



Commercial Vehicles



2023 Commercial Vehicle Division, BYD Auto Industry Co., Ltd.
Sustainable Development Report

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Warmth Transmission

Creating a Harmonious Society

Message from General Manager



With increasing global concern on environmental protection and sustainable development, BYD Commercial Vehicle, as a leading enterprise in the industry, focuses on new energy, actively participates in and promotes the green transformation of the industry, and builds a green, low-carbon and efficient industrial eco-chain with upstream and downstream partners in the industrial chain, contributing to the achievement of China's "dual carbon" goal.

BYD Commercial Vehicle hit the market in 2010, and now has a global footprint covering six continents, over 70 countries and regions, and more than 400 cities. Our products include electric buses, electric trucks, sanitation trucks, mixer trucks, dump trucks, and other types of vehicles, satisfying a full range of needs from buses to trucks. As of the end of June 2024, BYD Commercial Vehicle accumulated a total global mileage of over 17.5 billion kilometers, reducing greenhouse gas (GHG) emissions by over 18.95 million tons. The reduction of GHG emissions is conducive to pushing down the rise of the Earth's temperature, mitigating climate change, improving the energy mix, driving the development of clean energy, reducing air pollution and ecological environment destruction, and promoting sustainable socio-economic development.

In 2023, BYD Commercial Vehicle made great efforts to establish Huai'an Truck Smart Factory and promote green industry layout and technological innovation. Relying on a highly digitalized, automatic and intelligent production model, the Factory is committed to providing employees with a superior working environment and effectively reducing labor intensity. Moreover, by improving production efficiency, the Factory continually launches commercial vehicles with higher quality and fuel efficiency to meet the diverse needs of global customers. The First T5 Hybrid Light Truck launched by BYD Commercial Vehicle in 2023 features DM technology and a 1.5T hybrid-specific efficient engine with a maximum thermal efficiency of 41%. It has a fuel consumption of 9.2 L per 100 kilometers under comprehensive operating conditions. BYD T5 is equipped with the world's first hybrid-dedicated blade battery and battery direct cooling technology, which is energy-saving and environmentally friendly, with a worry-free endurance. Its advanced power battery system and efficient electric motor are conducive to pollutant emission reduction and environmental protection.

It is the contribution of employees that is required to realize enterprise development, technological advancement, and green transport. We are well aware that our employees are the most valuable wealth of the Division and the driving force behind our continuous progress. BYD Commercial Vehicle always keeps the concept of "People Orientation, Caring for Employees, Work Safety", respects the individuality and differences of employees, and encourages creative thought and self-directed development. Furthermore, we provide employees with a good working environment and a broad development platform, enabling them to fulfill their talents and potentials, and achieve both personal value and the goals of the Division.

Adhering to the brand mission of "technological innovations for a better life", BYD Commercial Vehicle is committed to fulfilling our corporate social responsibility, actively engaging in public welfare, constantly optimizing the governance of the Division, and improving the internal management system. Through increased R&D investment and technical improvement, we work together with partners across the upstream and downstream industry chains to promote the innovation and application of new energy technologies, reduce environmental pollution and energy consumption, and create a beautiful home with lucid waters and lush mountains.

About Us

Overview of the Division

Commercial Vehicle Division, BYD Auto Industry Co., Ltd. (formerly known as Commercial Vehicle Operation Division, BYD Auto Industry Co., Ltd., officially renamed in January 2024) was formally established in January 2022, composed of the 19th Division of the former Commercial Vehicle Operation Division and 8 functional departments, with more than 10 years of experience in the manufacturing and operation of commercial vehicle and chassis. It is the core organization of BYD's commercial vehicle manufacturing and operation.

The Commercial Vehicle Division is mainly engaged in the manufacturing of buses, trucks and other commercial vehicles, with a full range of products covering urban buses, customized buses, shuttle buses, tourist buses, reception vehicles, airport shuttle buses, pure electric light-, medium- and heavy-duty trucks, sanitation vehicles, dump trucks and other models. Moreover, we have four processes of body welding, coating, chassis assembly and assembly, as well as commissioning and testing functions, realizing complete production process from parts to finished vehicle.

We have always followed the core values of "Competition, Pragmatism, Passion and Innovation", practiced the BYD spirit of "Hard Work, Well Coordination", and never forgot our original aspiration in the course of vehicle manufacturing. We are committed to solving the problem of urban traffic pollution and contributing to the early realization of the "dual carbon" goal!

BYD's total sales of commercial vehicles, including buses, trucks, and specialized vehicles, reached 11,511 in 2023,with a year-on-year growth of 88.2%

The global cumulative sales have exceeded more than 110,000 vehicles in six continents, covering more than 400 cities in over 70 countries and regions.

Brand Philosophy

Brand Mission	Brand Core Values
Technological Innovations for a Better Life	Competition - Motivates Our Dreams with Vitality; Pragmatism - Turns Our Dreams into Reality; Passion - Fills Our Dreams with Spirit; Innovation - Facilitates Our Dreams by Invention



Major Events in 2023

On March 14, 2023

22 electric buses were successfully delivered to a local bus company in Indonesia and put into operation on the bus lines of Transjakarta Operator.

On April 9, 2023

the Governor of Bahia State of Brazil, the Director of the Department of Economic Development, and the Director of the Department of Innovation and Technology visited Hangzhou Factory of the Commercial Vehicle Division.

On July 30, 2023

a commissioning ceremony was held for Phase II
Factory of BYD Commercial Vehicle Huai'an Base.

On August 22, 2023

a commissioning ceremony was held for the first batch of mass-produced vehicles of BYD Commercial Vehicle Huai'an Base.

On October 26, 2023

TFL and customer Go-Ahead went to Hangzhou Factory to participate in vehicle inspection activity and signed an order of 115 vehicles on the same day. This order was BYD's first finished vehicle order in the UK, and the major business divisions attached great importance to it and actively cooperated with each other. A dedicated UK project team was set up, and each department designated a dedicated person to follow up and promote the UK Project and to coordinate resources of all parties.

On October 18, 2023

"Powerful Gene, Light Truck New Era - BYD Hybrid Light Truck T5 Launch and Smart Factory Experience Day" was held in Huai'an Industrial Park. As the first BYD's 4.5-ton urban logistics light truck equipped with DM technology, T5 made its debut.

On September 26, 2023

BYD signed an agreement with the municipal government of Toshkent Shahri, the capital of Uzbekistan, pursuant to which the Tashkent Municipal Government would purchase 2,000 electric buses from BYD.

On November 25, 2023

the Land Transport Authority (LTA) of Singapore officially announced that BYD had won the bid for the B12 Project of 360 Electric Single-Deck Buses in Singapore, which marked the international recognition of BYD's technical strength and market competitiveness in the field of new energy vehicles.

In December 2023

the General Manager of the Commercial Vehicle Division signed a strategic order of 1,296 buses with Brazilian investors and operators. At present, 400 electric buses D9W are being produced in Brazilian factory in full swing and expected to be delivered to the customer by the end of June. For the remaining 996 buses, BYD Commercial Vehicle is working closely with the Sales Department for early official input.

On December 21, 2023

BYD's first batch of 15 m electric buses was officially put into operation on Line 4 in Mexico.

Honors and Qualifications



BYD Auto Industry Co., Ltd

- Outstanding Contribution Enterprise Award of the 10th Council (2018-2023)

Shenzhen Association for Quality
- Brand Achievement Award in Chinese Bus Industry

CHINABUSES.COM, Urban Public Transport Society of China Civil Engineering Society
- AAA Credit Enterprise

China Enterprise Confederation

- Exemplary Organization of Assistance for the Disabled Employment

Shenzhen Pingshan Disabled Persons' Federation

BYD Company Limited



Best ESG Information Disclosure Award

New Fortune



China The Most Popular Global Employer

Lockin China

- 2023 Annual Top 100 Brands

Sina Finance

- Top Brand PV Storage Europe

EUPD Research, an authoritative German research institute

- Top 20 Public Companies on Green Governance in the Greater Bay Area

Shenzhen Research Association of Corporate Governance



2023NFuture Most Favorable Employer for School Recruitment by Sci-Tech Talents

Nowcoder.com



Annual Trustworthy Employer

Maimai.cn



China Top 10 Employers

Zhaopin.com



Top 10 Employers Concerned by College Students

Zhaopin.com

- BYD Battery Box rated as European Top Energy Storage Brand in 2023

EUPD Research Institute for Sustainable Development

- 2022 Forbes China's Top 50 Sustainable Development Industrial Enterprises

Forbes China

- Zayed Future Energy Prize in Large Enterprise Category

Zayed Future Energy Prize

- 2023 TIME 100 Most Influential Companies

TIME

- 2022 Bloomberg Green ESG Pioneers - Projects

Bloomberg Green



Strengthening the Foundation with ESG Management

ESG Awards

On June 30, 2023, the Finance and Economics Program Center of Central Radio and Television Station released the 2024 Annual ESG Action Report in conjunction with the State-owned Assets Supervision and Administration Commission of the State Council, the All-China Federation of Industry and Commerce, the State Owned Economic Research Think Tank of Chinese Academy of Social Sciences, the China Enterprise Reform and Development Society and other authoritative institutions, and BYD (BYD Company Limited) was successfully selected as one of the "Top 100 Chinese Public Companies on ESG".

On September 5, 2023, Hang Seng Indexes Company Limited released the latest review results of the Hang Seng Index series, and BYD (002594.SZ) was included in the Hang Seng (China A) Corporate Sustainability Benchmark Index ("HSCASUSB") for the sixth consecutive year; BYD Company Limited (01211. HK) was also included in the Hang Seng Corporate Sustainability Benchmark Index (HSSUSB) for the second consecutive year, completely demonstrating the recognition of BYD's sustainable development by authoritative index compilation institution and capital market.

On September 22, 2023, the "First Annual ESG Conference of Chinese Public Companies in Alxa", organized by the Prefectural Administrative Office of Alxa League and the Securities Times, was grandly opened in Alxa Left Banner, Inner Mongolia Autonomous Region. BYD (002594.SZ) was successfully selected as one of the Top 100 Chinese Public Companies on ESG.



On November 16, 2023, the First Conference on Sustainable Development of Public Companies in China was held in Beijing, which was organized by the China Association for Public Companies (hereinafter referred to as the "Association") and jointly hosted by the Professional Committee of Sustainable Development (ESG) of the Association and the China Social Responsibility 100 Forum. BYD (002594.SZ) was successfully selected as one of the "Best Cases of ESG Practice for Public Companies in 2023".

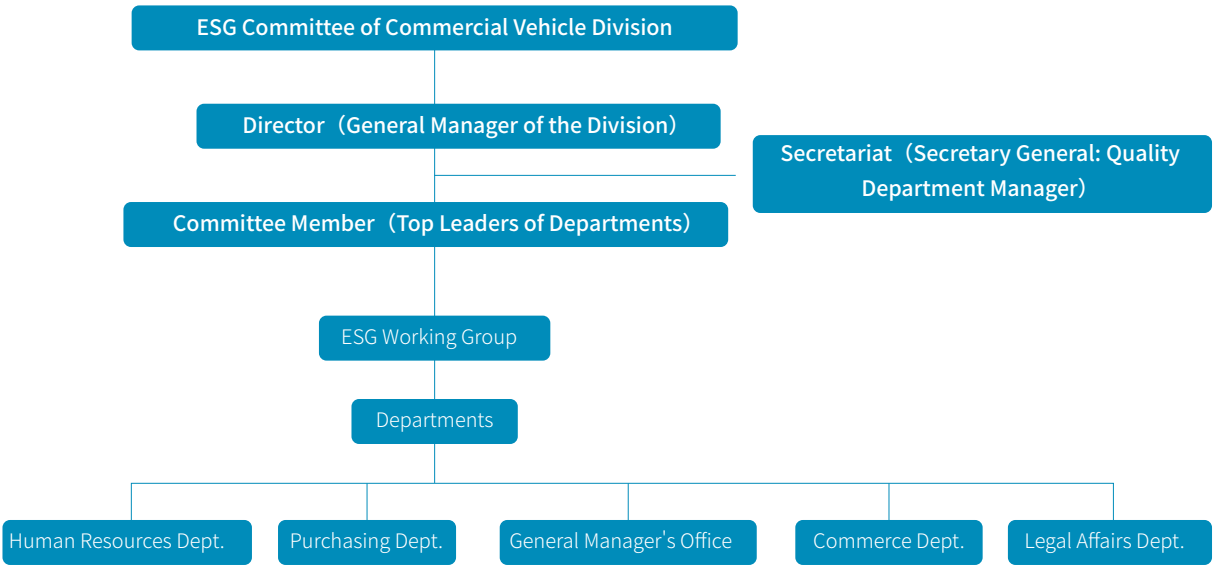
Based on BYD's outstanding performance in the field of environmental, social and governance (ESG), BYD Commercial Vehicle has actively enhanced ESG capacity and integrated ESG development into business. On November 17, 2023, Hangzhou Factory passed the SA8000:2014 certification for the first time, proving that the Company complied with international standards in terms of working conditions, employee rights and social responsibility, enhancing our competitiveness in the market.



SA8000: 2014

ESG Management

Always regarding sustainable development as an important guarantee for its long-term and stable development, the Commercial Vehicles Division has established and improved the sustainable development management system, and clarified its organizational structure, responsibilities and processes to ensure the effective implementation of management policies. To strengthen the ESG governance capacity of the Division, we have established ESG Committee of Commercial Vehicle Division according to actual development needs and set up the ESG Working Group which is responsible for comprehensively promoting and monitoring the implementation of strategies and the achievement of goals in the field of environmental, social and governance (ESG).



Organization Chart of ESG Committee of Commercial Vehicles Division

Responsibilities of Various Levels in the Organization Chart of ESG Committee of Commercial Vehicles Division

Director	Approve ESG management system, work plan and implementation scheme, required resources and management reports of the Commercial Vehicle Division, and make decisions on other relevant major issues.
Committee Member	Deliberate the ESG management system, work plan and implementation scheme of the Commercial Vehicle Division, check the implementation of the annual work plan and evaluate its implementation effect, review management report, guide the construction of ESG management system, and deliberate other relevant major issues.
Secretariat	Convey and follow up the guidelines and policies made by the ESG Committee; organize the working meetings of the ESG Committee, and follow up and supervise the implementation of the resolutions; establish and standardize the ESG Committee's internal workflow; complete other tasks assigned by the ESG Committee.
ESG Working Group	Study the cutting-edge trends in the ESG industry at home and abroad, and grasp the ESG concerns of important stakeholders in the commercial vehicle sector; establish and improve the ESG governance structure of the Commercial Vehicle Division, strengthen internal control and risk management, and ensure the smooth implementation and continuous improvement of ESG goals; coordinate ESG training and promotion of the Commercial Vehicle Division; satisfy customer's ESG needs and provide overall support for their ESG audit.
Departments	The top leader of each department designates an ESG contact person to coordinate relevant business modules, lead the promotion of the department's issues and data centralization, interface with the ESG management team, and participate in special meetings; Establish and implement the department's topics system based on the framework of the Commercial Vehicle Division; implement the ESG management tasks of the Committee, and cooperate with the ESG Working Group to conduct training and promotion.



