

# **BYD — From Battery Maker to Global EV Leader**

## **Case Overview**

BYD (Build Your Dreams) is one of China's most prominent examples of how sustainability, industrial policy, and corporate strategy can align to create global competitive advantage.

Founded in 1995 as a rechargeable battery manufacturer, BYD has transformed itself into one of the world's leading electric vehicle (EV) and clean energy companies. Its evolution illustrates how Asian firms can convert climate pressure, policy signals, and supply chain control into long-term strategic positioning rather than treating sustainability as a compliance exercise.

By the early 2020s, BYD had overtaken several Western automakers in EV sales and expanded aggressively into international markets, including Europe, Southeast Asia, and Latin America. Yet its rise also raises critical governance, geopolitical, and execution questions that investors, executives, and policymakers must grapple with.

## **Company and Market Context**

China's rapid industrialization and severe environmental challenges have made decarbonization a national priority. As discussed in the book, China's sustainability model is characterized by centralized policy ambition combined with uneven execution. In this environment, firms that align early with state priorities often gain access to capital, scale and regulatory support.

BYD benefited from this context. Its origins in battery manufacturing gave it early expertise in energy storage—an increasingly strategic capability as China pushed electrification across transport, energy, and urban infrastructure. Unlike many traditional automakers, BYD pursued vertical integration, producing batteries, power electronics, and vehicles largely in-house. This strategy reduced supply-chain risk and allowed tighter control over cost, quality, and emissions.

At the same time, China's climate vulnerability and pollution challenges accelerated demand for EVs, while government incentives supported rapid market adoption. BYD's ability to respond at scale positioned it as both a commercial winner and a policy-aligned national champion.

## The Strategic Sustainability Challenge

BYD's sustainability strategy is not limited to producing "green" products. Its competitive advantage rests on three interlinked dimensions:

- **Environmental:** EVs, battery innovation, and reduced lifecycle emissions
- **Industrial:** Vertical integration and domestic supply-chain resilience
- **Strategic:** Alignment with China's long-term decarbonization and industrial policy goals

However, this model also introduces challenges. Heavy reliance on domestic policy support raises questions about resilience in overseas markets with different regulatory expectations. Rapid expansion strains governance systems, labor practices, and transparency. For global investors, BYD's success forces a reassessment of how sustainability performance should be evaluated in contexts where the state plays a central role.

## **Decision Point**

By the mid-2020s, BYD faces a pivotal question:

**Can the company translate a China-centric, policy-aligned sustainability model into a globally credible governance and ESG framework—without losing the advantages that fueled its rise?**

Executives must decide how much to adapt governance, disclosure, and stakeholder engagement for international markets. Investors must assess whether BYD's sustainability leadership represents durable long-term value or is overly dependent on domestic conditions. Policymakers and competitors watch closely, as BYD's trajectory may foreshadow the future shape of global clean-tech competition.

## **Learning Objectives**

After discussing this case, students should be able to:

1. Understand how sustainability can function as a strategic growth driver, not just a risk-management tool
2. Analyze the interaction between industrial policy and corporate ESG performance in China
3. Evaluate the benefits and risks of vertical integration in sustainability-driven industries
4. Assess how investors should interpret ESG leadership in state-influenced market systems
5. Compare Asian and Western pathways to clean-technology leadership

## **Discussion Questions**

1. To what extent is BYD's success driven by sustainability strategy versus industrial policy alignment?
2. How does BYD's vertically integrated model strengthen—and potentially weaken—its ESG profile?
3. What governance and disclosure challenges might BYD face as it expands into Europe and other developed markets?
4. How should global investors assess sustainability leadership in companies operating within state-directed economic systems?
5. Can BYD's model be replicated in other Asian markets, or is it uniquely Chinese?