SkyRail is a cost-effective, suitable and reliable transport solution for cities.

On 28 December 2016, a test section project of BYD Cloud Rail was launched in Shantou City, which, upon completion, will effectively alleviate the traffic pressure in western Shantou and create an half hour living circle from eastern Shantou to western Shantou.

3.3 Comprehensive Quality Assurance

Quality Culture

BYD promotes a quality culture of “human-nurturing before goods-building”, i.e. the quality of persons determines the quality of products. As a large manufacturer, its products are what it lives on and the quality is the soul of its

products. After more than 20 years of development and exploration, BYD has a more profound understanding of quality and quality culture.

Three-year Training on Quality Improvement

BYD believes that the quality awareness of employees has a significant impact on the quality of their work, which determines the quality of products to a large extent. BYD conducts regular quality training for employees and has developed rules for quality training and appraisal management. In addition, BYD plans to take three years, being the period from 2016

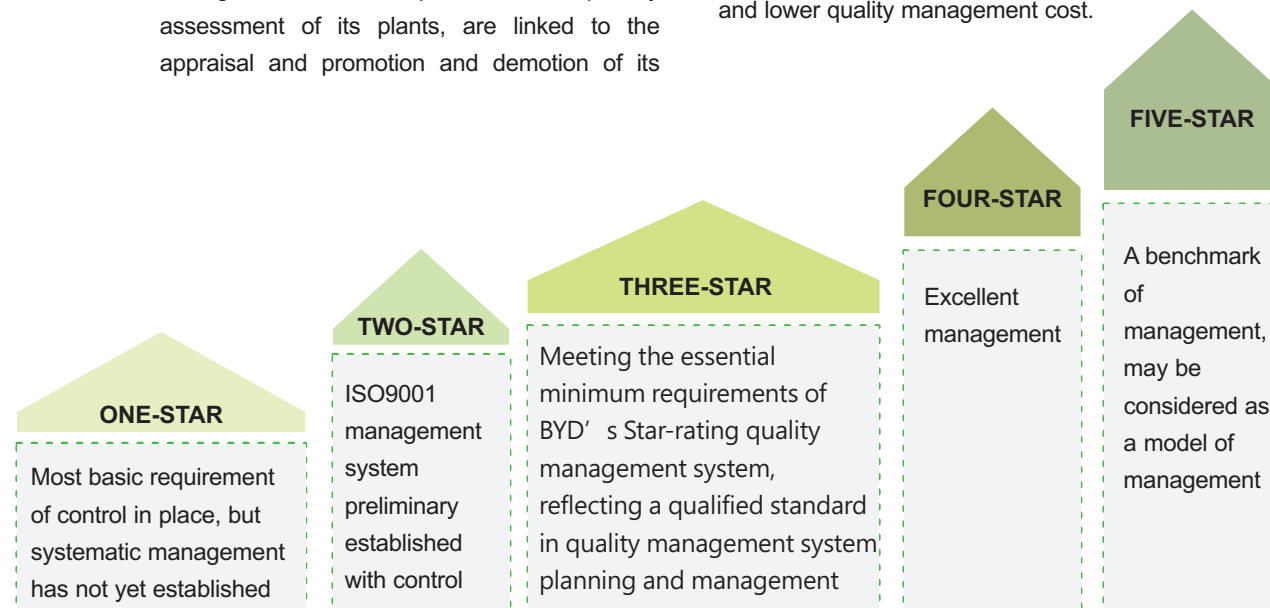
to 2018, to further strengthen employees' awareness of quality at three levels including management, implementation and operation, and to enhance the training on the relevant quality management requirements and skills so that BYD's quality management can move another big step forward.

Star Rating

BYD has established a quality management system star-rating model which is driven by “comparison, help, catching up and exceeding”, which evaluates the quality management system of its plants from four areas including system, process, products and 5S. The rating results are classified into one-star, two-star, three-star (qualified), four-star (excellent) and five-star (benchmark), in ascending order. The rating results incorporate the quality assessment of its plants, are linked to the appraisal and promotion and demotion of its

plant managers, promoting the development of its plant equity system and supporting the improvement of its product quality.