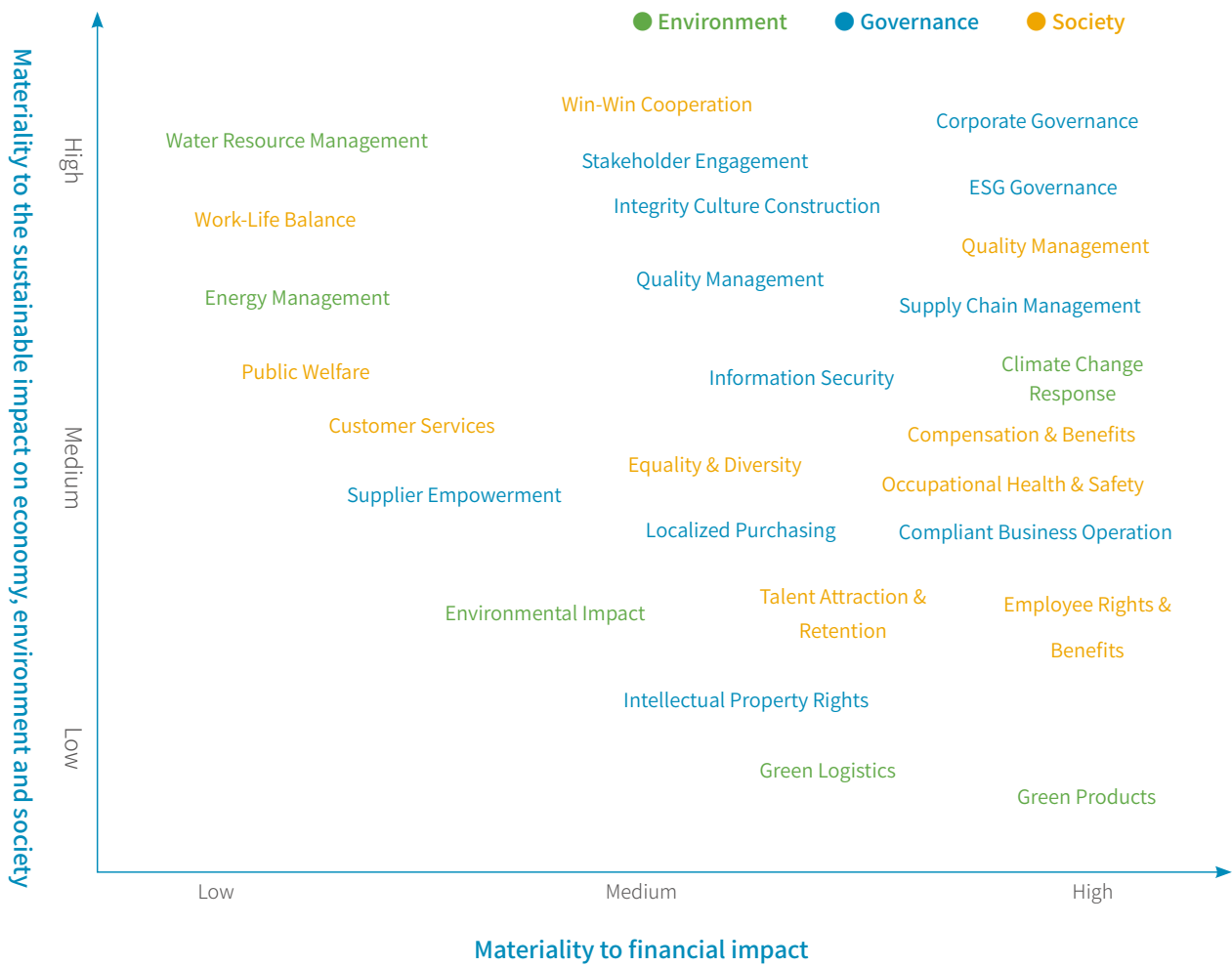
Communication with Stakeholders

Stakeholder engagement is an important factor for improving the ESG management level of the Division. We attach great importance to communication with stakeholders, actively understand stakeholders' expectations and recommendations on our ESG work through various communication channels, and identify key stakeholders (including clients and customers, employees, shareholders, suppliers, government and regulatory agencies, industry/counterparts, and communities) according to our own business characteristics.

Stakeholders	Concerned Topics	Communication Channels
 Customers and Consumers	Product quality and safety Customer feedback mechanism Green products Information security and privacy protection	Quality feedback form, product hotline, product label and manual Customer satisfaction survey and online customer platform Product launch Sound data security management system
 Employees	Employment contract, remuneration and benefits Career development and training Health and safety assurance Work-life balance	Employee handbook, HR specialist interview, employee satisfaction survey Employee training system, annual performance evaluation, employee symposium EHS (environment, health and safety) handbook Employee health plan, psychological counseling hotline, employee health lecture
 Shareholders	ESG governance Compliant business operation	Annual ESG report Prompt disclosure of business information
 Suppliers	Supply chain management Supplier risk management Supplier empowerment and communication	Supplier assessment and audit Risk assessment report Supplier training, supplier conference, distributor conference
 Government and Regulatory Agencies	Tax payment by laws Promotion for industrial development	Tax declaration Communication on industrial policies
 Industry/Counterparts	Technological R&D and innovation Win-win cooperation	Industry-university-institute cooperation Industry information exchange
 Communities	Public welfare Voluntary services Environmental protection	Public welfare programs Voluntary activities Green operation and production

Material Topics Analysis

Material topics analysis is an important basis for enterprises to practice the concept of sustainable development and implement the sustainable development strategies. The Division attaches great importance to the material topics analysis and regularly evaluates major topics to effectively respond to the expectations and demand of stakeholders and continuously improve ESG management level. In 2023, we studied the material topics in an orderly manner based on the process of "identifying stakeholders, identifying fundamental topics, assessing and analyzing materiality, and evaluating and enhancing actions".



Compliant Business Operation

Practicing Standardized Governance

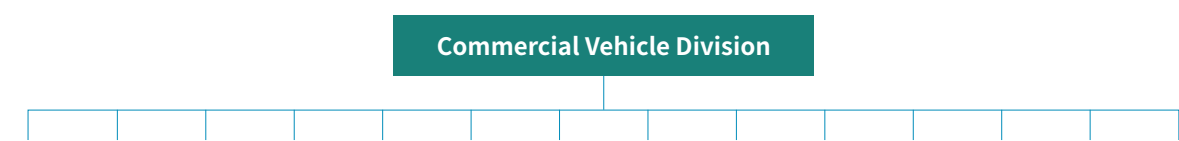


SDGs



Governance System

Under the strategic guidance and unified leadership of the Group, the Commercial Vehicle Division has continuously improved the relevant governance systems and established a sound governance structure composed of 6 factories and 8 functional departments in strict accordance with the requirements of the Company Law of the People's Republic of China and other relevant laws and regulations, departmental rules, normative documents, actual development of the Division, and the requirements of regulatory authorities, so as to provide strong support and guarantee for the reform and development of the Company.



Organization Chart of Commercial Vehicles Division

Hangzhou Factory

Hangzhou Factory was established in 2014 and set with self-making workshop, component workshop, welding workshop, coating workshop, chassis workshop and final assembly workshop, mainly producing new energy buses such as K6, K8 and K9, with an annual capacity of 3,000 pure electric buses.



Qingdao Factory

Qingdao Factory was established in May 2015, mainly producing K9 and other pure electric buses, with an annual production capacity of 2,000 pure electric buses. The Factory is set with pure electric bus material preparation workshop, welding workshop, assembly workshop, and interior and exterior trimming assembly and testing workshop. It is an important R&D and production base for pure electric buses in Shandong Province and an export base for countries in the Asia Pacific region.



Dalian Factory

Established in 2014, Dalian Factory has four major processes including KD parts manufacturing, body welding, chassis final assembly and assembly, and such functions as commissioning and testing. It can complete the production from parts to chassis, with more than 9 years of experience in commercial vehicle chassis production, KD parts manufacturing, and transportation. It is one of the key institutions of manufacturing and operating BYD commercial vehicles.



Huai'an Body Factory

Huai'an Body Factory has a stamping workshop, a welding workshop, and a coating workshop, with a total of 16 production teams (2 stamping teams, 7 welding teams, and 7 coating teams). The stamping workshop mainly produces sheet metal parts for commercial vehicle body and cab. The welding workshop can achieve flexible co- production of multiple vehicle models, with a design production capacity of 200,000 vehicles per year and a first-phase production capacity of 100,000 vehicles per year. The design production capacity of the coating workshop is 450,000 vehicles per year, and the output of the first phase is 200,000 vehicles per year.



Huai'an Frame Factory

Huai'an Frame Factory was established in August 2022, mainly producing commercial vehicle frames and structural components, with four workshops: stamping, coating, assembly and structural components. It is planned to equip one 4,000t automatic stamping line, one automatic roller pressing line, two automatic electro-coating and chassis spraying lines, and two assembly lines. It is the first frame factory built by the Commercial Vehicle Operation Division in China. In December 2023, it was put into production.



Huai'an Final Assembly Factory

Huai'an Final Assembly Factory has 6 production workshops including chassis, sub-assembly, interior trimming, final assembly, commissioning and shipping, as well as 4 functional departments (process, quality, equipment, and comprehensive). It is equipped with 2 chassis lines, 2 interior trimming lines, and 2 final assembly lines. The conveying and transferring operations meet the requirements of automatic flexible production, and multiple vehicle models can be produced at the same time. The Factory is equipped with intelligent air conveyor lines, automatic glass assembly machines, and power manipulators, greatly improving the production efficiency. All parts are intelligently installed to roll the finished vehicle off the line.



In order to safeguard the stability of the Company's operations, the Company resolutely implements the decision-making mechanism of the Group and regularly conducts self-assessment on the effectiveness of the design and operation of internal controls. At present, the scope of evaluation has covered the Company's production, operation and management, so as to effectively achieve the targets of the internal control system and ensure that there are no major defects in the decision-making mechanism.

Integrity Culture Construction

The Commercial Vehicle Division has always adhered to the core value of integrity in workplace, and is committed to creating a clean and positive working environment by continuously strengthening anti-corruption training and actively promoting the construction of an anti-corruption system. We strictly comply with the *Anti-monopoly Law of the People's Republic of China*, the *Law of the People's Republic of China for Countering Unfair Competition*, the *Anti-Money Laundering Law of the People's Republic of China*, the *United Nations Convention against Corruption*, the *Interim Provisions on Banning Commercial Bribery*, and other relevant laws, regulations and ordinances. We strictly prohibit any form of corruption, bribery and fraud. In strict accordance with the requirements of the relevant management system of the Group, we provide comprehensive institutional support for anti-corruption work, constantly promote the construction of anti-corruption management system, and strive to prevent, detect and respond to corruption.

In addition, in order to carry forward the anti-corruption management, we actively strengthen the integrity management of all employees and require them to sign the *Letter of Integrity Commitment*, aiming to clarify and strengthen the professional ethics and integrity behavioral norms of employees. **In November 2023, the employees of the Division signed the *Letter of Integrity Commitment*, with a signing rate of 100%.**

Integrity Training and Cultural Development

The Commercial Vehicle Division vigorously promotes the development of a incorruptible culture and jointly creates a clean and disciplined working atmosphere. In order to further improve the employees' awareness of compliance with regulations and clean practice, to strengthen the training on integrity and self-discipline, to promote learning and clean practice by examination, the Division organized the employees to take integrity examination which mainly includes the economic code of conduct for management personnel, the management method for employees' suspected transfer of benefits, and the specifications for internal and external official communication, etc. **There were 984 employees participated in and passed the examination, with a pass rate of 100%.**



Integrity Training

Reporting Mechanism and Protection Measures

In order to give full play to the supervision of the staff and the masses, and facilitate the complaint and reporting, the Division has established special channels (informants' hot-line telephone, email, WeChat account, etc.) for reporting integrity issues, encouraged employees, personnel of external organizations and any other informed persons to participate in the integrity supervision system of the Division and actively report corruption and other illegal acts. The Division has also defined whistleblower protection measures, prioritized the confidentiality of whistleblowers, taken strict confidentiality measures for whistleblowers' personal information, and shared such information to those who need to know. The responsible personnel who violate the confidentiality provisions will be dealt with strictly and severely. The intentional disclosure will be punished according to the *Provisions on the Protection and Reward for Whistleblowers of BYD Company* and relevant company systems. If constituting a crime, the responsible personnel will be prosecuted for criminal liability.



Reporting Channels

- Phone No.:** 0755-89888888-62407
- Email:** tousu@byd.com / legaldept@byd.com
- WeChat Account:** Clean BYD
- Mailing Address:** Audit and Supervision Department, BYD Hexagonal Building, No. 3009, BYD Road, Pingshan District, Shenzhen, Guangdong, China

Trade Compliance

The Commercial Vehicle Division rigorously follows relevant applicable laws and regulations on import and export control, trade control and embargo in the country or region where the business is operated, including tax collection and management policies, restrictions and conditions on the types of imported and exported goods, and restrictions and conditions on trading partners.

In order to enhance employees' awareness of trade compliance, we train them on export control compliance, help them understand the latest policies, and enhance their ability to implement compliance requirements. In 2023, the Division organized the training on the *US Export Controls and Economic Sanctions* and the Interpretation of Corporate Management Documents to improve employees' understanding and compliance with trade regulations, effectively prevent and control compliance risks, and keep the development in a sustainable, stable and healthy way.



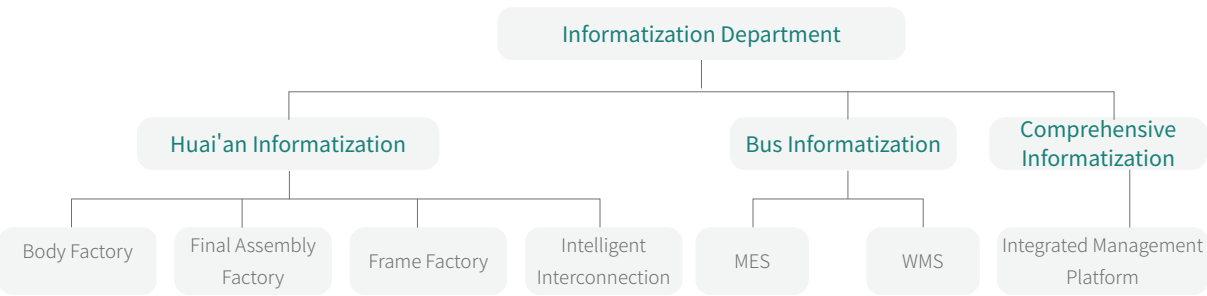
Training on the *US Export Controls and Economic Sanctions*



Training on the *Interpretation of Corporate Management Documents*

Informatization Construction

Informatization construction is an important means to promote modernized management and efficient operation. Along with the comprehensive implementation of integrated informatization, bus informatization and Huai'an informatization, the Commercial Vehicle Division is committed to continuously widening the application of information technologies in business segment, constructing an efficient, intelligent and interconnected informatization platform, optimizing the resource allocation, and enhancing the management efficiency and decision-making level. In 2023, the Informatization Department of the Commercial Vehicle Division is mainly engaged in comprehensive informatization, bus informatization and Huai'an informatization.



Comprehensive Informatization	Bus Informatization	Huai'an Informatization
The Division employs advanced management software and information systems to digitally manage finance, human resources, production and operation and to ensure the accuracy and timeliness of data. In January 2023, the Commercial Vehicle Integrated Management Platform Project was launched to develop functions of daily tasks, business trip management, safety and environment management, drawing tasks, overtime management, and meeting management, primarily to realize online management of integrated affairs, data analysis of integrated transaction processes, and paperless business processes.	It consists of MES system and WMS system. MES system effectively improves production management and operation efficiency, product quality and customer satisfaction by completing a series of technological transformation and system linkage such as collaborative production, technological transformation management, quality control in manufacturing process, CRM->MES->TMS system linkage, planning module report data board, and automatic work report. WMS system is operated online in all the factories of the Division to realize the systematic management.	In September 2023, the Commercial Vehicle Division completed the construction of the informatization system for the stamping, welding and coating factory. In the same month, the Division completed the tests in Huai'an Factory on automatic over-point record and routing distribution functions in the whole process from purchasing to marriage (for the cab), from chassis pre-assembly to marriage (for the frame), and from marriage to roll-off (for the finished vehicle), as well as implemented the automation solutions for the sub-assembly lines of front and rear axles, seats and powertrain system. In addition, in order to adapt to the new production mode, on-site scanning stations and handheld PDA devices were used in Huai'an Factory to enable code scanning of key components at any time while moving along the production line, which reduces the labor cost and simplifies the code scanning operation for on-site production.

Paperless Office

Paperless office is a significant component of informatization construction. In order to actively respond to the Group’ s paperless requirements, the Commercial Vehicle Division vigorously promotes the applications of Dimoyun, NARS, BPM and other informatization platforms which not only improve the efficiency of document management, but also simplify information sharing and communication, reduce the use of paper, and promote resource conservation and environmental protection. As for the paper provided in the Document Center, the number of printing paper used was counted every month, the printing fee and paper fee were settled by departments, reducing the number of printing paper used from the previous average of more than 4,000 sheets per month to the current average of 2,000 sheets per month.

Information Security

The Commercial Vehicle Division has strictly complied with the *Data Security Law of the People's Republic of China* and the *Personal Information Protection Law of the People's Republic of China*, further detailed the requirements for information security management on the basis of the management documents provided by the Group, and developed a series of targeted management documents covering key areas such as terminal security, document server management, IT expense verification, information security training, organizational structure and responsibilities of the Information Security Executive Committee, drafting and review of information security management documents, information security processing for resigned and transferred employees, and data security.

