



Leveraging Altana for Next-Level CTPAT Application: *A Case Study of a U.S. Importer*

Importance of CTPAT in Trade and Customs

CTPAT (Customs-Trade Partnership Against Terrorism) is a voluntary program created by U.S. Customs and Border Protection (CBP) that partners with companies to strengthen supply chains and secure national borders. Members benefit from faster cargo clearance, lower costs, and logistics predictability in exchange for collaborating on security measures. Today, more than 11,400 certified partners spanning the trade community have increased national security while facilitating smoother trade flow.

Overview of Importer

The U.S. importer operates in 55 countries and reports sales of 12 billion dollars. Their business is composed of three complementary segments dedicated to Specialty Materials - Adhesive Solutions, Advanced Materials, and Coating Solutions, and an Intermediates segment leveraging competitive and global product lines.

Like many U.S. importers, this company desired to pursue CTPAT participation to demonstrate commitment to secure its international supply chains against terrorism and forced labor. Joining CTPAT would unlock significant benefits for the importer:

- ▶ Fewer business disruptions and the ability to plan and predict logistics
- ▶ Fewer CBP examinations for reduced overhead and lowered inspection costs
- ▶ Front-of-the-line inspections and shorter wait times at the border to improve delivery times and inventory management
- ▶ Access to the Free and Secure Trade (FAST) Lanes at the land border

Challenges Faced by Importer in Complying with CTPAT Requirements

For many companies, securing CTPAT certification presents challenges. Many importers have no visibility beyond their Tier 1 suppliers, leaving them exposed to risks across their network. Compliance processes dependent on manual methods across teams slow down progress and efficiency. Last, implementing the necessary changes to achieve CTPAT readiness is complex.

The company faced common challenges in meeting the Minimum Security Criteria in the following ways:

- ▶ Customs and export managers did not have visibility into supplier tiers, nor a way to identify and address forced labor exposure in their supply chain
- ▶ Creating a UFLPA plan with proper documentation required overhauling existing processes across the organization
- ▶ Submitting for CTPAT certification required changes to supplier relationships and contracts that could end contractual obligations



To become a CTPAT member:

- ▶ Ensure your company meets the CTPAT Minimum Security Criteria for its business entity to determine eligibility
- ▶ Identify trusted import partners who have compliant supply chain security procedures and controls
- ▶ Develop processes designed to proactively monitor your n-tier network of supplier relationships against CTPAT requirements
- ▶ Submit an online application along with your risk-assessment reports

CBP reviews your application and conducts a validation visit to verify your compliance practices. Upon successful completion, your company will be validated into the CTPAT program for a year.

How Altana Helped

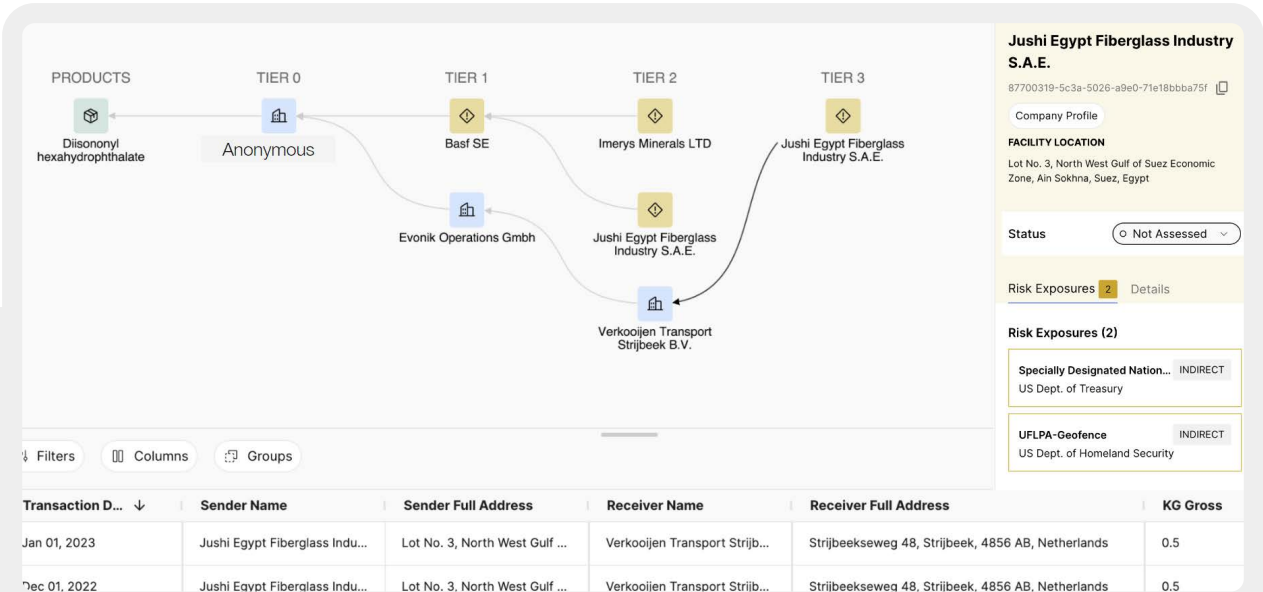
The company embarked on a journey towards CTPAT preparedness through a multi-step process driven by Altana’s Atlas.