In addition, BYD planned for and implemented the layered process audit (LPA) to ensure regular inspections at its plant production process, enhance the operators' awareness of self-inspection and quality, improve self-management mechanism and product quality and lower quality management cost.



IQS-oriented Quality Target Management and Assessment

BYD has KPI indicators based on IQS quality management. It determines annual IQS targets by vehicle models and divides the targets. In order to achieve IQS targets, BYD has developed detailed quality strategy plans, and uses responsibility letter, technical improvement, process improvement, test support and quality system evaluation as the means to ensure the realization of quality

targets. Through IQS forecast and collection and analysis of IQS achievement data, it has provided basis for decision-making in relation to product quality improvement. IQS assessment, which accounts for 60% of quality management assessment, carries out monthly assessment by product based on plant performance. BYD provides project incentives for products which have consistently met IQS standards.

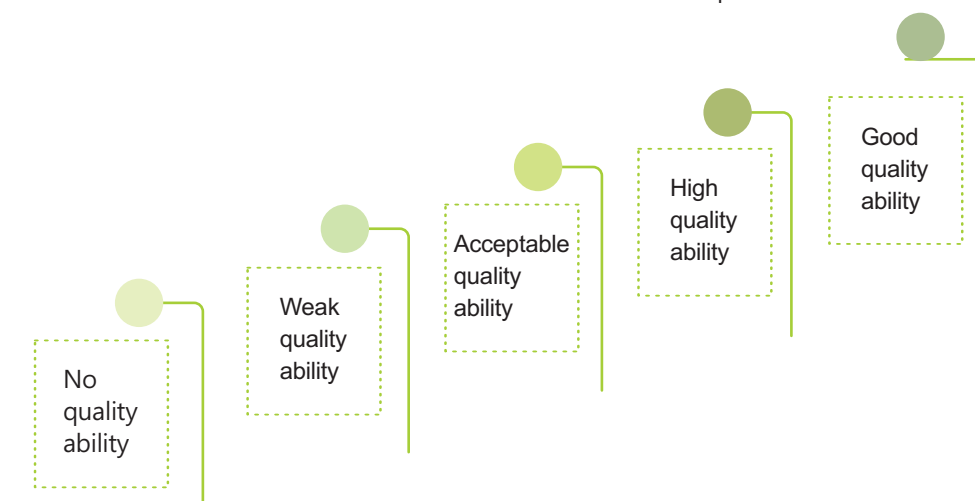
New Product Trial Production Quality Ability Assessment and PPAP Assessment and Incentives

As for the quality of new products, BYD has established strict quality threshold from trial production to mass production, and guides plants into focusing on new product yield and pace through new product trial production quality ability assessment, which has made good preparations for mass production of vehicles and ensured that components and parts successfully obtain PPAP approval.

In addition to new product trial production quality ability assessment, BYD also motivates and regulates the PPA pass rate of vehicle models through PPAP assessment after they have commenced mass production. Components and parts and plants which have obtained effective PPAP

approval as required will be given appropriate rewards. For components and parts exceeding the required timeframe, performance penalty will be implemented on plant managers on a monthly basis until full PPAP approval has been obtained. This is to ensure the raw materials and spare parts required for the production of whole vehicles and component parts of passenger vehicles meet the requirements of product design documents and mass production. In addition, it continues to enhance the management of product and project quality at the plants and promote the steadiness and liableness of spare part quality.

New product trial production quality ability assessment comprises five levels:



User Experience Assessment

BYD has set up its own user experience evaluation team and established objective assessment standards and methods through comparison and research. The assessment

covers parts assembly, system performance (static and dynamic), ride comfort and sense of high quality, and focuses on details including operation comfort and convenience.



Charity



BYD Charity Foundation

In July 2010, BYD donated to set up the BYD Charity Foundation (the “Foundation”). The Foundation, with “help the poor through technology, care for the weak, support education hand in hand, care dedicatedly, support and promote the progress of corporate philanthropy and social commonweal” as its principle, and “technological innovation promotes philanthropy” as its concept, actively promotes the development of social welfare undertakings, and takes practical actions to assume social responsibility and repay the society.