During the report period, the Commercial Vehicle Division set up an Information Security Executive Committee which is composed of senior leaders of the Division and heads of relevant departments to take charge of the overall planning and supervision of information security, ensuring the orderly and efficient implementation of information security work.

System Establishment

It is crucial to establish an information security system in the era of rapid digital development. In 2023, the Commercial Vehicle Division paid more attention to information security, continuously improved the institutional system, and conducted in-depth inspection for the information security management system. It successively updated and releases 7 management documents throughout the year, covering physical security, terminal security and access control, so as to maintain stable security protection and efficient response in the face of increasingly complex cyber threats. The documents include:

<i>Regulations on Physical Safety Management of Commercial Vehicle Operation Division</i>	<i>Regulations on Terminal Safety Management of Commercial Vehicle Operation Division</i>
<i>Regulations on IT Expenses Verification Management of Commercial Vehicle Operation Division</i>	<i>Regulations on Document Server Management of Commercial Vehicle Operations Division</i>
<i>Regulations on Information Security Training Management of Commercial Vehicle Operations Division</i>	<i>Regulations on Information Security Management of Commercial Vehicle Operation Division</i>
<i>Organizational Structure and Responsibilities of Information Security Executive Committee of Commercial Vehicle Operations Division</i>	

Data Privacy Protection

The Division attaches great importance to data privacy protection, closely follows relevant laws and regulations, and work hard to provide customers and employees with secure and reliable information management services. We regularly implement data cleansing to reduce the stored useless or sensitive data, lower the risk of data breaches and ensure the security and efficiency of information systems. For the key areas involving terminal security, document server and data security, the Division has taken a series of management measures, such as installing security management software, encrypting and storing sensitive documents, and implementing strict access control policies, so as to ensure the security and compliance of data in collection, storage, transmission and processing.

In addition, the Division has developed a post authority list and an asset list to clarify the scope of authority and asset responsibility of each post and to achieve effective management and utilization of resources. In August 2023, the Division developed a template of information asset statistics, defined the scope of information asset collection, and managed the information assets' collection, organization, division, use, cancellation, and fee collection.

Enhancement of Information Security Awareness

The Commercial Vehicle Division is well aware that the weak awareness of information security is one of the highest risks for enterprises. The omission of information security awareness training may lead to catastrophic losses, which will not only affect business continuity but also damage the reputation of the Division.

In order to enhance the information security awareness of all employees of the Commercial Vehicle Division, the Division continually promotes information security training for all employees. From mid-July to the end of August 2023, the Division organized relevant training which mainly focused on "basic information security knowledge", "information security responsibility", "information security strategy and control requirements", "how to prevent trade secret disclosure in work interactions", and "daily affairs and responsibilities of information security officers". In addition, in order to ensure that the employees understood these training contents and guide the daily work in the future, the Commercial Vehicle Division conducted an online information security assessment and exam on September 25 after the training, and notified all departments and factories of the results.

Case

I'm a gatekeeper of information security

In order to implement the Group's information security policy, jointly safeguard information security, and do a good job in information security end management, the Commercial Vehicle Division held a planning conference on the construction of information security system on July 17, 2023 in view of the characteristics of information asset security. The conference was attended by department managers, factory directors, and representatives of departments and factories.

In the conference, the information security officer of the Commercial Vehicle Division clarified the management specifications of information security for the Group and the Division from 9 aspects, including the Group's information security management, the Group's information security strategy and control requirements, and the Division's implementation of the information security system. He reiterated that the active cooperation from every employee was required to build a solid information security defense line. Every employee is an information security gatekeeper and a sentinel of information security terminal.

After the conference, the Commercial Vehicle Division set up an information security team; then 8 functional departments and 6 factories organized meetings, actively carried out internal information security training, and reorganized information assets to ensure the full implementation of information security management.



Information Security Training in Huai'an Final Assembly Factory

Intellectual Property Management

Intellectual property has become one of core elements of market competitiveness. The Commercial Vehicle Division has attached great importance to intellectual property management and established an effective intellectual property management system. We respect and abide by the intellectual property protection system, and protect intellectual property in strict accordance with the *Patent Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China*, the *Copyright Law of the People's Republic of China* and other laws and regulations, so as to safeguard the legitimate rights and interests of the Company and the stakeholders.

We follow the management philosophy of "institutional management, procedural systems, and electronicized processes", comprehensively regulate the intellectual property management of the Division from the aspects of intellectual property creation, protection and application, constantly improve the intellectual property system, vigorously develop the intellectual property business of the Division, and push the intellectual property work to a new height. Furthermore, we have developed and operated an intellectual property system throughout the process, defined the work responsibilities and objectives of the intellectual property work, and established a long-term mechanism for the application, management and application of intellectual property in the Division. In 2023, Commercial Vehicle Division and Commercial Vehicle Research Institute applied for 97 patents (including 42 invention patents, 50 utility model patents and 5 appearance patents) and were authorized 67 patents (including 26 invention patents and 41 utility model patents).

In order to comprehensively enhance employees' awareness of intellectual property protection, the Commercial Vehicle Research Institute has promoted, popularized and trained intellectual property in different forms, including patent writing and basic patent knowledge, patent knowledge training, patent retrieval, and infringement analysis, to create a good cultural atmosphere of intellectual property. In 2023, the Commercial Vehicle Research Institute conducted intellectual property training 3 times.

In 2023, Commercial Vehicle Division and Commercial Vehicle Research Institute applied for 97 patents (including 42 invention patents, 50 utility model patents and 5 appearance patents) and were authorized 67 patents (including 26 invention patents and 41 utility model patents).



Patent Knowledge Training

Establishment of a Sustainable Supply Chain

The Commercial Vehicle Division is well aware of the importance of excellent supply chain management in business development. Adhering to the tenet of equal and transparent cooperation, we actively optimize the supply chain system in order to build a stable, efficient and resilient supply chain network. By promoting cooperation with suppliers, we strive to create a chain ecosystem with mutual benefit and growing value, contributing to the prosperity and development of the industry chain.

Supplier Access Evaluation

The Division advocates to establish a long-term, stable and honest cooperation with suppliers, improve their awareness of fulfilling social responsibilities, and promote the construction of a responsible supply chain. According to the management systems applicable to the Group and each business divisions, such as the Purchasing Management of BYD Company and the Supplier Requirements of BYD Company, we strictly define the positioning and responsibilities of supply chain management departments at all levels, supplier management process and operation methods, and systematically sort out and holistically present the contents of supplier access, audit, risk management and other contents to ensure the stable and orderly development of the supply chain. Moreover, we require suppliers to obtain IATF 16949, ISO 9001 and ISO 14001 environmental management system certifications.

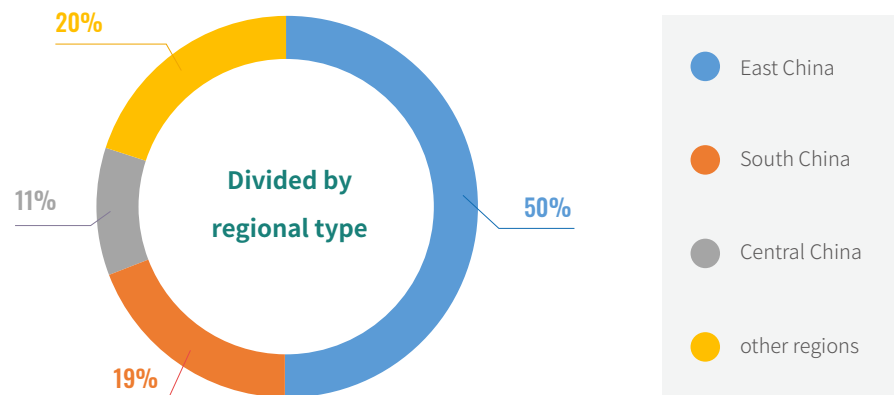
In order to ensure the compliance and reliability of the supply chain, the Division will investigate the qualifications of new suppliers and check whether they have illegal behaviors before introducing them, require them to fill out the Corporate Responsibility Questionnaire on BYD Supplier, and will not cooperate with those who do not meet the requirements. In addition, before the introduction of new suppliers, we will sign a cooperation agreement containing CSR clauses with them, guide and supervise them in respecting human rights, treating employees favorably, and protecting the environment.**In 2023, BYD had 219 new commercial vehicle suppliers.**

For materials with HSF (hazardous substances free) requirements, BYD asks suppliers to provide HSF compliance information, check the compliance, and will not use materials that do not meet the requirements. In case of changes from suppliers (including changes in raw material supply, production site and design) or expiration of HSF information, suppliers are required to provide HSF information again to ensure continuous compliance with environmental requirements.

Local Purchasing

The Commercial Vehicle Division has been committed to local purchasing, actively implemented the principle of "nearby supplier selection", and purchased materials in the order of "local, provincial, domestic (foreign-funded investment companies) and foreign supplier", constantly improving the safety of the supply chain, reducing the transport cost of logistics, minimizing potential negative environmental impacts, and ultimately driving local economic development and local employment through the extension of the industrial chain.

As of the end of the report period, there were 969 cooperative suppliers, 50% in East China, 19% in South China, 11% in Central China and 20% in other regions.



Risk Management

The Division pays high attention to supplier risk management, especially in the use of conflict minerals. We strictly abide by international specifications, and establish a comprehensive supplier risk assessment system in accordance with the Procedures for Purchasing Risk Management of BYD Company, and review and monitor suppliers on a regular basis.

To prevent the risks posed by conflict minerals, the Division requires the suppliers, who use tantalum, tin, tungsten, gold, and cobalt materials in their products or manufacturing processes, to conduct mineral supply chain surveys, ensuring that their raw materials are not sourced from conflict-affected and high-risk areas. Additionally, we require suppliers to sign the BYD Code of Conduct/Access Agreement/Letter of Commitment to ensure their compliance with the Responsible Mineral Procurement Policy and avoid using minerals that may provide financial support to armed groups in conflict areas.

On-site Audit

The Commercial Vehicle Division strictly implements the on-site supplier audit system to control the management of suppliers and their downstream supply chains in terms of product quality, labor and human rights, and environmental protection, etc. We also have set up multiple clauses with one-vote power to ensure that the suppliers comply with the social responsibility policies and requirements of the Division.

We regularly conduct social responsibility assessment and investigation on suppliers to check whether they meet BYD's social responsibility policies and related requirements. For suppliers that fail the audit, we will follow up on their rectification progress and ask them to complete the rectification within the prescribed time limit. If the rectification fails to meet the standards, we will take measures such as stopping cooperation as appropriate.

In 2023, 100% of potential suppliers were assessed for corporate social responsibility.

In addition, the Division regularly investigated the environmental protection of suppliers. If there is any nonconformity, we will promptly ask the suppliers to rectify them. If they fail to rectify, we will terminate the cooperation with them to ensure the sustainable development of the supply chain.

During the report period, 83% of suppliers undergone on-site audit for social responsibility, 96% of suppliers signed the *Supplier Code of Conduct*, and 93% of suppliers signed the *Social Responsibility Framework Agreement*.

Supplier Communication

The Commercial Vehicles Division looks forward to growing together with suppliers and establishing long-term stable and friendly cooperation with them. In continuous progress, we provide communication and sharing channels for supportive and cooperative suppliers, with a view to achieving mutual benefits and empowering both parties to become the leader in the industry.

We keep well communication with suppliers in daily cooperation through special exchange meeting, supplier exchange conferences, presentations at supplier site, daily online/offline exchanges, etc. Moreover, we give ear to the voice of suppliers and effectively resolve the practical difficulties and needs of partners, so as to create a supply chain management system which is harmonious and mutually beneficial.



Special Supplier Exchange Meeting



Supplier Exchange Conference

Purchasing Empowerment

The Commercial Vehicle Division focuses on improving its own supply chain capability, broadening the professional knowledge reserve of purchasers through systematic training, ensuring the effectiveness of the sustainable supply chain management system, and reducing supply chain risks.

All the new engineers recruited by the Purchasing Department are required to receive induction training and pass the relevant exams before officially taking up their positions. We also provide annual sustainable purchasing training programs for purchasers to enhance their understanding of ESG requirements. **In 2023, 100% of our purchasers were trained for sustainable purchasing.**



Sustainable Purchasing Training



Low Carbon Development

Building a Green Homeland Together



SDGs



Green Operation

As a leader in green development, the Commercial Vehicle Division has always put environmental protection in an important position and actively dealt with the potential impact of production and operation on the environment. We strictly abide by the *Environmental Protection Law of the People's Republic of China*, the *Regulations on the Administration of Construction Project Environmental Protection*, and relevant laws and regulations of the location of each production base. We resolutely implement internal management systems such as the *Control Measures for EHS Targets, Indicators and Management Plans*, the *Procedures for the Solid Waste Management of BYD Company*, the *Procedures for "Three Simultaneities" Management in Construction Projects of BYD Company*, and the *Procedures for Monitoring and Control of Wastewater, Waste Gas and Noise Emission of BYD Company*. We also promote the construction and optimization of environmental safety management system in an all-round way.

In 2023, in order to standardize the environmental management, we introduced advanced experience and established an integrated environmental management system. Up to now, Dalian Factory and Hangzhou Factory have obtained ISO 14001 environmental management system certification, and Huai'an Factory is in the process of certification.



ISO 14001 Environmental Management System Certification

Energy Management

The Commercial Vehicle Division strictly abides by the Energy Conservation Law of the People's Republic of China and other laws and regulations, resolutely implements the Management Procedures for Energy Conservation and Consumption Reduction of BYD Company, carries out energy management, energy conservation and emission reduction, and promotes the certification of ISO 50001 energy management system. On April 19, 2024, Hangzhou Factory successfully certificated for the ISO 50001 energy management system.

We have implemented multiple measures to effectively reduce energy consumption and improve energy efficiency. We emphasize the concept of electrical energy saving in daily work, and require employees to disconnect unnecessary power supplies in a timely manner. **During the report period, the roofs of our factories in Huai'an Park were designed with sufficient day lighting, reducing the use of lights in the workshops during the day, thereby dramatically improving energy efficiency. It was expected to reduce electricity consumption greatly.**

We preferentially use energy-efficient equipment for production to minimize energy consumption. For example, Huai'an Body Factory has introduced a new dry paint mist treatment system, which is cleaner, more environment-friendly, and lower in power consumption compared to conventional water-based paint mist capture systems.



ISO 50001

Energy Consumption Data

Direct Energy (Scope 1)

Natural gas*

1891124 m³

Gasoline

32844 L

Indirect Energy (Scope 2)

Purchased electricity

28061018 kWh

Comprehensive Energy Consumption

Total energy consumption

48246260 kWh

* Hungary Kft is only covered in natural gas data but not in the data of other energy sources.

Water Resource Management

Water resource is one of the most concerned issues in the world today. With the rapid economic growth and the vigorous water resources development in China, water resources protection is becoming more pressing. Moreover, there are constantly new ecological and environmental problems not conducive to human survival and development.

The Commercial Vehicle Division attaches great importance to the conservation and management of water resources, and strengthens the management over water intake and consumption in strict accordance with the *Water Law of the People's Republic of China*, the *Water Pollution Prevention and Control Law of the People's Republic of China*, and other relevant laws and regulations. According to the *Regulations on Water Conservation Management*, we have formulated an annual water conservation plan, and follow the principles of "water conservation, total consumption control, planned water use, comprehensive utilization and high efficiency" to continuously improve the water management. We set water quotas based on actual water consumption and strictly monitor their implementation. In addition, we optimize water consumption structure and improve water utilization methods to prevent water wastage and ensure efficient utilization of water resources. We have also introduced advanced water treatment and recycling technologies to further reduce water consumption and wastewater discharge and to drive the Division towards green goals.

We have taken multiple measures to achieve sustainable management of water resources, for example, reducing water consumption in strict accordance with the water conservation plan; effectively reducing leakage rate and ensuring water efficiency and conservation through regular maintenance and management of water supply network, water facilities, equipment and appliances; recycling and reuse of cooling water and condensate from equipment; setting the overflow return on the tanks in the cleaning line, reducing the overflow ports and recycling the cleaning water, thereby significantly improving the utilization efficiency of water resources.

In order to enhance employees' awareness of water conservation, we regularly organize water conservation publicity and training to enhance their awareness of the importance of water resources and make them understand water conservation measures better. We have also further promoted the concept of water conservation by posting promotional posters, setting up water conservation signs, and holding water conservation knowledge competitions.



