

Basant Motors Ltd.

2023 Report under the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*

May 31, 2024

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Background

As a vital part of the retail industry, car dealerships play a crucial role in the supply chain. Bill S-211, the Fighting Against Forced Labour and Child Labour in Supply Chains Act, and its amendments to the Customs Tariff, have significant implications for businesses across various sectors, including car dealerships. This report examines the impact of the Act on Basant Motors, highlighting key provisions and considerations. This is the first version of the report submitted by Basant Motors Ltd.

Based on the Act, there are eight mandatory areas that must be reported:

1. The steps the entity has taken during its previous financial year to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods in Canada or elsewhere by the entity or of goods imported into Canada by the entity.
2. Its structure, activities, and supply chain(s).
3. Its policies and due diligence processes in relation to forced labour and child labour.
4. The parts of its business(es) and supply chain(s) that carry a risk of forced labour or child labour being used and the steps it has taken to assess and manage that risk.
5. Any measures taken to remediate any forced labour or child labour.
6. Any measures taken to remediate the loss of income to the most vulnerable families that results from any measure taken to eliminate the use of forced labour or child labour in its activities and supply chains.
7. The training provided to employees on forced labour and child labour.
8. How the entity assesses its effectiveness in ensuring that forced labour and child labour are not being used in its business(es) and supply chain(s).

1. Steps Taken By Entity

Basant Motors business and supply chains have several areas that may carry a risk of forced labour or child labour, as do all second-hand car dealerships. Some potential points of concern identified by us are as follows:

1. **Supply chain for car parts:** Many components of a vehicle, such as the electronics, tires, engine parts, are manufactured by suppliers across the globe. These suppliers may contract work to factories or regions where forced labour or child labour may occur.
2. **Mining and Raw Material Sourcing:** Many minerals and raw materials, such as cobalt, rubber and metals, are often mined in regions where there have been reports of forced labour or child labour.
3. **Transportation and Logistics:** The transportation of vehicles and parts across borders may involve subcontractors or third-party logistics providers who exploit workers, especially if they operate in regions with lax labour laws.

Basant Motors has adopted a comprehensive approach to assessing and managing such risks as mentioned above:

1. **Supply Chain Mapping:** Basant Motors has tried to identify all levels of our supply chains, including suppliers of car parts, materials, and transportation services. Attempting to understand the full scope aids us in conducting a risk assessment to identify any high-risk areas within the supply chain.
2. **Supplier Due Diligence:** Implementing a robust due diligence procedure for selecting and monitoring suppliers allows us to ensure suppliers are compliant with all Canadian Labour Laws.
3. **Audits and Monitoring:** Regular audits of suppliers ensure compliance with labour laws and identify any instance of forced labour or child labour. This includes site visits and regular reviews of suppliers.
4. **Continuous Improvement:** We regularly review and update our policies, procedures, and practices in addressing forced labour and child labour. This allows us to monitor the effectiveness of risk management and adjust as needed.

2. Structure, Activities and Supply Chains

Basant Motors is a second-hand car dealership, providing services varying from selling of vehicles, servicing and maintenance of vehicles and financing options. As most second-hand dealerships, Basant Motors has a thorough structure aimed at efficiently managing the services, along with customer service and administrative tasks. An outline of our structure follows:

1. Ownership and Management:
 - a. Basant Motors is comprised of a team of management responsible for overseeing the dealership's operations. The team includes an Owner, General Manager, Operations Manager, Sales Manager and Service Manager. This team makes all strategic decisions, sets goals, and ensures the dealership is running smoothly.
2. Sales Department:
 - a. Sales Manager is in charge of overseeing the sales team, setting targets and monitoring performance.
 - b. Operations Manager oversees marketing, advertising campaigns, procuring inventory, listings and providing support to the sales team as needed.
 - c. Sales Representatives are responsible for interacting with customers, showcasing vehicles, procuring credit applications if needed, managing online inquiries, negotiating sales and after-sales follow-up.
 - d. Finance Managers provide finance options to customers, including loans, leasing or cash sales.
3. Inventory Management
 - a. Operations manager oversees the procurement, organization and listing of vehicles.
 - b. Service Manager is responsible for storage, inspection, and maintenance of vehicles.
 - c. Mechanics/Technicians inspect and recondition vehicles before they are listed for sale. They are also responsible for servicing vehicles and fixing any vehicular issues customers may have after the sale.
 - d. Detailers clean and prepare vehicles for showcasing, and refreshing vehicle before it is driven off lot by customer after a sale.
 - e. Lot Attendants maintain organization and cleanliness of car lot.
4. Customer Service

- a. Sales Representatives handle inquiries, schedule test drives and address customer concerns.
- b. Service Department provide post-sales services including maintenance, repairs and warranty work.
5. Administrative Department
 - a. Accounting Department is responsible for financial transactions, payroll, accounts payable and receivable, and taxes.
 - b. Human Resources Department oversees hiring, training, employee benefits and compliance with Canadian labour laws.
6. Support Staff
 - a. Receptionists perform administrative tasks, manage phone calls, and greet customers.

3. Policies & Due Diligence

Ensuring we are not involved in forced and/or child labour requires thorough due diligence processes. Some steps Basant Motors has taken are outlined as follows:

1. Screening of vehicle sources including auctions, retail fleets, and other sources of used vehicles. We also assess the reputation and credibility of suppliers to ensure they adhere to ethical labour practices.
2. Due Diligence of suppliers' facilities have ensured we are satisfied with compliance with labour laws and identify any potential issues related to forced labour and child labour. This includes physically attending auction venues and inspecting the venue, and meeting with sales representatives for other sources of vehicles to ensure they are being compliant.
3. Transparency in the supply chain is vital. One way to attain full transparency is to map out the entire chain from vehicle sourcing to sale. Pulling carproofs, checking VINs, ensuring the source of the vehicle is one of our vetted sources are also mapped out. This helps to identify any intermediaries or subcontractors involved and allows for better monitoring of labour practices at each step.
4. Another due diligence process is vehicle inspection. During the inspection, we are looking for any signs that the vehicle may have been obtained through forced labour or child labour. This includes checking for irregularities in ownership documentation or discrepancies in vehicle history.