BYD's charity activities mainly concentrate on three areas, being disaster relief, poverty alleviation and saving the orphans and disabled.

Disaster relief	Poverty alleviation	Saving the orphans and disabled
<ul style="list-style-type: none">● Donations for people affected by the floods in south China● Other donations	<ul style="list-style-type: none">● One person, one desk Shell Scheme● The Shell Scheme● Dream Action● Donations of battery modules to Tibetans● Donations on Guangdong Poverty Alleviation Day● Other donations	<ul style="list-style-type: none">● Be My Daddy for One Day● Donations to the Ocean Heaven Project of the One Foundation● "Spiritual Communication - Special Love" BYD Care for Autistic Children Action● Other donations

In 2016, the Foundation made donations totalling RMB11.12 million and its total donations since its inception reached RMB75.66 million.

Be My Daddy for One Day

“Be my daddy for one day” is held by the Foundation together with Ai You Foundation with the aim of sending special Children’s Day gifts to the children of the orphanage and helping orphans and disabled children return to family and community. In May 2016, the “Be my daddy for one day” team of the Foundation went to Guangzhou Children’s Welfare Institute, gave the children their holiday greetings and

accompanied them at a zoo for one day with “daddy”.

“Be my daddy for one day” is a long-term project of BYD with continuous investment. Every year on children's day, the Foundation will send gifts and blessings to the children of the orphanage until they leave the orphanage and have their own home.



One Person, One Desk

The “One person, one desk” project is jointly initiated by the Foundation and SF Foundation, which aims to gather the caring forces at BYD and the community and improve the education environment for children in poor areas. The project mainly provides desks and chairs for

free to schools in poor areas.

During the Reporting Period, it provided 800 sets of desks and chairs to poor areas in Changsha, Shaoguan and Shanwei, all of which have been put into use.



The Shell Scheme

The Shell Scheme is jointly conducted by the Foundation and Shenzhen Lions Club with the aim of "Concern about cervical health, care for women and passing on love", and focuses on the popularization of cervical cancer knowledge and screening of cervical cancer. By adhering to the philosophy of "caring for others begins with

caring for yourself and people around you", the Shell Scheme has provided free cervical screenings to 369 employees of BYD during the period from 8 November 2016, the date of its launch, to 31 December 2016.

The Shell Scheme is a long-term project of BYD



with continuous investment. In the future, the Shell Scheme will conduct free screenings for females at state-level poverty-stricken counties

and old revolutionary areas and cover millions of females.



Dream Action

The Dream Action of the Foundation aims to help subsidize poor high school students to finish their 3-year high school education. Those admitted to undergraduate courses will receive

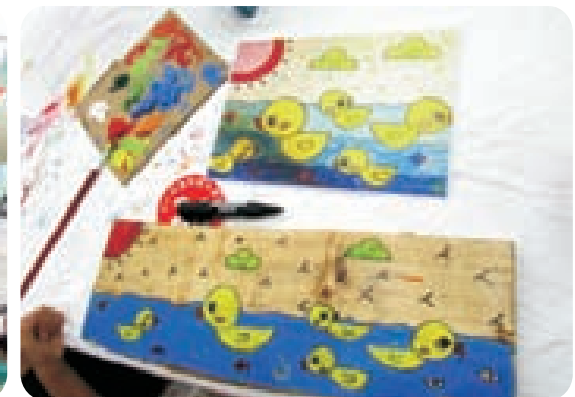
subsidy for another year. During the Reporting Period, the Foundation subsidized additional 53 poor students and the number of students receiving its subsidies reached 209.