Water and Electricity Saving Poster

Water Resource Data

Total water consumption*

266051 T

Tap water

262507 T

Recycled water

1460 T

Water recycling rate

0.56%

*The water consumption of Hungary Kft is included in total water consumption.

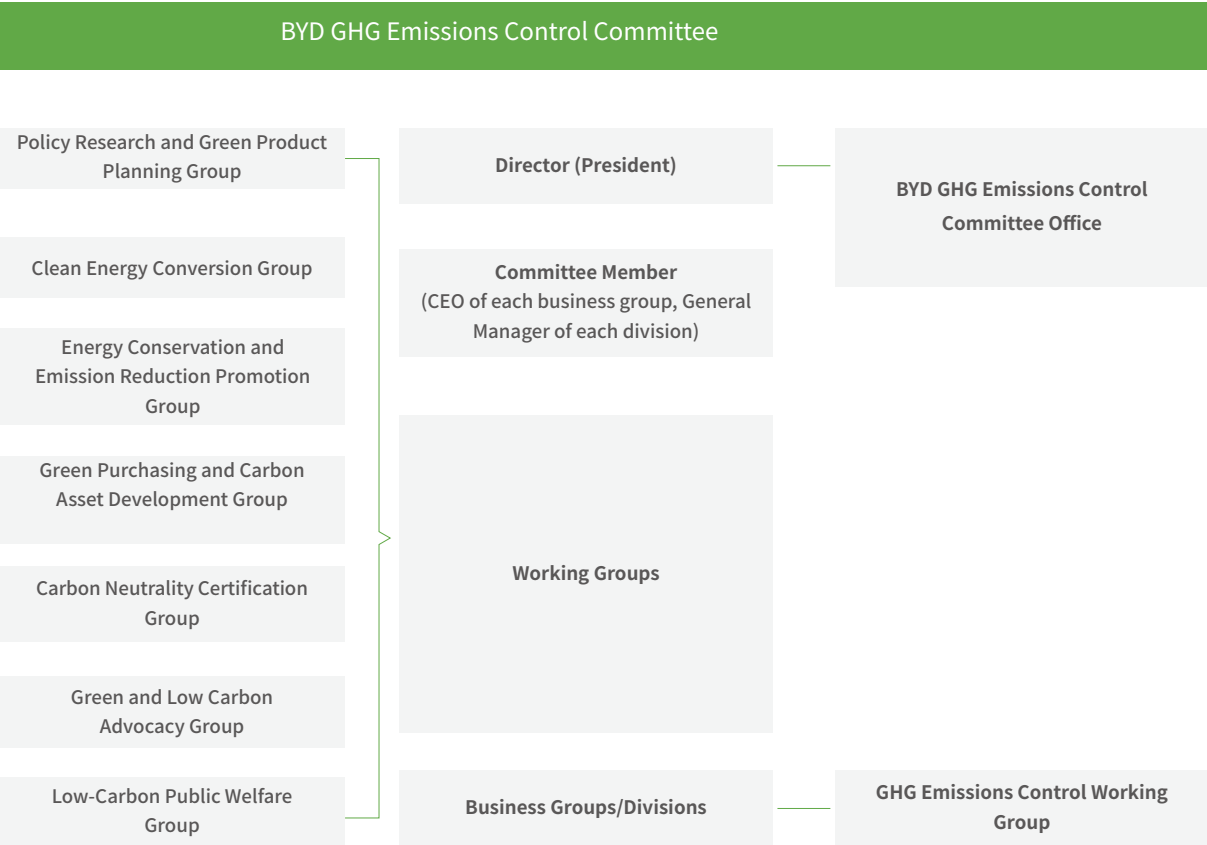
Climate Change Response

Climate change has become a major non-traditional security challenge in the sustainable development of mankind. It is an urgent task for the world to effectively address climate change.

The Commercial Vehicle Division actively responds to the challenges posed by climate change, proceed with climate change management from the perspectives of governance, strategy, risk control, and indicators and targets with reference to the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD), and takes practical actions to boost the green transformation of the industrial chain.

Climate Governance

Climate-related risks and opportunities greatly affect business development. In order to better manage climate-related risks and opportunities, the Group has incorporated climate governance as an important element into sustainable development, set up the BYD GHG Emission Control Committee which is composed of the President, committee members, special working groups and various business groups/divisions, and defined the responsibilities of working groups and business groups/division for supervision, management and execution.



Working Groups

Policy Research and Green Product Planning Group: Led by the Passenger Vehicle Industry Office and responsible for the research on national development planning and policy systems for carbon peaking and carbon neutrality and the research on opportunities and challenges for enterprise development based on carbon targets..

Clean Energy Conversion Group: Led by the Logistics Department and Solar Energy Division and responsible for planning and implementing the Company's clean energy replacement.

Energy Conservation and Emission Reduction Promotion Group: Led by the Quality Department and responsible for planning and implementing the Company's energy conservation and emission reduction.

Green Purchasing and Carbon Asset Development Group: Led by the Purchasing Department and responsible for implementing the green purchasing system, prioritizing the procurement of low-carbon raw materials and products, and developing and purchasing resources for carbon neutrality projects (carbon quota, renewable energy certificate, certified emission reduction, etc.).

Carbon Neutrality Certification Group: Led by the Quality Department and responsible for planning and implementing the Company's carbon neutrality certification.

Green and Low Carbon Advocacy Group: Led by the President's Office and responsible for the preparation of and promotion with publicity materials of green and low-carbon development.

Low-Carbon Public Welfare Group: Led by BYD Charity Foundation and responsible for planning and implementing the Company's low-carbon public welfare activities.

Business Groups/Divisions

Each business group/division sets up a GHG emission control working group according to the Company's GHG emission control organizational structure. The top leader serves as the group leader, and a direct subordinate member is designated as the deputy leader and responsible for the GHG emission control of the business group/division;

Promote and implement the GHG emission control tasks and major activities appointed by the Company;

Take charge of the preparation, declaration, implementation and effect evaluation of the GHG emission control plan of the business group/division;

Collect, organize and submit information and data related to GHG emission control of the business group/division;

Cooperate with the Company's training and publicity on GHG emission control..

Climate Strategy

The challenges and opportunities along with global climate change significant affect business operations. In this context, the Commercial Vehicle Division actively responds to global climate actions, works hard to reduce greenhouse gas (GHG) emissions, speeds up green manufacturing, and supports the global carbon neutrality goals through the comprehensive implementation of climate strategy. The climate strategy is not only a manifestation of the Division's environmental responsibility, but also a foundation for the Division to enhance its green competitiveness and promote the green transformation of the industrial chain.

The Division regards climate change as a key factor which affects the development of the business and integrates the responsibility to climate change response into corporate strategy. By setting clear medium- and long-term targets, the climate strategy is integrated into the Division's long-term development plan to ensure sustainable business development while actively addressing climate risks. To implement this strategy, we not only optimize the energy mix and devotedly introduce and use renewable energy, but also apply energy-efficient equipment and technologies to the production to minimize energy consumption and carbon emissions. In addition, we constantly improve the environmental management, promote green technology innovation, and actively perform emission reduction programs to ensure that we can get economic gain while contributing to the resolution of global climate change.

Energy Mix Optimization

Energy consumption is one of the main sources of GHG emissions, especially the combustion of fossil fuels will release a large amount of GHGs, exacerbating global climate change. To address this challenge, we make great efforts to optimize the energy mix and promote the development of green energy, and replace traditional fossil fuels with renewable energy resources (such as solar, wind and hydro power to replace traditional fossil fuels), thereby significantly reducing GHG emissions.

In 2023, the street lights were reconstructed in the Hangzhou Factory and Qingdao Factory. Specifically, the power supply for these lights was upgraded from power grid to solar power, significantly reducing electricity consumption and contributing positively to the reduction of GHG.



Street Light Upgrade

Carbon Neutrality Scenario

In the context of green development and carbon neutrality, China's new energy automobile industry has constantly developed in the direction of network connectivity, electrification and intelligence. Pure electric vehicles are widely promoted and applied in major cities in China. It is very important for energy conservation and emission reduction to construct intelligent road network facilities, improve the big data platforms, promote the upgrading of the new energy vehicle industry, and enhance the utilization rate of resources.

To achieve the goal of carbon neutrality across the value chain and reach carbon neutrality in vehicle application, we focus on the frequent service scenarios of passenger vehicles and commercial vehicles, including personal use, shared mobility services, and commercial vehicle logistics and transportation. We are committed to providing users with a full range of zero-carbon mobility solutions and helping to realize the sustainable transportation in the future.

BYD Light Truck T5EV

BYD Light Truck T5EV, as a new generation of new energy logistics vehicle, is manufactured on the basis of BYD new energy light truck platform. Relying on the Group's strong vertical integration capability, T5EV is equipped with core technologies such as high-safety blade batteries dedicated for commercial vehicle, efficient motor, and highly integrated HV and LV electric control system. It is configured with one-button starter, BSC brake, ESC, etc., providing a more comfortable driving experience. In addition, all links are under strict control, and the finished vehicle undergoes the professional extreme testing in the industry, fully guaranteeing its quality.



T5EV, operated by BYD's global design director team, redefines the urban high-end logistics distribution vehicle and provides the best choice for the development of urban green logistics with surging power and high quality. T5EV is operated by the global design director team of BYD. They redefine the urban high-end logistics and distribution vehicles, providing the best choice for developing urban green logistics with strong power and high quality. T5EV is fitted with the industry's blade battery with a capacity of 94.3 kWh (adjustable according to user needs) and an endurance mileage of more than 275 km. The globally leading automotive brake safety control (BSC) system has fast braking response speed, shorter braking distance and higher stability. T5EV has been tested for over a million kilometers under various working conditions such as high temperature, alpine region, high plateau, bad road and wind tunnel, ensuring ultra-high quality and high attendance rate. The energy consumption is as low as 32 kWh/100 km, which is one-third of that of fuel vehicles of the same tonnage. A 150kW motor is installed to enable an acceleration of 0-50km/h within 5.5 s. fast response, and more efficient operation in urban conditions. It is suitable for express delivery, furniture removal, supermarket, cold chain, green channel and other scenarios, helping truck drivers enjoy the urban new energy ROW policy and unlock more lucrative scenarios.

Since its launch, the T5EV has become the new favorite in the market by virtue of multiple advantages such as endurance mileage, energy consumption and appearance. With its increasing popularity and continual orders, it has been successively delivered to various cities across the country, winning a good reputation among users. As users have commented, "T5EV has strong power, reliable quality and easy operation, and it has become a tool for making money".

BYD B10

BYD B10 was launched in 2020. It was designed by BYD global design directors. Inspired by the concept of "hawk spreading its wings", the international design language and fashion trends were integrated with Chinese culture and BYD new energy technology, making the "suspended mobile public space" become a mobile beautiful scenery in the city.

BYD B10 has a length of 10.5 m, a battery capacity of 319 kWh, and a maximum endurance mileage of 335 km. It is built on a new electric commercial vehicle platform with "26111" as the core technology, and equipped with newly upgraded EIC system and a comprehensive electric vehicle safety system, setting a new safety benchmark in the commercial vehicle industry with winning product identity. Moreover, the interior trims are simple and elegant, and the vehicle can be equipped with LCD instrument panel or all-in-one combination instrument panel, electronic rearview mirrors, driver assistance systems, 360 ° panoramic image and other advanced configurations, which can enhance the driving experience in the round and guaranteeing driving safety.



BYD B10 brings a new travel experience with high quality and intelligence, and has now achieved mass production in Shenzhen, Guangzhou, Hangzhou and other places, gaining high recognition from the industry and users.

Climate Risk Management

Climate change brings many risks and challenges to enterprises, such as extreme weather, resource shortage, and changes in policies and regulations. The Commercial Vehicles Division is well aware of the long-term impact of climate-related risks and opportunities on business development, and has incorporated climate risk identification and management into the risk management system to continuously identify and evaluate climate change risks and opportunities.

In order to identify the potential climate risks and opportunities currently faced by enterprises, we evaluate the impact of risks and opportunities through qualitative analysis based on industry and enterprise characteristics, and take management and response measures.

Physical Risks

Risk Type	Disaster Category	Associated Potential Climate Change Risks	Countermeasures
Short-Term Risk	Extreme weather events such as typhoon, flood and heavy rainfall	We have several production bases located in coastal areas, which have severely suffered from extreme weather such as typhoons and heavy rainfall every summer, resulting in certain economic losses and casualties.	Develop emergency plans for extreme weather, strengthen hazard investigation based on weather forecasts and other information to reduce the impact on the Company.
Long-Term Risk	Changes in rainfall patterns, temperature rise	Persistent high temperature, water shortage, rising sea level and other trends may affect the stability of the Company's production and supply chain.	Develop contingency plans for scorching weather, and prepare heatstroke prevention equipment and medicines.

Transformation Risks

Risk Type	Disaster Category	Associated Potential Climate Change Risks	Countermeasures
Policy and Legal Risk	Regulatory and disclosure requirements related to climate change	The government has become stringent on the verification of GHG inventories, and the Company needs to meet more compliance requirements to drive global business.	Keep strictly to the laws and regulations of the countries where we operate the business and sell our products, and establish a comprehensive system and a safeguard mechanism to satisfy the environmental compliance requirements of these countries.
Technical Risk	Investment in the R&D of new energy technologies	The market's pursuit of low-carbon products drives companies to develop lower-carbon technologies and products, and more investment may be required for their development.	Start with reducing carbon emissions from raw materials, promote the dismantling and recycling of materials, as well as the development and application of low-carbon alternative materials.
Market Risk	Reduced supply of fossil energy	The shortage of non-renewable resources and energy is expected to increase uncertainty in product costs and selling prices.	Develop purchasing strategies, anticipate the costs of climate change in advance, and take preventive measures.
Reputation Risk	Increased concern or negative feedback from stakeholders	The growing concern over global climate change has become a potential reputation risk to enterprises. Responsible enterprises should actively support the transition to a low-carbon economy and avoid any actions that may damage the ecological environment in order to obtain the support of stakeholders and maintain own reputation.	Establish an effective crisis management mechanism to ensure rapid and transparent communication in the event of negative incidents and maintain corporate image.

Climate Opportunities

Opportunity Type	Opportunity Category	Associated Potential Climate Change Risks	Countermeasures
Energy Source	Renewable Energy Development and Demand	With the global transition to a low-carbon economy and the promotion of policies to address climate change, the market for new energy vehicles such as electric vehicles and hybrid electric vehicles has shown great potential.	Optimize the energy mix, and actively develop and promote new energy vehicles.
Products and Services	Battery recycling	Reduce resource waste by developing and improving the battery recycling system, and lower costs by recycling key raw materials from used batteries.	Actively promote the battery recycling of the Commercial Vehicle Division based on the battery recycling system of the Group, and improve the resource recycling.

Targets and Indicators

The carbon target of the Commercial Vehicle Division is set on the basis of verification of GHG inventories, carbon neutrality policy analysis and industry benchmarking to verify the rationality of the target.

Verification of GHG inventories	Policy and industry benchmarking
Conduct a verification of GHG inventories in Scopes 1, 2 and 3 to understand the GHG emissions of the Division, and take it as a benchmark for setting reasonable carbon targets.	Understand the national carbon neutrality targets, as well as the carbon neutrality targets of international counterparts or customers, in order to set ambitious targets.

We are committed to achieving the carbon neutrality targets across the value chain, and promote the implementation of carbon neutrality targets and indicators in all business units by integrating internal management, system construction, specific actions and performance evaluation. At the same time, the Division actively plays a leading role in the industry to promote the reduction of emissions in the value chain and help the automotive and mobility industry’ s transform towards low-carbon and sustainable development, achieving a more eco-friendly future.

In the future, the Commercial Vehicle Division will continually collect statistics on the greenhouse gas (GHG) emissions of its factories based on the emissions data of 2023, and do a good job in the calculation and summary of the GHG emission indicators. Furthermore, we plan to introduce third-party institutions to carry out the verification of GHG inventories, efficiently promote the management of GHG emissions, dynamically adjust energy-saving and emission reduction measures, effectively reduce actual costs of GHG emission compliance, and bring certain economic benefits while reducing GHG emissions.