4. Risk Assessment

Basant Motors supply chain involves the processes and channels through which vehicles are procured, inspected, reconditioned, stocked and ultimately sold to customers. An overview of components of our supply chain is as follows:

1. Vehicle Sourcing (approximately 75% of our spending)
 - a. Trade Ins: Some customers may trade in their old vehicles when purchasing a new one.
 - b. Auctions: Basant Motors will buy vehicles from wholesale auctions where cars from various sources, such as rental fleets, lease returns, dealership vehicles, and/or repossessions are sold.
 - c. Direct Purchases: We also purchase from other dealerships and rental companies directly.
 - d. Based on our experience, we would consider these sources lower risk as all sources used are reputable suppliers or manufacturers. We are not directly importing any of the vehicles from problematic countries, as they have been imported, vetted and sold before reaching us. As we are directly sourcing vehicles from reputable manufacturers or certified wholesalers, the risk might be lower as these entities typically have stricter labor standards.
2. Inspection and Reconditioning occurs after a vehicle is acquired to ensure they meet quality standards. This includes:
 - a. Mechanical Inspection: Certified Technicians inspect all mechanical components of the vehicle for any issues.
 - b. Cosmetic Inspection is completed by detailers to determine if there any scratches, dents, or interior damage.
 - c. Reconditioning: Necessary repairs or maintenance tasks are performed to bring the vehicle up to grade. This includes servicing, replacing worn parts, and/or detailing.
 - d. We consider this as a low risk of utilizing forced labour or child labour, as we have a robust supplier screening processes, primarily deals with reputable suppliers or manufacturers.
3. Inventory Management
 - a. Organizing: Vehicles are arranged on the lot or in showroom displays to maximize interest and inquiries
 - b. Tracking: Software is used to track every vehicle's detail, including Vehicle Identification Number (VIN), mileage, condition, any accidents or out of province registration, and reconditioning, pricing and status.

- c. This is all done in our dealership and by employees we have vetted and ensure no forced or child labour is utilized.
- 4. Marketing and Sales Campaigns are utilized to attract customers and facilitate sales. (Approximately 15% of spending)
 - a. Advertising is done through print, digital and social media channels to promote inventory and special offers.
 - b. Test Drives are offered to all customers to experience and inspect vehicle firsthand.
 - c. Negotiations are facilitated through sales representatives with customers to finalize sales terms and pricing.
 - d. Finance and Documentation is facilitated through finance managers to provide financing options and completing necessary paperwork for vehicle purchase.
 - e. This is all done in our dealership and by employees we have vetted and ensure no forced or child labour is utilized.
- 5. Supplier Relationships (Approximately 10% of spending)
 - a. Basant Motors has relationships with various suppliers for parts, accessories, detailing products, and other materials required for inspection, reconditioning and maintenance processes. Certain parts may be imported out of Canada by our suppliers' suppliers.
 - b. This is an area identified as medium risk. Although we only utilize reputable suppliers who adhere to strict labour laws and have performed due diligence on suppliers, certain parts from our suppliers may be manufactured out of country. Those supply chains for our suppliers may pose a higher risk to them.

5. Remediation – Forced & Child Labor

Through our steadfast commitment to continuous monitoring and diligent audits, we remain vigilant in identifying and addressing any potential instances of forced labour and child labour within our operations. Basant Motors is pleased to report that we have not encountered any such instances, a testament to our unwavering dedication to ethical business practices.

6. Remediation- Vulnerable Family Income Loss

As noted above, there have been no instances identified by Basant Motors Ltd. of forced labour or child labour. As such, remediation does not apply.

7. Awareness Training

Basant Motors will develop a training program on identifying, assessing and responding to risks associated with forced labour and child labour within Basant Motor's operations and supply chains. The first line of training will be to understand what forced labour and child labour are, and the various forms these abuses can take. Next will be to train employees to recognize potential indicators of force labour and child labour within our operations and supply chains. If any potential indicators are recognized, there will be clear guidance on who to report to without any potential blowback.

Another important component of training will be to ensure there is a culture of ethical decision-making. Hand in hand with an ethical environment is educating employees to cultural sensitivity and diversity, including cultural differences and social contexts that may influence perceptions and experiences of forced labour and child labour. Developing and maintaining a respectful and inclusive workplace that values diversity and human rights will be part of our training guidelines.

8. Ensuring Effectiveness of Processes

On May 31, 2024, Basant Motors Ltd. completed and reported the initial assessment of Bill S-211, and remains committed to ongoing reviews of the processes, policies, and practices, including the assessment of our suppliers. This commitment is aimed at aligning with industry best practices and mitigating the risks related to forced labor and child labor.

Basant Motors assesses its effectiveness in ensuring that forced labour and child labour are not being used in its business and supply chains by conducting regular monitoring and audits. On-site visits, document reviews, and open communication with workers all aim to ensure compliance with labour standards and identify any signs of forced labour and child labour.


Basant Motors has identified the opportunity to implement a clause within new supplier agreements, clearly stating our zero-tolerance for forced labour or child labour.

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Baldev Bath

Owner
May 31, 2024

I have the authority to bind Basant Motors.

A handwritten signature in black ink, appearing to read "Baldev Bath", is written over a horizontal line. The signature is stylized and cursive.