"Spiritual Communication - Special Love" BYD Care for Autistic Children Action

The "Special Love" project is a care for autistic children action initiated by the Foundation in June 2016. With the theme of "Ideas • Communication", the action expects to guide, through communication and integration, special children into creating handicrafts with colour beads, wooden barrels, wood and other natural materials and drawing bright colours through the brush in order to feel the magic of creativity. In addition, the whole creation process provides children with a lot of tactile stimulation and

hand-eye coordination exercises, which is very helpful for the improvement of hyperactivity and concentration of special children and promotes autistic children's communication with people around during the interaction process. During the Reporting Period, the Foundation carried out one care for autistic children action at Futian Children's Library, Shenzhen, and held DIY animation creative activities with a group of autistic children.



BYD Volunteers Association

Established in October 2015, the BYD Volunteers Association has set up branches at 11 production facilities, with 1,222 registered volunteers. In 2016, a total of approximately 4,000 volunteers from the BYD Volunteers Association participated in volunteer activities.



Road Repair by Volunteers

On 5 March 2016, 13 volunteers launched the repair of a nearly 300-metre old road connecting Pingshan, Shenzhen to Huizhou, and nearly 40 volunteers actively responded.

They brought their own tools and repaired the once bumpy road to a flat road in one day, which has helped the life of nearby residents.



“Deep Love through Old Clothing” Old Clothes Recycling Environmental Protection Activities

In 2016, the “Deep Love through Old Clothing” old clothes recycling environmental protection activities were held at 10 production facilities of BYD. Over 500 volunteers participated in the activities, popularized knowledge on cycling of old items and called for donations from everyone. These activities received a total of over 70,000 pieces of donated clothing, of which some relatively new clothes were directly cleaned, packed and sent to the debris flow-affected area of Guangming, Shenzhen, Aksu, Xinjiang and Yushu Orphan College. The others were recycled by the sorting centre and made into items such as quilts and gloves for donation to certain hospital and some poverty areas.



“No Garbage on the Ground” Environmental Protection Activity

In May 2016, a total of nearly 100 volunteers, in two batches, came to Julongshan Ecological Park in Pingshan, Shenzhen and carried out the “No Garbage on the Ground” activity. They brought their own tools and personally advocated the environmental protection concept so that ordinary people can acquire the “No Garbage on the Ground” habit.



Silver Leaf Tree Nurturing Activity

On 22 May 2016, volunteers came to Baguang Silver Leaf Tree Nature Reserve Community in Kuichong, Shenzhen and conducted public welfare activity by cultivating silver leaf trees and kandelia for the community. Twelve volunteers participated in the activity and cultivated approximately 300 silver leaf trees and 200 kandelia.



Traffic Order Maintenance Activity

In March 2016, volunteers carried out a week-long traffic order maintenance activity at the junction of BYD Road and Jiangling Road of Pingshan District by helping traffic police at Pingshan maintain nearby traffic order and promoting cooperation between police and enterprises with practical actions, which has established a good model for traffic in Pingshan District and promoted civilized traffic development.



Index of Indicators

Index of Indicators in the Report			
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Feedback Form

Dear readers,

In order to improve the preparation of this report, we sincerely hope to hear your opinions and suggestions. Please help us complete the following questions and send back to us through the following methods:

Mailing address: No. 3009, BYD Road, Pingshan District, Shenzhen, Guangdong Province, 518118

Your information					
Name		Employer		Position	
Telephone		Fax		Email	

- Multiple choice questions (Please tick at the corresponding box)**
1. This report gives a full and accurate view of the major impacts of the Company on the economy, society and environment.
- ☐Very good ☐Good ☐Fair ☐Bad ☐Very bad
2. This report provides response to stakeholders' concerns and disclosures.
- ☐Very good ☐Good ☐Fair ☐Bad ☐Very bad
3. The information, indicators and data disclosed in this report are clear, accurate and complete.
- ☐Very good ☐Good ☐Fair ☐Bad ☐Very bad
4. The readability of this report, i.e. the logic, content design, language and layout design of this report.
- ☐Very good ☐Good ☐Fair ☐Bad ☐Very bad

Open questions

- 1.Which part of this report are you most satisfied with?
- 2.What further information do you need to know?
3. Do you have any suggestions for our future CSR report?