GHG Emissions



Strict Control and Management of Three Wastes

The Commercial Vehicle Division strictly abides by the *Law of the People's Republic of China on the Prevention and Control of Air Pollution*, the *Law of the People's Republic of China on Water Pollution Prevention and Control*, the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*, the *Integrated Emission Standard for Air Pollutants*, and other relevant regulations and standards. According to the relevant internal standards and requirements of the Division, we categorize and manage the waste gas, wastewater, and solid waste which are generated in daily production and operations, emit the waste gas and discharge wastewater according to relevant national standards, and transfer solid waste to a qualified third-party institution for treatment according to the categories.

Wastewater Management

The Commercial Vehicle Division strictly complies with the national pollution prevention standards and requirements, clearly defines the responsibilities, and ensures the efficient and standardized wastewater treatment. The wastewater generated by the Division is mainly divided into industrial production wastewater and employee domestic wastewater, and treated with appropriate methods respectively. For production wastewater, we collect it by category and convey it into the wastewater treatment system of the park for effective treatment according to its compositions. Domestic wastewater is treated in septic tanks set up in the park to achieve the goal of "separating clean water from wastewater, rainwater from wastewater" in the park. We also set up wastewater treatment station to collect the production wastewater from each workshop and the domestic wastewater from the whole factory. The wastewater can be discharged only after being treated by the wastewater treatment station to an acceptable level.

To further conserve water resources and reduce wastewater discharge, we establish a reclaimed water recycling system to reuse the treated wastewater for non-potable purposes in the park, such as employee dormitory restrooms, industrial park greening and road cleaning. **In 2023, all wastewater generated from the workshops of the Hangzhou Factory was reused after treatment by the wastewater treatment station, saving 1500 tons of water throughout the year.**

During the report period, the wastewater discharged by the Commercial Vehicle Division was 15,289 tons;and the compliance rate of wastewater discharge was 100%.

Waste Gas Management

The main contaminants emitted by the Commercial Vehicles Division in the production and operation include hydroxide, particulate matter (PM), sulfur dioxide and volatile organic compounds (VOCs).

The Division has strictly abode by *the Law of the People's Republic of China on the Prevention and Control of Air Pollution*, developed the *Regulations on the Management of Waste Gas Treatment Equipment of the Commercial Vehicle Operation Division*, implemented the deployment of the State's in-depth battle against air pollution, and regularly monitored the emission of waste gas and surrounding air quality to minimize the impact of production and operation the atmospheric environment of the region where it is located. For production waste gas, we adopt a closed collection system and select appropriate treatment facilities according to different production processes and waste gas components to ensure efficient collection and treatment of waste gas.

Case

Particulate Matter Control



Fume Treatment Equipment

The welding, polishing and other operations that generate particulate matters are conducted in a semi-enclosed room. The particulate matters are collected by negative pressure and processed in an efficient filter dust separator. After treatment, the water gas is discharged outdoors through an exhaust pipe, with a dust removal efficiency of up to **99%**.

Case

Volatile organic compounds (VOCs) control

Except for some solvent-based paints that cannot be replaced due to technical reasons, all paints used for painting are water-based, which can reduce the generation and emission of organic pollutants (VOCs) from the source. Compared with conventional solvent-based paints, the emission of VOCs is reduced.

Coating, drying and other processes where the VOCs are generated are performed in a closed room. The VOCs are collected, then efficiently processed by the waste gas treatment equipment, and then discharged outdoors. The latest RTO waste gas treatment equipment is adopted, with a removal rate of more than **95%**.



RTO Waste Gas Treatment Equipment

During the report period, the total emission of waste gas from the Commercial Vehicle Division was 25.9121 tons, and the compliance rate of waste gas emissions was 100%.

Solid Waste Management

The Commercial Vehicle Division strictly regulates the categorization, collection and disposal of hazardous and non-hazardous waste, develops internal systems such as Solid Waste Management Procedure, and takes a number of measures to reduce, recycle and make harmless the waste in production. General solid waste is categorized and collected at source according to whether it is recyclable or non-recyclable, and the recyclables are sold to resource recyclers for recycling. As for hazardous waste, we record its production information in real time on the government regulatory platform based on the regulations, apply for waste transfer on the platform, and entrust a qualified third party for transfer and treatment, ensuring that the hazardous waste is handled appropriately.

In addition, we are committed to recycling the solid waste, and adjusting the treatment method of waste lubricating oil generated by presses and other equipment from outsourced incineration to outsourced utilization, which can achieve the reutilization of more than 100 t of waste oil annually.

During the report period, the Commercial Vehicle Division achieved 100% compliance in the treatment of solid waste and hazardous waste.

Noise Management

The Commercial Vehicle Division actively prevents and strictly manages noise and vibration pollution generated during production and operation, for example, low-noise equipment is selected for production as far as possible, high-noise equipment is installed inside buildings, noise reduction is achieved through the protective cover of the equipment and sound insulation of the buildings, and green belts are arranged for the factory area and boundaries to absorb sound and reduce noise.

Furthermore, we monitor the noise regularly to ensure that the noise level meets national standards (factory boundary noise is below 65 dB (A) during the day and below 55 dB (A) at night), and continuously improve the production environment to safeguard the health of employees and the peace of the communities.

During the report period, the noise compliance rate was 100% in the Commercial Vehicles Division.

Construction of Waste-free Factories

As a practitioner of sustainable development, the Division upholds the concept of developing a circular economy, continuously promotes the reduction and recycling of waste, minimizes the amount of landfilled waste, and continuously promotes the construction of waste free factories. In 2023, the Hangzhou factory was awarded the title of "Waste-Free Factory" by the Zhejiang Provincial government for its outstanding performance in the recycling of solid waste and the minimization of environmental impact.



Green Logistics

The Commercial Vehicle Division actively responds to the national initiatives of energy conservation and emission reduction, focuses on the development of green logistics, and implements a series of green logistics management measures to improve the rationality of transport plans and the loading rate of transport vehicles, effectively reducing logistics costs and making positive contributions to the sustainable development of the enterprise.

In 2023, as for packaging and protection for commercial vehicles, we planned the shipment schemes, shipping BOM, packaging materials and tooling designs for about 206 passenger cars and trucks, in order to improve the shipment process control, directly or indirectly solve the problem of cargo damage, protect products, and reduce transport costs.

To promote the green transformation of logistics, we have conducted in-depth study on the needs of the logistics industry, optimized vehicle appearance, body performance, battery power, charging speed, human-machine interaction, etc., and developed a multi-purpose pure electric light truck - BYD T5D which can not only help logistics enterprises achieve green and low-carbon development, but also significantly reduce their operating costs.

Green Products

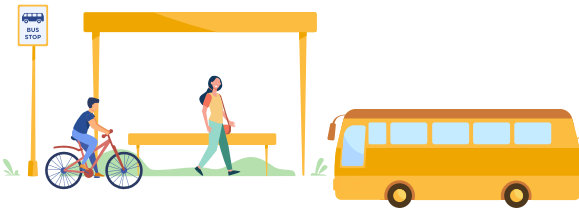
The Commercial Vehicle Division has always adhered to the concept of green environmental protection, deeply interpreted and internalized international regulations such as the REACH (1907/2006/EC), the End-of-Life Vehicles (2000/53/EC), the Packaging and Packaging Waste (94/62/EC), and the Toxic Substances Control Act (TSCA), and developed an enterprise control standard - Requirements for Prohibited Substances on Automobiles. We promise to minimize or completely eliminate the use of hazardous substances in product design, production and supply chain management, ensuring the environmental friendliness and safety of the products. In addition, we have successfully completed compliance with local environmental protection regulations for more than a dozen models sold to Japan, South Korea, Singapore, the European Union, the United States and other countries and regions.

With the increasingly stringent requirements for environmental standards in the global market, LCA (life cycle assessment) report is gradually becoming the threshold for access, and many countries have established LCA standard systems. EPD is an internationally recognized quantitative environmental impact data report which is developed on the basis of ISO 14040 - a common standard for LCA. Based on it, we have taken the lead in LCA/EPD certification for buses sold to the European Union and disclosed the relevant reports on "www.environdec.com", which not only demonstrates the leading position of the Commercial Vehicle Division in green development, but also lays a solid foundation for the Company to set up a "carbon neutrality model" and become a benchmark for carbon neutrality in the industrial chain. **In 2023, B13E01 eBus and B15E01 eBus were EPD certified.**

In the future, the Commercial Vehicle Division will continue to intensify the development and certification of green products, drive the innovation of environmental protection technologies, actively guide the green transformation of the industry, and provide more environment-friendly and efficient commercial vehicles for global customers.

Inclusiveness and Caring

Creating a Diverse Environment



SDGs



Protection of Rights and Benefits

The Commercial Vehicle Division strictly abides by the *Labor Contract Law of the People's Republic of China*, the *Law of the People's Republic of China on the Protection of Minors*, the *Provisions on Prohibition of Child Labor*, the *Special Provisions on Labor Protection of Female Employees*, the *Law of the People's Republic of China on Trade Unions*, and other relevant laws and regulations, as well as other requirements of the operating location. It has formulated policies and management systems to prevent against involuntary labor, as well as the management regulations against discrimination, harassment, and maltreatment, resolutely prohibiting child labor and forced labor, and striving to safeguard the basic rights and dignity of employees. Moreover, we fully implement labor contract regulations and fulfill labor contracts by the law. **In 2023, 100% of employees signed the employment contract.**

We respect employees of different nationalities, races, genders, religions and cultural backgrounds, prohibit any forms of discrimination, protect employees' rights and privacy from infringement, and ensure that all employees enjoy all rights and interests in a fair and equitable manner according to law. During the report period, the Division did not employ or use child labor, nor did it engage in any violations of the Division's system or relevant laws and regulations such as child labor employment, forced labor, labor trafficking, or employee discrimination.

In the event of violations of voluntary labor, discrimination, harassment or maltreatment, employees may file complaints through the following channels:



Deliver a complaint letter to the Complaints Box (Email: hrjd@byd.com);



Make complaints through the "HR Face to Face" block of BYD WeChat Account;



Send a complaint email to the Employee Relations Specialist of the Human Resources Department;



Directly file a complaint with the department head or the Human Resources Department (Email: sychr@byd.com).

In addition, in order to protect the privacy of employees and prevent them from retaliation due to complaints of discrimination and harassment, the first receiver of the incident case shall not disclose the incident contents and the complainant identity information to any third party, and shall notify the Human Resources Manager immediately for investigation. The personnel involved in the investigation shall strictly abide by the confidentiality principle and not disclose the contents of the investigation to anyone except the person concerned.

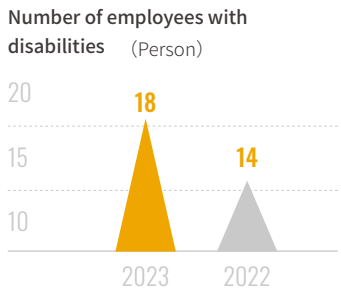
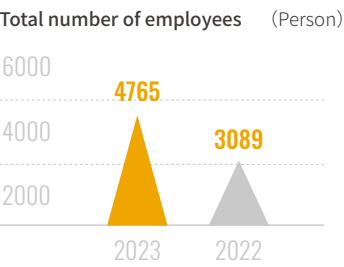


Equality and Diversity

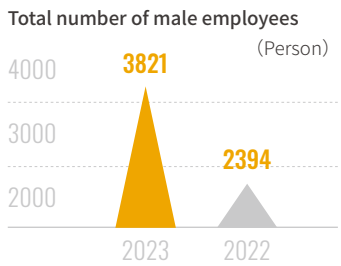
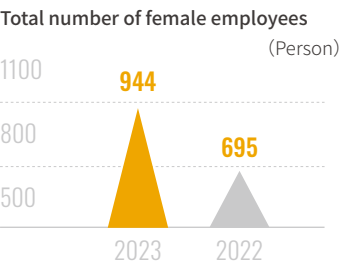
Talent is the most valuable asset of an enterprise. In order to promote equal and diversified development, the Commercial Vehicle Division actively cooperates with the Human Resources and Social Security Bureau, the Employment Bureau and other government departments, and extensively absorbs talents who meet our development needs by means of external recruitment, internal recommendation, talent market, online recruitment, and school-enterprise cooperation. Moreover, we emphasize equal treatment to all employees in recruitment, training, promotion, resignation, etc., allowing every different employee to enjoy equal rights, so as to attract more talents of different backgrounds, genders and cultures and to promote the diversity of the team.

In 2023, the Commercial Vehicle Division tried on-campus recruitment, with a 104% completion rate of signing contracts, including 59% from graduates of Project 211 universities and 22% from postgraduates. It was rated as the Outstanding Division of the Group in 2023.

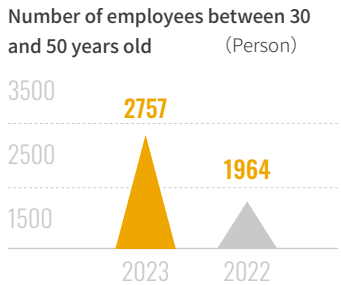
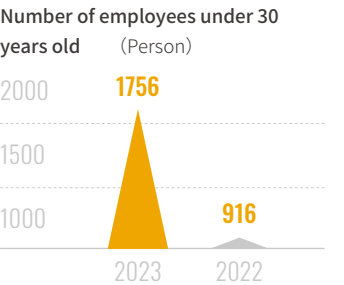
Key Performance of Employee



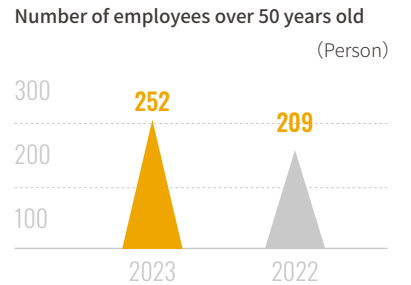
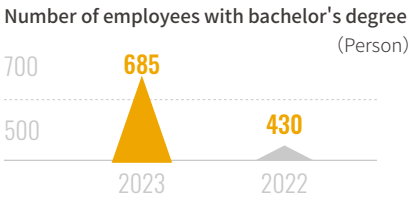
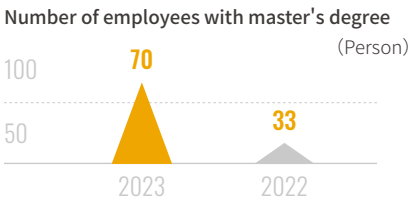
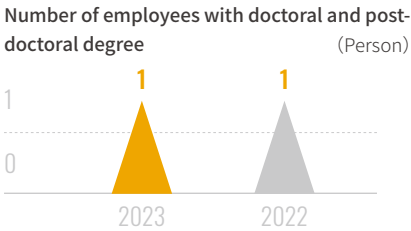
Gender Structure



Age Structure



Educational Background Structure



Talent Attraction and Retention

Remuneration and Benefits

The Commercial Vehicle Division strictly abides by relevant laws and regulations such as the *Labor Law*, formulates a sound remuneration management system, and sets up various rewards such as performance bonus, commission, excellent performance award, excellent employee award, service seniority award, division assessment award, profit award, and equity incentives according to the needs of the Division, to improve employee happiness. Based on laws and regulations, taking into account market competitiveness, remuneration and other factors, we review and revise the salary incentive program annually, formulate a differentiated salary incentive plan based on value contribution, and eliminate egalitarianism, so as to reflect and reward employees' performance, ability, seniority and other factors in a differentiated manner, and protect their rights and benefits.

In terms of leave, we strictly abide by the local laws and regulations on working hours and holidays, and provide employees with paid annual leave, sick leave, marriage leave, maternity leave and other types of leave to ensure that they have legal right to rest.

Promotion Management

The Division is highly committed to the career development of employees and has developed exclusive promotion channels based on their work domains. In accordance with the talent ladder set up in the "Tenglong Program" and the results of the annual performance evaluation, we incorporate excellent talents into the corresponding talent pool. As for management positions, we follow the principle of talent selection for management positions, and select suitable candidates from the talent pool, through assessment, interview and other processes, providing talent support for the strategic development of the Division.

To achieve the medium- and long-term strategic goals of the Division and cultivate high-quality versatile talents, we have established an internal talent pool and enhanced the development of the talents through job rotation or secondment. This mechanism not only provides a solid basis for the selection of management cadres, but also helps to improve the comprehensive ability and specialty literacy of employees, ensuring that the Division will maintain its competitiveness in future development. To strengthen the results of performance evaluation, we follow the guidance of "judging moral trait and ability based on actual performance", and have developed the *Implementation Plan for Performance Evaluation of Commercial Vehicle Operation Division* and implemented the principles of routine and competitive evaluations.

