

August 2nd, 2010

To: Micheal Austin,  
Vice President,  
BYD America,

CC: Wang Chuanfu  
CEO  
BYD Company Limited

Dear Mr. Austin,,

Firstly, we appreciate that you have carried out a review of the BYD Factory and consulted with your Procurement Teams regarding this issue. We are pleased to hear of the positive work BYD is undertaking to improve the environmental performance of suppliers and we are keen to give companies the necessary space to comprehensively work through issues in an effective manner.

1. After reading your most recent letter we remain curious as to whether the suppliers in our previous correspondence were indeed your suppliers.

Would it be possible for BYD to confirm with us any violations committed by any suppliers and any corrective actions which were taken to remedy incidents which occurred?

We are checking on this because we believe openness and transparency ultimately leads to clarity and honesty in business operations. Not only would a published document which is open to public scrutiny be more convincing than an in-house review, but increased transparency often results in creating effective incentives for business to adhere to current regulations and to take appropriate preventative actions.

Therefore we would like to inquire if BYD is planning to make the findings of their review publicly known in a hope to increase transparency in environmental disclosure?

2. We have noted from your previous letter that you made efforts to avail of our online databases to make checks on your suppliers environmental performance. We are grateful to you for taking these steps. Quite a few large corporations such as Wal-mart, GE, NIKE, Esquel and Unilever frequently use our site to track the compliance records of their suppliers in China.

We understand your colleagues' hope for our website to provide information with higher clarity and to be updated more frequently. Please note that in the period 2009 - 2010 alone, records of environmental violation exceeded 15,000 within our air and water pollution databases. We believe that such a vast number of infraction records, though still far from being complete due to the

gaps in government disclosure and in our own capability in data search, deserves attention from any stakeholders who care about pollution control. Therefore, I hope the existing gaps would not prevent BYD from taking advantage of the government sourced infraction records in its supply chain management.

We will double our efforts to meet the rising demand for environmental transparency by users of our public-interest database, including key corporate users. Meanwhile, we believe that it is up to the corporations to update the public about their environmental performance. We hope BYD will join the efforts by encouraging its suppliers, especially those with violations records, to keep the public informed about their corrective actions and follow-up monitoring data with their corporate disclosure. We are more than happy to assist in this process.

3. We welcome any suggestions/comments on our database.

Regarding your suggestions for a weekly or monthly published excel spreadsheet, this will be a feature of our new website which will be operational within the coming two months. In saying this, we would like to point out that the current situation does not stop many other brands from using the data to enhance supply chain management. May we suggest that your colleagues who encountered difficulties in using our site to contact us directly at our Beijing office: 8610-67189470 so that we could help find a solution.

We appreciate your attention and we look forward to your response.

Best Regards,

Ma Jun

Institute of Public and Environmental Affairs