Case

Competitive Recruitment

In April 2023, the Commercial Vehicle Division issued the Regulations on the *Management of Competitive Recruitment of Cadres* which regulated the procedures for competitive recruitment of cadres, discovered and promoted internal talented persons in a scientific and fair way. Since the release of the regulations, **we have organized 22 competitive recruitment fairs, with a total of 144 candidates participated in the competition and 55 candidates recruited and taking up jobs, achieving an onboarding rate of 38.19%.**



Competitive Recruitment in Technology Department



Competitive Recruitment in Planning & Operation Department

Case

Cadres' Work Report

In December 2023, the Commercial Vehicle Division iterated the Regulations on the *Management of Competitive Recruitment of Cadres* and upgraded and released the *Regulations on the Cadre Position Management*, which specifically added succession and exit mechanisms and strengthened the supervision and evaluation of cadres. As 2023 drew to a close, **the Division performed the first annual assessment on the performance of 128 cadres according to the system, with a participation rate of 96.97%.**



Work Report by Cadres in Purchasing Center

Case

Employee Promotion

In 2023, the Commercial Vehicle Division updated the *Promotion Plan for Commercial Vehicle Operation Division* and optimized the post promotion process to create a fair and just promotion environment, establish a good talent competition and appointment mechanism, and steadily promote competitive promotion. The Human Resources Departments respectively of the Division and the factories jointly organized PK competitions at factory/department and division level, and participated in the promotion evaluation of factory/department staff. As of December 2023, a total of 388 employees were promoted their position in the Commercial Vehicle Division, including 6 employees promoted to Level D and above.



Competition for Career Promotion in the Division

Human Resource Development

Talent is the key resource for the Commercial Vehicle Division to support its strategic goals. The Division attaches great importance to talent cultivation, talent development and talent competition, and insists on taking competition as the core and annual performance as the basis to establish a fair and just talent management system that selects the best ones and trains them to be ready to take a lower as well as a higher post.

Employee Training

The Division pays high attention to employee training and focuses on building a high-quality talent team and developing employees' capacities, aiming to realize the common development of the enterprise and employees. It strives to set up a diversified training platform, makes full use of the internal and external training resources, and adopts different channels and forms to carry out hierarchical and categorized business training in an all-round way. To ensure the continuous and stable output of talent pool, the Commercial Vehicle Research Institute has gradually established a three-dimensional talent training system featuring "management, technology and skills" to help the Division's continuous innovation and development in terms of management, technology and skills.

In 2023*, The Commercial Vehicle Division had 76,099 employees to be trained, and conducted 1,982 training sessions in this year, with 100,943 training hours in total and an average of 23 training hours per employee.

*Due to differences in statistical methods, the above data only includes the Commercial Vehicle Division and does not involve Hungary Kft.

Case

Fresh Graduates' Onboarding Training Camp, Commendation Meeting, and Welcome Party

In August 2023, the Commercial Vehicle Division held a 5-day training camp for fresh graduates in 2023 in Senguangyuan, Longgang, Shenzhen. The General Manager, together with the functional department managers, served as instructors and taught 16 courses on commercial vehicle strategy, product technology, manufacturing processes, quality, safety, and practical career skills based on their own experience.

After the training, in order to provide a platform for the fresh graduates to show themselves and team style, and help them to integrate into the collective quickly, the Commercial Vehicle Division held a commendation meeting and a welcome party for more than 90 fresh graduates at Xiyue Licheng Langyue Garden Hotel in Shenzhen.



Evening Party

Case

Training on Interpretation of Management Documents of the Division

From August 21 to September 8, the Commercial Vehicle Division conducted training on the interpretation of its management documents. A total of 452 people participated in this training, including the newly recruited personnel at Level G and above, supervisors and higher-level employees in 2023.

The training instructors were the leaders from multiple departments of the Commercial Vehicle Division. In combination of case studies, they made detailed review and interpretation of many documents, including the *Code of Economic Conduct of BYD Management Personnel*, the *Remuneration Management System of BYD Company*, the *General Rules of Information Security Management of BYD Company*, the *Regulations on the Access Management of BYD Company*, the *Regulations on the Copyright Management of BYD Company*, and the *Regulations on the Expense Reimbursement and Employee Integrity Management of BYD Company (Interim)*. The contents covered multiple aspects closely related to daily management of employees, such as economic conduct, information security, remuneration and benefits, and intellectual property rights.

Through this training, the management personnel of the Division gained a deeper understanding of the Company's rules and regulations, and kept firmly in mind the concept of standardized management.



Offline Training in Shenzhen



Online Training in Qingdao Factory

Promotion of University-Enterprise Cooperation

The Commercial Vehicle Division actively promotes university-enterprise cooperation and has established long-term stable partnerships with multiple universities to achieve resource sharing, complementary advantages, and common development. On March 1, 2023, the President of Huaiyin Normal University and his delegation visited the Huai'an Final Assembly Factory, looked around its production environment, investigated the talent demand for the factory development, and took the manufacturing technologies as an important part of the education foundation. They actively promoted the cooperation between colleges and enterprises, collaborated in the cultivation of human resources, and accelerated the exploration and practice of innovative talent training models.

The Division takes the integration of education with industry as key work, and strives to train high-quality professionals who adapt to the development of the manufacturing industry through university-enterprise cooperation, providing solid talent support for the development of the industry.

Creation of A Happy Workplace

The Commercial Vehicle Division insists on regarding employees' happiness and satisfaction as the key driving force for corporate development, providing a high-quality working environment for employees, and creating a happy workplace. We insist on taking into account the diet, housing, transport, medical care, happiness park and other aspects of the life needs of employees in an all-round way.

Diet



The Division has an employee canteen to provide three meals a day, making it convenient for employees to eat meals, and ensuring their healthy diet through strict food safety control. In 2023, the canteen of the Division was upgraded in order to satisfy the diverse dietary needs of employees, the dining environment was continuously optimized, and North-South specialties, fancy noodle dishes, hot pots, etc. were added to the menu.

Housing



The employee dormitories in the Division are equipped with air conditioner, water heater and living supplies, and have been reconstructed for intelligent security, including laundry appointment and smart door lock. We also provide housing subsidies for employees who cannot be accommodated in a timely manner due to the shortage of dormitory, making sure that our employees have a comfortable accommodation environment.

Transport



The Division has provided daily shuttle buses with multiple frequencies and routes for employees, and set up a SkyShuttle three-dimensional transport network in the park, which leads to all major work and dormitory sites, greatly facilitating employees' commuting. In 2023, we provided employees with such benefits as zero-down payment for car purchase, official vehicle subsidy policy and free charging service in the park.

Medical Care



The Division attaches great importance to the health of employees, keeps strictly to the national labor laws and regulations, pays social medical insurance for employees, and sets up a special medical fund to provide medical financial support for sick employees. We have also introduced professional medical checkup organizations and par drugstores in each industrial park, greatly facilitating employees' medical treatment, physical examination and daily medication.

Happiness Park



In 2023, the Commercial Vehicle Division made great efforts to build a happiness park, continuously improve employees' satisfaction and happiness, provide them with leisure and entertainment venues and sports facilities such as fitness rooms, basketball courts, table tennis rooms, chess and card rooms and reading rooms, and paid attention to the activity needs of employees and their families in multiple ways.

Care for Female Employees

The Division highly respects and values female employees, and strictly implements relevant regulations on the protection of female employees, and provides special protection for pregnant, lactating and postpartum women. In addition to normal pregnancy test leave, late pregnancy leave, maternity leave, lactation leave, etc., the Division has set up the Pregnant Mothers' Room to provide a space to rest for them between shifts. **In 2023, the rate of female employees returning to work after maternity leave was 100% in the Commercial Vehicle Division.**

In addition, we regularly organize care activities for female employees, such as Women's Day activities, to create a more supportive and inclusive work environment for them and enhance their work happiness and job satisfaction.



Women's Day Activities

Construction of Family Culture

The Commercial Vehicle Division has always organized and conducted a series of cultural and sports activities in various forms, at multiple levels and through multiple channels according to the needs of employees, mobilizing their passion, encouraging them to "work hard and live happily", and enriching their spare life. In 2023, in order to take much care of the physical and mental health of employees, integrate culture and enhance the rally power, all functional departments and factories of the Commercial Vehicle Division organized and carried out basketball games, sports games, summer cooling activities, Women's Day activities, employees' birthday parties, Loong Boat Festival activities, live-alone youths' social parties, and other community activities, in order to meet the needs of employees and enrich their leisure and cultural life.



Basketball Games



Sports Games



Summer Cooling Activities



Employee Birthday Party



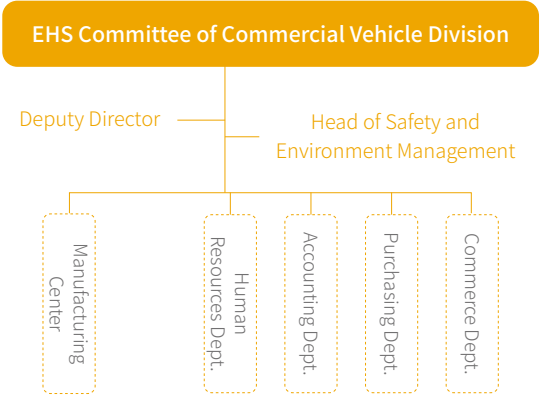
Loong Boat Festival Activities

Occupational Health and Safety

Health and Safety Management

The Commercial Vehicle Division has earnestly implemented the *Workplace Safety Law of the People's Republic of China*, the *Occupational Disease Prevention and Control Law of the People's Republic of China* and other laws and regulations, established the organizational structure of EHS Committee with clear functions, and prepared 22 safety and environmental system documents in accordance with the requirements of ISO 45001 occupational health and safety management system to coordinate and promote workplace safety.

The Division actively implements the international advanced standards of environment, occupational health and safety management system, continuously improves the occupational health conditions in the workplace, and provides employees with qualified and convenient personal protective equipment, so as to reduce the risk of occupational hazards in the workplace and safeguard employees' physical and mental health. Meanwhile, we actively promote the certification of occupational health and safety management system, and fully implement the three-level safety standardization work, and establish and improve the safety management systems and processes to create a safe and healthy working environment for employees. Up to now, Hangzhou Factory has obtained the certification of ISO 45001 occupational health and safety management system, and Dalian Factory has successfully obtained the certification of Level 3 enterprise of workplace safety standardization.



Organization Chart of EHS Committee

The Division regularly organizes employees to take physical examination every year. For employees in different positions with occupational hazards, they need to undergo physical examination as specified by local regulations. **In 2023, the coverage rate of employee physical exam (for positions with occupational hazards) was 100%.**

We have established a three-level safety training system and performed a variety of training activities, such as first aid practical drills, first aid training, and occupational health and safety quizzes, in order to enhance employees' awareness of occupational health and the ability to protect themselves. **In 2023, EHS training was conducted 24 times in each factory, with a 100% achievement rate of the training plan and a 100% coverage of Level 3 safety training for new employees.**



First Aid Practical Drill



Occupational Health and Safety Quiz

During the report period, the Commercial Vehicle Division was awarded the "KSI Improvement Pioneer Award", "Flying Eagle Award" and "List of Brave Pioneers" by the Group's Safety Fund for its outstanding performance in health and safety management. It is noted that the Division maintained a record of zero accident throughout the year and achieved an outstanding performance of 100 consecutive days without accidents, demonstrating our firm commitment to safety management. We were also granted "Excellent Safety Team", "Guardian Star" and other awards, further highlighting the excellent performance in the construction of safety culture.

Workplace Safety Practice

In the workplace safety practice, we always adhere to the principle of putting safety first and fully implement the workplace safety responsibility system. We effectively prevent potential safety hazards through systematic workplace safety month activities, special safety meetings, regular safety emergency drills and safety hazards investigation.

Theme Activity of "Workplace Safety Month"

June 2023 was the 22nd Workplace Safety Month in China. The Commercial Vehicle Division centered on the activity theme of "Everyone Puts Safety First, Everyone Knows Emergency Response", deeply implemented the important exposition of General Secretary Xi Jinping on workplace safety, and made solid progress in the three-year action of special rectifications for workplace safety.



Kick-off Meeting of "Workplace Safety Month"



The Division hangs banners and posters for the "Workplace Safety Month" at the main roads, workshop passages, and front desk in the factory, and organizes workshop employees and external construction personnel to take a solemn oath of safety commitment in front of the banner and to watch the safety themed video, so as to comprehensively improve their ability to identify risks and deal with emergencies on site, getting all employees engaged in the safety promotion.



Hanging A Banner



Watching Safety Themed Video in "Workplace Safety Month"

In order to make employees aware of the disadvantages of phubbing and jointly improve their working environment and working habits, the Division has organized a series of challenging activities, such as turning off the small screen and stopping phubbing, in all parks. We mainly promote safety for employees using mobile phones while walking on roads in factories through inspection, safety inspection and other monitoring mechanisms, so as to alert them to the problems caused by phubbing. The Division also sets up a making/receiving phone call zone in each workshop for employees who need to work over the phone to make and receive calls.



Stop Phubbing



Making/Receiving Phone Call Zone

Internal Audit of "Safe Factory"

Under the unified leadership of the Group, based on the national standardized system of dual prevention mechanism and the provisions of the ISO45001 and ISO14001 systems, the EHS Committee, combining with the internal conditions of the Division, organizes a dedicated audit team to carry out "Safe Factory" star rating evaluations for the factories, and assesses the maturity of each factory in terms of safety, environmental protection, occupational health and fire management according to the quantitative criteria. The EHS Committee establishes such an evaluation mechanism that regards Star 3 as Acceptable, Star 4 as Eligible for Promotion and Star 5 as Benchmark, encouraging the factories to constantly improve the management system and laying a solid foundation for safety and environmental management..



Internal Audit of "Safe Factory" - Dalian Factory

Safety Emergency Drills

The Commercial Vehicle Division, in accordance with regulatory requirements and in line with own development needs, organizes the safety activities with the theme of "Everyone Puts Safety First, Everyone Knows Emergency Response". In 2023, Qingdao Factory, Dalian factory, Hangzhou factory and Huai'an Factory conducted 8 comprehensive emergency drills and 42 special emergency response drills. The activities included fire drills and other practical drills on emergency response to confined space accidents, electric shock accidents, high-altitude falling accidents, mechanical injury accidents, and hazardous chemical/pressure vessel leakage accidents, effectively improving the emergency response capability and vigorously safeguarding the employees' lives and property safety of the Division. **During the report period, the Division implemented the comprehensive and special emergency drill plans by 100%.**



Fire Emergency Drill



Safety Hazard Investigation

The Commercial Vehicle Division attaches great importance to the investigation of safety hazards, and has established a comprehensive hazard investigation system which covers all production processes, equipment and facilities, and working environments. To comply with the high standards and strict requirements for workplace safety, the Company regularly conducts workplace safety inspections, such as comprehensive inspection, routine inspection, seasonal inspection, pre-holiday inspection and professional inspection to identify potential safety hazards and risks. Depending on careful inspection and evaluation, we promptly identify problems and take corrective measures to ensure the implementation of various safety management systems.

Types of Workplace Safety Inspections

Inspection Type	Contents
Comprehensive inspection	Complete inspection focusing on the implementation of job safety responsibility system and involving all specialties
Routine inspection	Shift handover inspection and mid-shift inspection by work groups and on-duty employees, as well as regular inspection by leaders of workshops or departments, and professional technicians or specialists in process, equipment, safety and environmental protection, and fire protection
Seasonal inspection	Spring safety inspection (prevention against lightning, electrostatic discharge, thawing and leakage), summer safety inspection (prevention against heatstroke, food poisoning, typhoon and flood), autumn safety inspection (fire prevention, freeze-proofing and thermal insulation), and winter safety inspection (fire prevention, anti-explosion, gas poisoning prevention, anti-freezing and anti-condensation, skid resistance)
Pre holiday inspection	Pre-holiday inspection focusing on safety, security and duty, fire prevention, production preparation (spare parts), spare equipment, inspection and maintenance arrangements, and implementation of emergency plans.
Professional inspection	Professional inspections on special equipment, electrical and power equipment facilities, mechanical equipment or devices, safety equipment, monitoring instruments, hazardous materials, transport vehicles, high-risk operations, construction, rail operations, three-waste emissions, occupational health protection and other systems

During the report period, the Commercial Vehicle Division identified 5,223 safety and environmental hazards, with a hazard rectification and closure rate of 99.94%.

case Special Inspection for May 8 "Clean-up" Order

From June 16 to June 24, 2023, the general managers and factory directors of each business division led a team to conduct a special inspection on workshops, external construction organizations, rented plants, and high-risk operations in response to the May 8 "Clean-up" Order. A total of 69 general safety hazards were identified, with 69 hazards rectified and a closed-loop rectification rate of 100%.

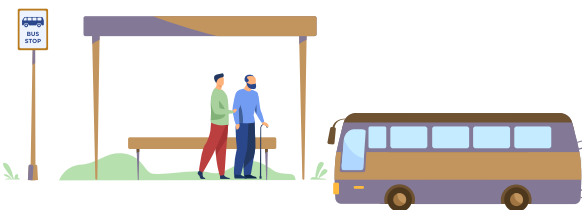


Special Inspection for May 8 "Clean-up" Order



Technology Driven

Leading Quality Development



SDGs



Excellent Quality

The safety, compliance, and high quality of products are the constant pursuit of enterprises. Excellence quality and meticulous manufacturing are the foundation of business operations. We always put product quality in the first place, manufacture every product with ingenuity, and serve every customer with sincerity.

Quality System Audit

On the base of many years of experience in quality management, the Commercial Vehicle Division has set up and implemented practicable quality objectives to ensure the excellent quality of our products and services in accordance with the basic requirements for the quality assurance system stated in IATF16949/ISO9001, the implementation rules/regulations for China Compulsory Certification (CCC), the *Management Measures for the Access of Road Motor Vehicle Production Enterprises and Products (No. 50 Order of the Ministry of Industry and Information Technology)*, the Management Regulations for the Access of New Energy Vehicle Production Enterprises and Products (Decree No. 54), the *Technical Specifications for Safety of Power-Driven Vehicles Operating on Roads (GB 7258-2017)*, the *Electrically propelled road vehicles - Safety specifications (GB 18384-2020)* and Regulation (EU) 2018-858, as well as other domestic and international laws and regulations. **In 2023, a total of 1,474 times were assessed for the quality targets of the Commercial Vehicle Division, with 1,347 times meeting the standards and an overall compliance rate of 91.38%.**

We have established a quality management system star rating model with "Comparing, Learning, Catching-Up and Surpassing" as the driving force to evaluate the quality management system of the factory from three aspects of system, process and product on the base of quality management systems such as the *BYD Auto Quality Manual*, the *BYD Auto Star Rating Procedure for Quality Management System*, the *BYD Management Measure for Quality Inspections*, and the *BYD Auto Control Procedure for Risk Management*. As of the end of 2023, the Dalian Factory maintained its three-star rating, while other factories were in the process of applying for three-star rating.

In addition, we have established an internal audit program for the Division and conducted comprehensive quality system audits every six months to promote the continuous improvement of the quality system of the factories. In 2023, we completed 54 internal audits, including 18 comprehensive audits on quality system. The Quality Department started to conduct monthly internal audits at the Huai'an Base in the fourth quarter to assist the factories in improving their quality system and resolving quality system issues. **As of the end of the report period, Hangzhou, Dalian, Qingdao and Huai'an factories have all passed the certification for ISO 9001 quality management system, and Hangzhou Factory has also passed the certification for IATF 16949:2016 automotive industry quality management system.**



IATF 16949/ISO 9001 Quality Management System Certification

Lean Management

The Commercial Vehicle Division always adheres to the core concept of lean management, implements the lean production mode in the round, and regards the proposal improvement as an important means to drive continuous improvement and innovation. To further improve the efficiency of proposal improvement and employee engagement, we have developed the proposal improvement OA process that simplifies the steps of proposal submission and approval, making the feedback and implementation of proposals more efficient and transparent. In 2023, there were 1,014 proposals for improvement for the 6 factories of the Commercial Vehicle Division.

Furthermore, the Division continuously optimizes the operation process by analyzing every step of the production, identifying potential waste and inefficiency, promoting standardized operations, and making the production more visible and standardized, so as to eliminate bottlenecks and improve production efficiency. For example, Hangzhou Factory has significantly improved production efficiency through coating process optimization and removal-free C8BB front bumper optimization.



Coating process optimization

According to the plan of the Process Department, floating coat is required to be painted twice, baked twice and polished once, which is cumbersome and costly. After analysis and actual vehicle verification, it is found that the floating coat can meet the quality requirements with only "painting once and baking once" after conducting defect detection and repair conducted in advance, cleaning floating coat, and adjusting and optimizing auxiliary painting materials and spraying methods. The overall efficiency of the coating operation has been improved by about 15%.



Removal-free C8BB front bumper optimization

In the original process, the front bumper of the C8BB model was removed in the laminating process in coating workshop after adjusted and assembled in welding workshop, and then mounted back to the body in the accessory painting process in final assembly workshop. According to this process, the bumper is easy to be mixed and deformed, and it is difficult for employees to assemble it again, failing to meet the requirements of final assembly. Therefore, it was necessary to adjust and mount it again in the welding workshop, and repair it in the coating workshop, leading to high cost and low efficiency. After investigating the workshops of previous and next processes and verifying with actual vehicle, it was found that after such adjustments as pre-spraying black on the back of the bumper, spraying black on the gaps of the bumper, and spraying wax in the anti-rust waxing process, the front bumper could be assembled in one go without the need for secondary disassembly and assembly, improving the efficiency by about 50%.

In order to further enhance production capacity, we actively introduce leading high-tech production equipment at home and abroad, allowing the Division to maintain a leading position in the industry in terms of technology and performance. At the end of November 2023, the Commercial Vehicle Division actively caught up with leading domestic and foreign enterprises, investigated advanced equipment and supporting facilities in the industry, developed and introduced various non-standard equipment and facilities in batches, successfully completed the development, installation and commissioning of 178 sets of equipment in 28 categories of trucks and buses, and gradually put them into service.



Introduction of small polishing machines

In May 2023, the coating workshop of Qingdao Factory introduced small polishing machines for the first time and used them to polish the edges and grooves of the skin, instead of manual polishing in the previous period. The device is applicable to all orders, greatly improving the efficiency of pre-treatment, poly-putty base polishing and floating coat polishing, saving 2 working hours for a single vehicle.



Introduction of air pump boosting device

In October 2023, the chassis workshop of Qingdao Factory introduced air pump boosting device, successfully solving the bottleneck problem of brake system commissioning station in checking the tightness of air storage system. The brake commissioning efficiency was improved by 25% and the production capacity was increased to 8 units per day.

Customer Services

The Commercial Vehicle Division fully implements the Group's concept of "sincere service", and standardizes the handling time requirements and settlement standards for each type of complaint according to the *Management Procedures for After-sales Complaint of BYD Auto*, so as to continuously improve the complaint handling capability and efficiency and further enhance the reputation of the commercial vehicle brand and after-sales service.

In 2023, in order to solve customer complaints in a timely and effective manner, the Commercial Vehicle Division proposed to build a new independent intelligent customer service system which could issue customer complaint tasks to regional after-sales service department, in order to improve the efficient processing and real-time follow-up of customer complaints. The system was developed and officially put into service in July 2023. On the one hand, it provides customers with 400 hotlines and online customer service channels. On the other hand, it can guarantee the use of functions such as customer service phone distribution, service record, recording quality inspection, regional request designating, and record export.

After-sales Services

The Division always puts consumer safety and product quality first. To ensure the effective and standardized treatment of defective vehicles, we have formulated the *Control Procedure for Defective Vehicle Recall of BYD Auto* to strengthen the management for recalling defective automotive products, and eliminate the risks posed by defective automotive products to the personal and property safety of users and the public in strict accordance with the *Regulation on the Administration of the Recall of Defective Auto Products*, the *Measures for the Implementation of the Regulation on the Administration of the Recall of Defective Auto Products* and other relevant laws and regulations, as well as other requirements of the operating location. We have made clear regulations on information filing, establishment and maintenance of information databases at all stages, recall conditions, domestic recalls (recall information confirmation, active recall, and instructed recall), and overseas auto product recalls, so as to strictly control the quality of auto products. **In 2023, there were no product recalls in the Division.**

Case Cooperation Project of Schipol Airport in the Netherlands

By 2024, BYD has provided comprehensive after-sales service for 35 electric buses at Schipol Airport in the Netherlands for ten years. BYD has not only ensured the efficient and safe operation of the short-distance shuttle buses at Schipol Airport, but also significantly improved the airport's traffic management and passenger satisfaction. It also helps Schiphol Airport to reduce GHG emissions and improve the surrounding air quality, marking an important milestone for both companies in the field of sustainable transport and green airport development.

Running in an in-depth after-sales service model, BYD provides valuable experience and reference for other airports and transit hubs around the world. In the future cooperation, both parties will continue to deepen the cooperation on after-sales services and explore more innovative service models to jointly promote the development of global green transport.

Customer Training

In the modern business society, customer training has become one of the important ways to communicate and interact with customers. In order to improve customer satisfaction and promote the sustainable development, the Commercial Vehicle Division provides special training as per customer needs. Up to now, it has conducted more than 1,720 training sessions. In 2023, a total of nearly 200 people were trained throughout the year, strengthening customers' knowledge of vehicle use precautions, daily maintenance, emergency treatment, etc.



Training on EIC System Inspection and Maintenance of BYD Pure Electric Vehicle

Win-Win Cooperation

Development of Industry Standards

The Commercial Vehicle Division always adheres to the concept of joint development of the industry, gives full play to its positive value and brand influence, and actively participates in the development of industry standards. In 2023, the Division participated in the preparation of 14 industry standards, including 1 international standard, 4 national standards, 6 industry standards and 3 group standards, among which the transportation industry standard *Requirements and Test Methods of Electromagnetic Compatibility for Electric Bus* was successfully approved.

Technical Exchange

The Division attaches great importance to technical exchanges and actively promotes internal and external communication and cooperation. Internally, we regularly hold technical exchange meetings to promote collaboration and knowledge sharing among departments and to stimulate employees' innovative thinking and technological potential. Externally, we actively participate in industry conferences and exhibitions, establish close cooperation with universities and research institutions, and assimilate the latest scientific research achievements and cutting-edge technologies. We also engage in deep cooperation with leading technology enterprises, share the best practices and advanced experience, and jointly promote technological progress.

Case Exchange Meeting on Quality Issues

On March 9, 2023, due to the quality problems with brake products, the Commercial Vehicle Division invited ZF, the Commercial Vehicle Research Institute and the Quality Department to conduct an exchange seminar on the problems and solutions. The parties held discussions according to the theme of this meeting. Through discussion, all parties reached a basic consensus and identified the cause of the problem. ZF responded positively, coordinated the resources from all parties urgently, and proposed and completed temporary and long-term solutions.



Technical Exchange Site

Case Technical Exchange Meeting between Commercial Vehicle & Pangang Group

On June 8, 2023, in order to draw lessons from mutual experience, develop new work ideas, and promote the sustainable and healthy development of the enterprise, the representatives from Pangang Group exchanged ideas and experience with the experts of BYD Commercial Vehicle Division, Commercial Vehicle Research Institute and Quality Department in the Multifunctional Hall 2 of BYD Concierge Building in Pingshan. At the exchange meeting, Pangang gave a comprehensive introduction to its products, with a focus on the application of its high-strength and lightweight products in commercial vehicles, the advantages of its thermoformed steel products, and the analysis of its EVI application technology and typical cases. After this technical exchange meeting, both parties understood each other better, opened up their horizons and broadened thinking. Both parties agreed to continually exchange and learn from experience, further clarify their ideas, deepen partnership, and work together to make a fresh progress of "strong combination and win-win development".



Group Photo

Case Exchange Meeting on Drive Motor Technology

On September 7, 2023, in order to promote the development and application of drive motors, facilitate technical integration between the R&D team and the suppliers, and effectively carry out business operations, Wolong ZF Automotive E-Motors Co., Ltd. was invited to conduct technical exchanges with relevant technical and business personnel from the Commercial Vehicle Division and the Commercial Vehicle Research Institute. The General Manager of the Commercial Vehicle Division led the R&D team and business team to hold business talks and technical exchanges with Wolong's CEO in Senguangyuan Smart Park. After this technical exchange meeting, both parties reached a consensus, understood mutual demand, and identified a clearer direction for future cooperation.



Business Talks

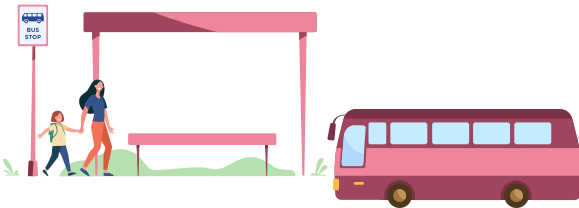


Communication and Q&A Session on Site



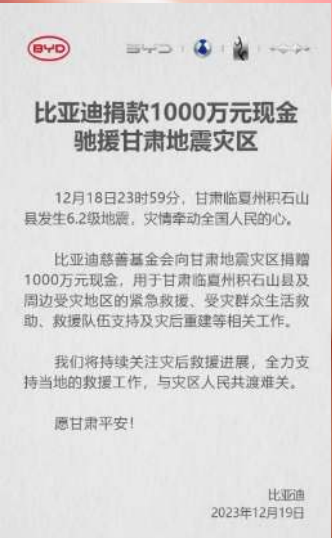
Warmth Transmission

Creating a Harmonious Society



In 2010, BYD donated funds to set up a national non-public charitable organization - BYD Charity Foundation with a purpose of "assuming social responsibility and creating a better life" and a concept of "starting with love and making change more powerful". Since its establishment, the Foundation has been committed to helping impoverished areas with technology, applying technological products in disaster relief, supporting educational development, and assisting vulnerable groups.

SDGs



Under the unified leadership of the Group, the Commercial Vehicle Division actively fulfills social responsibilities, and actively creates economic benefits for the society while participating in public welfare and charity undertakings, creating social value and contributing to the construction of a harmonious and beautiful society.

On December 18, 2023, a magnitude 6.2 earthquake struck Jishishan, Linxia Prefecture, Gansu Province, which touched the hearts of people all over the country. BYD Charity Foundation donated CNY 10 million in cash immediately to the earthquake-stricken areas in Gansu Province for emergency rescue, living aid for the affected people, support for the rescue team and post-disaster reconstruction in Jishishan County and surrounding affected areas, Linxia Prefecture, Gansu Province.

Education is the foundation of a country, and talents need to be cultivated through education. The Division actively participates in BYD's public welfare programs such as student aid, scholarship, and improvement of educational facilities, helping the country cultivate more high-quality talents. In 2023, the BYD S&T talents Talent Cradle Program supported 147 students from junior high schools, senior high schools and universities in 12 provinces and cities.

Future Prospects

As a pioneer and leader in the global new energy vehicle industry, BYD took the lead in proposing the solution of "electrical applications for urban public transport" as early as 2010. BYD Commercial Vehicle, represented by electric bus, has sold its products to more than 70 countries and 400 cities around the world, including Amsterdam in the Netherlands, London in the United Kingdom, Tokyo in Japan, and Sao Paulo in Brazil. It has successfully delivered more than 80,000 electric buses to customers.

Looking back at our ESG practices in 2023, we have achieved significant results in environmental, social and governance, laying a solid foundation for the sustainable development of the Division.

In 2024, BYD Commercial Vehicle will continue to uphold the development concept of "taking technologies as the core and innovation as the foundation", put more investment in the ESG efforts, and contribute to the sustainable development of the Division and society.

In terms of environmental protection, we will continue to increase investment in research and development, and promote technological innovation and product upgrading. We will actively explore key technologies such as new battery, motor drive system and intelligent control system, so as to provide strong technical support for new energy commercial vehicles, offer more efficient, reliable and environment-friendly commercial vehicle products, meeting the global market demand for green travel.

In terms of social responsibility, we will participate in public welfare with a more diversified focus, focus on wider social groups, including disaster relief, natural disasters and other issues, and fulfill our corporate social responsibility by giving back to the society through donating funds, gifting materials, providing technical support, and producing employment positions.

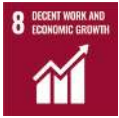
In terms of governance, we always adhere to the principle of standardized operation and honest management, establish perfect internal management systems and processes to strengthen internal management and risk control, make great efforts to develop corporate culture, provide employees with a good working environment and benefits, and promote the common growth of the enterprise and employees.

BYD Commercial Vehicle will continue to provide global partners with more environment-friendly and efficient public transport solutions with innovative technologies and high-quality products, work together to promote global green transformation, create a sustainable future, and achieve the goal of reducing the Earth's temperature by 1 °C.



Content Index

SDGs Content Index

Chapter	Our Actions	SDGs
Protection of Rights and Benefits Compensation & Benefits	◆ Sign employment contract with employees as per laws; in 2023, 100% of employees signed the employment contract; ◆ Set up various rewards such as performance bonus, commission, excellent performance award, excellent employee award, service seniority award, division assessment award, profit award, and equity incentives.	
Compensation & Benefits Creation of A Happy Workplace Occupational Health & Safety	◆ Provide employees with paid annual leave, sick leave, marriage leave, maternity leave and other types of leave; ◆ Provide employees with three meals a day, employee dormitory or housing subsidies, round-trip shuttle buses, car purchase benefits, official vehicle subsidy policy, free charging service in the park, and social medical insurance; ◆ Select a hospital with occupational health examination qualification to provide physical examination for employees; provide free personal protective equipment that meets national standards to employees in occupationally hazardous positions.	
Human Resource Development	◆ Set up a diversified training platform, makes full use of the internal and external training resources, and carry out hierarchical and categorized business training in an all-round way.	
Protection of Rights and Benefits	◆ Resolutely prohibit child labor and forced labor; respect employees of different nationalities, races, genders, religions and cultural backgrounds, and prohibit any forms of discrimination.	
Water Resource Management Wastewater Management	◆ Take multiple water-saving measures, such as recycling and reuse of cooling water and condensate from equipment; set the overflow return on the tanks in the cleaning line, reduce the overflow ports, and recycle the cleaning water. ◆ Regularly organize water conservation publicity and training; ◆ Establish a reclaimed water recycling system to reuse the treated wastewater for non-potable purposes in the park.	
Climate Change Response	◆ Upgrade the power supply for streetlights in the factory from power grid to solar power.	
Honors and QualificationsWarmth Transmission - Creating a Harmonious Society	◆ Actively engage in public charity activities, apply technological products in disaster relief, support educational development, and assist vulnerable groups.	

Chapter	Our Actions	SDGs
Message from General Manager	◆ Make great efforts to establish Huai'an Truck Smart Factory and promote green industry layout and technological innovation;	
Creation of A Happy Workplace	◆ Provide special protection for women during pregnancy, lactation and childbirth; regularly organize care activities for female employees, such as Women's Day activities	
Establishment of A Sustainable Supply ChainEnergy Management	◆ Emphasize the concept of electrical energy saving, and require employees to disconnect unnecessary power supplies in a timely manner ; ◆ Adhere to local purchasing, continually improve the safety of the supply chain, reduce the transport cost of logistics, and minimize the possible negative impact on the environment.	
Excellent Quality Customer Services	◆ Set up and implement practicable quality objectives to ensure the excellent quality of our products and services; in 2023, a total of 1,474 times were assessed for the quality targets of the Commercial Vehicle Division, with 1,347 times meeting the standards and an overall compliance rate of 91.38% ; ◆ Establish an internal audit program for the Division and conduct comprehensive quality system audits every six months; ◆ Establish a product recall procedure, strengthen the management for recalling defective automotive products, and eliminate the risks posed by defective automotive products to the personal and property safety of users and the public.	
Message from General Manager Climate Change Response	◆ As of the end of June 2024, BYD Commercial Vehicle accumulated a total global mileage of over 17.5 billion kilometers, reducing GHG emissions by over 18.95 million tons. ◆ Collect statistics on the GHG emissions of the factories, do a good job in the calculation and summary of the GHG emission indicators, and plan to introduce third-party institutions to carry out the verification of GHG inventories.	
Strengthening the Foundation with ESG Management Integrity Culture Construction	◆ Establish ESG Committee of Commercial Vehicle Division according to the development needs and set up the ESG Working Group which is responsible for comprehensively promoting and supervising the strategic implementation and goal achievement of the Division in the field of environmental, social and governance (ESG); ◆ Require employees to sign the Integrity Commitment Letter, aiming to clarify and strengthen their professional ethics and integrity behavioral norms. In November 2023, the employees of the Division signed the Letter of Integrity Commitment, with a signing rate of 100%.	
Establishment of A Sustainable Supply ChainTechnical Exchange	◆ Keep communication with suppliers through special exchange meeting, supplier exchange conferences, presentations at supplier site, daily online/offline exchanges, etc.; ◆ Provide systematic training for purchasers to broaden their professional knowledge reserves; in 2023, 100% of our purchasers were trained for sustainable purchasing; ◆ Regularly organize technical exchange meetings, such as exchange meeting on quality issues, and technical exchange meeting between Commercial Vehicle and Pangang Group.	

GRI Content Index

Content Index of GRI Standards 2021				
Statement of Use	Commercial Vehicle Division, BYD Auto Industry Co., Ltd. has reported the information cited in this GRI content index for the period from January 1, 2023, to December 31, 2023, with reference to the GRI Standards.			
GRI 1 Used	GRI 1: Foundation 2021			
Applicable GRI Sector Standard(s)	Non-Applicable GRI Sector Standard(s)			
GRI Standard	Disclosure	Chapters	Reason	Explanation
General Disclosures 2021				
The organization and its reporting practices	2-1 Organizational details	About the Report		
	2-2 Entities included in the organization's sustainability reporting	About the Report		
	2-3 Reporting period, frequency and contact point	About the Report		
	2.4 Restatements of information	/	Not Applicable	No information restated
	External assurance	Independen Assurance Statement		
Activities and Workers	2-6 Activities, value chain and other business relationships	About Us		
	2-7 Employees	Protection of Rights and Benefits		
Governance	2-9 Governance structure and composition	Governance System		
	2-11 Chair of the highest governance body	ESG Management		
	2-12 Role of the highest governance body in overseeing the management of impacts	ESG Management		
	2-19 Remuneration policies	Compensation & Benefits		
Strategic, policies, and practices	2-22 Statement on sustainable development strategy	ESG Management		
	2-23 Policy commitments	ESG Management		
	2-25 Processes to remediate negative impacts	Integrity Culture Construction		
	2-26 Mechanisms for seeking advice and raising concerns	Governance System		
	2-27 Compliance with laws and regulations	Integrity Culture Construction		
	2-28 Membership associations	Honors and Qualifications		
Stakeholder Engagement	2-29 Approach to stakeholder engagement	Communication with Stakeholders		
	2-30 Collective bargaining agreements	/	Not disclosed	
Material Topics				
Material Topics 2021	3-1 Process to determine material topics	Material Topics Analysis		
	3-2 List of material topics	Material Topics Analysis		
	3-3 Management of material topics	Material Topics Analysis		

GRI Standard	Disclosure	Chapters	Reason	Explanation
Thematic Topics				
GRI 201: Economic Performance 2016	201-3 Defined benefit plan obligations and other retirement plans	Creation of A Happy Workplace		
GRI 205: Anti-corruption 2016	205-1 Communication and training about anti-corruption policies and procedures	Integrity Culture Construction		
	205-2 Communication and training about anti-corruption policies and procedures	Integrity Culture Construction		
	205-3 Confirmed incidents of corruption and actions taken	Integrity Culture Construction		
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Trade Compliance		
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Energy Management		
	302-4 Reduction of energy consumption	Energy Management		
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Water Resource Management		
	303-2 Management of water discharge-related impacts	Water Resource Management		
	303-3 Water withdrawal	Water Resource Management		
	303-4 Water discharge	Water Resource Management		
	303-5 Water consumption	Water Resource Management		
GRI 305: Emissions 2016	305- 1 Direct (Scope 1) GHG emissions	Targets and Indicators		
	305-2 Energy indirect (Scope 2) GHG emissions	Targets and Indicators		
	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Waste Gas Management		
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Solid Waste Management		
	306-2 Management of significant waste-related impacts	Solid Waste Management		
	306-3 Waste generated	Solid Waste Management		
	306-5 Waste directed to disposal	Solid Waste Management		
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Establishment of A Sustainable Supply Chain		
	308-2 Negative environmental impacts in the supply chain and actions	Establishment of A Sustainable Supply Chain		

GRI Standard	Disclosure	Chapters	Reason	Explanation
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Equality and Diversity		
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Creation of A Happy Workplace		
	401-3 Parental leave	Creation of A Happy Workplace		
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Health and Safety Management		
	403-2 Hazard identification, risk assessment, and incident investigation	Workplace Safety Practice		
	403-3 Occupational health services	Health and Safety Management		
	403-4 Worker participation, consultation, and communication on occupational health and safety	Health and Safety Management		
	403-5 Worker training on occupational health and safety	Health and Safety Management Workplace Safety Practice		
	403-6 Promotion of worker health	Health and Safety Management		
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Health and Safety Management		
	403-8 Workers covered by an occupational health and safety management system	Health and Safety Management		
	403-10 Work-related ill health	Health and Safety Management		
GRI 404: Training and Education 2016	404-2 Programs for upgrading employee skills and transition assistance	Human Resource Development		
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Protection of Rights and Benefits		
GRI 406: Anti-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Protection of Rights and Benefits		
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Protection of Rights and Benefits		
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forces or compulsory labor	Protection of Rights and Benefits		
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Establishment of A Sustainable Supply Chain		
	414-2 Negative social impacts in the supply chain and actions taken	Establishment of A Sustainable Supply Chain		
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Information Security		

Verification Statement



INDEPENDENT ASSURANCE STATEMENT

To the BYD Auto Industry Co.,Ltd

Scope of Engagement

TÜV Rheinland was engaged by the BYD (Commercial Vehicle Division) to provide independent assurance on its sustainability performance disclosures related to 6 material topics disclosed in its in its Sustainability Report 2023, which prepared based on GRI Standards 2021 and UN SDGs for the reporting period 2023.

We carried out a type 2, moderate level of assurance engagement based Account Ability's AA1000 v3 which included review of application of Principles of Inclusivity, Materiality, Impact and Responsiveness along with reliability and accuracy of reported sustainability performance data for the 6 material topics presented in the print version of the report dated 13-09-2024. The engagement took place between 15st July to 30th August 2024.

ROLES AND RESPONSIBILITIES

BYD's Responsibility:

- Provide relevant data, information and documents.
- Provide clarification and additional information during engagement process.
- Address any findings, recommendations, or areas for improvement identified.

TÜV Rheinland Responsibility:

- Perform assurance engagements in accordance with AA1000 Assurance Principles.
- Ensure reliability, accuracy and completeness of report.
- Identify any material misstatements, errors, inconsistencies or omissions in the report.
- Ensure the report complies with applicable reporting standards, regulations and guidelines.
- Maintain independence and objectivity throughout the assurance engagement process.
- Issue an assurance report with independent opinions and statement of findings and conclusions.

SUBJECT MATTER

The subject matter of the assurance focused on the sustainability policies, practices, initiatives and performance of three pillars, Environment, Social and Governance. The selected material matters covered by our assurance engagement are Climate Change, Environmental Management, Equal Opportunity, Diversity and Inclusion, Human Rights, Talent Management, Suppliers Social Impact, Occupational Health and Safety, Governance and Business Ethics, Customer Privacy and Cyber Security.



METHODOLOGY

This engagement was carried out between 15st July to 30th August 2024.

The assurance procedures and principles used for this engagement are compliant with AA1000 and were drawn from a comprehensive approach developed by our Company, which consists of the following steps:

1. Identify statements and data sets, which are classified according to the relevant data owners and the type of evidence required for the verification process.
2. Carry out interviews with key functional managers and data owners from BYD to cross-check data points for accuracy. Enquiring about the quantitative and qualitative aspects of the Report disclosures, including performance information, policies, procedures and underlying management systems.
3. Conducting interviews with employees, management:
 - Review processes for identifying and mitigating ESG risks.
 - Review the transparency of disclosures, ensuring that significant ESG risks and opportunities are adequately disclosed.
 - Conduct interviews with a range of staff, from senior management to operational employees, to gain insights into the implementation and effectiveness of ESG initiatives.
4. Requesting evidence of the data sources and explanation of relevant collection and calculation methods to substantiate the figures and claims. This includes limited sampling of quantitative data to validate relevant sources and other supporting documents.
5. Review internal quality control, data traceability, and calculations testing.
6. Assess the collected information and provide recommendations for immediate correction where required or for future improvement to the Report content.

ADHERENCE TO AA1000AS PRINCIPLES

Inclusivity

BYD has a strong engagement with its key stakeholders, investors and funding institutions, customer, business partners, suppliers and vendors, employees and unions, government agencies and authorities, communities and media. Based on the evidence presented, it shows that engagement with customers and suppliers was stronger than for other key stakeholder groups. BYD has conducted two-way communication way to engage with stakeholders such as surveys, meetings, site visits, etc. BYD are also work closely with suppliers and contractors to address the climate concerns. Meanwhile, preliminary progress was made in the evaluation and analysis of their product life cycle assessment-EPD.

Materiality

BYD has a good methodology to come out with their materiality matters. Their material topics have been identified by the "BYD Carbon Emission Control Committee" through an in- depth analysis of environmental, social and governance issues with a series of identification process (identify, prioritise and integration). We have observed that BYD's policies and operating procedures are aligned with its material topics, and regulatory compliance is monitored to identify any risks.



Responsiveness

BYD is responsible for the preparation, collation and reporting of qualitative and quantitative data and reporting materials. They also attempt to respond to all stakeholder feedback received and has implemented a formal tracking system to assist in prioritizing issues, identifying trends, and monitoring progress. The response activities undertaken following stakeholder communication depend on the complexity and potential impact of each sustainability concern.

While BYD has disclosed their efforts in improvement towards GHG emissions reduction activities (The factory of the commercial car Hangzhou and the Qingdao factory have transformed the street lamps of the factory, and the power supply of the original 86 lamps is upgraded by the power grid Solar power, which reduced electricity consumption.)

Impact

In order to decrease BYD's impact on the environment, BYD publishes information on the identified material topics and materiality matrix, and its response to the material topics in its 2023 ESG Report. Given the priority placed on Emissions Management, current disclosures in the 2023 ESG Report are short-medium term emission reduction targets. The sustainability team is currently exploring next steps in formalizing a net zero ambition and action plan in the next financial year.

LIMITATION

Due to time constraints, certain stakeholder questioners are not analyzed and thoroughly assessed for their impacts and responses during the assurance engagement. Furthermore, our engagement is not designed to detect all weaknesses in the internal controls over the preparation of the report as the procedures performed were taken on a test basis. Our engagement was not designed test, verify or audit the completeness and accuracy of system outputs from the client.

COMPETENCIES AND CAPABILITIES

TÜV Rheinland adheres to a strict independence policy, maintaining independence as required by relevant ethical standards. This engagement work was carried out by an independent team of sustainability assurance professionals. Our company did not provide any services to BYD before that could compromise the independence or impartiality of our work. Our multi-disciplinary team consisted of professionals with a combination of environmental and sustainability assurance experience.

Name of assurance provider:

Place: Beijing, China

Date: 11st Sep 2024



Feedback Form

Dear Readers,

Hello!

Thank you very much for reading the Report. To provide more valuable information to you and other stakeholders and effectively promote the sustainable development of the Division, we sincerely look forward to your comments and suggestions.

Choice Questions: (Please check the corresponding box)

1.For the Commercial Vehicle Division, BYD Auto Industry Co., Ltd., you are:

☐ Employee ☐ Consumer ☐ Supplier ☐ Supervisory Agency ☐ Medium ☐ Others (please specify)

2.Your overall impression of the Report is:

☐ Very Good ☐ Good ☐ Average ☐ Poor ☐ Very Poor

3.In your opinion, the quality of CSR information disclosed in the Report is:

☐ Very High ☐ High ☐ Average ☐ Low ☐ Very Low

4.In your opinion, the report structure is:

☐ Very Reasonable ☐ Reasonable ☐ Average ☐ Poor ☐ Very Poor

5.In your opinion, the format design and presentation of the Report is:

☐ Very Good ☐ Good ☐ Average ☐ Poor ☐ Very Poor

Open-ended Questions:

Please give your valuable feedback and suggestions on the 2023 Sustainable Development Report of Commercial Vehicle Division, BYD Auto Industry Co., Ltd.:



Green creates a better life

Commercial Vehicle Division, BYD Auto Industry Co., Ltd.

Email: sycyunying@byd.com