The Altana Atlas enabled the importer to see forced labor exposures deep in their value chains, scaled across the company’s finished goods, and illuminated the sub-tier network of suppliers involved in their creation.

Without Altana’s AI-based approach, a customs and export manager for a global enterprise could not access supplier tiers dynamically and at scale. The importer also had at their fingertips high-fidelity transaction data combined with corporate ownership structures. This allowed the company to identify and trace relationships that were inherited by doing business with certain entities.

First, the company began by selecting 54 high-risk suppliers based on geography and products identified to investigate in the Altana Atlas, such as suppliers based in China or suppliers making fluorinated chemicals. Altana then built product-level value chains for these suppliers using the Atlas’s facility-level transaction data and the customer’s product input data.

Using the Altana Atlas, the compliance team could see network diagrams backed by shipment data, detailing the actual transformation of goods across tiers of their supply chain. This included what the goods were, where they came from, and who was sending them.



This increased the sub-tier visibility of the compliance team to include 299 previously unknown Tier 2 suppliers, 1,345 Tier 3 suppliers, and 4,114 Tier 4 suppliers providing them with unprecedented visibility.

Through the build of these value chains, Altana identified over 50 high-risk connections to potential forced labor. With those insights, the team evaluated every single exposure. They contacted suppliers to validate their traceability exercises. They divested from suppliers who were using forced labor. They made all of these decisions based on data they found in the analysis of the Altana Atlas. Insights that a day before they had yet to learn were impacting their business compliance and security. **This resulted in a 100% reduction in risks identified by Altana.**

This data-driven approach became the new norm for the compliance team's process for screening suppliers. Every time they needed to offload from one supplier to another, produce a new product, or change sourcing strategies, they qualified every supplier using the Altana Atlas. They measured suppliers based on cost, forced labor, capacity, and more. The company went from screening zero suppliers a year to over 500.

This newfound visibility streamlined their CTPAT application. With accurate data, the company could confidently demonstrate its robust multi-tier supplier vetting process, risk mitigation strategies, and commitment to ethical sourcing. What once felt like an impossible task became evidence of their proactive approach, paving the way for a smooth CTPAT certification journey.

Results and Benefits

A testament to the company's commitment to security and compliance, CBP granted the company the top CTPAT tier – Tier 3 – within a week of submission. CTPAT authorities deemed the company's submission to be far superior to those of their peers. "Altana's customer", in the words of CTPAT, "demonstrated far greater visibility into their n-tier supply chain, knowledge of their products' origins, and preparedness for regulatory compliance."

Conclusion

Beyond the benefits of faster clearance and reduced costs for shipments from being a CTPAT member, the importer also gained new organizational processes and rigor. Today, the company strives to maintain its CTPAT status with a very low audit percentage. They have implemented a cross-functional Forced Labor Program focused on proactive supply chain management wherever necessary. This program ensures their excellent standard is maintained through additional measures, such as an updated supplier T&C to clearly communicate their intention to avoid all unnecessary detainments, and ensure their target audit percentage and status is maintained.

By enabling these broader organizational impacts, Altana helps customers build a robust compliance foundation that supports long-term success in the CTPAT program and beyond.



CTPAT Minimum Criteria

Risk-based mapping

- ▶ Map risk-based supply chain
- ▶ Identify forced labor risks
- ▶ Provide proof of mapping to CBP if requested

Code of conduct

- ▶ Create code of conduct statement for forced labor
- ▶ Operationalize code of conduct policies & procedures
- ▶ Provide evidence of policy implementation

Evidence of implementation

- ▶ Provide evidence of program implementation
- ▶ Identify parts of supply chains most at risk
- ▶ Provide CBP with evidence if requested

Due diligence & supplier training

- ▶ Provide supplier training program
- ▶ Identify forced labor risks
- ▶ Provide proof of training to CBP upon request

Remediation

- ▶ Maintain remediation plans
- ▶ Provide to CBP upon request
- ▶ Include process for disclosure & steps to correct

Shared best practices

- ▶ Share best practices

How Altana Helps

- ▶ Construct extended supply & value chains including facility location without reliance on manual techniques
- ▶ Verify accuracy of supplier survey responses
- ▶ Screen chains for forced labor exposure to identify highest risk areas for investigation
- ▶ Share insights with stakeholders as desired/requested to prove chains have been reviewed and use in collaboration with suppliers or 3rd party auditors/solutions to mitigate exposure
- ▶ Monitor supply chain and threat landscape dynamically as it evolves rather than period assessments
- ▶ Use Altana to operationalize forced labor efforts and be considered evidence of program implementation
- ▶ Enhance supplier due diligence efforts by evaluating prospective suppliers for forced labor exposure
- ▶ Refer to Altana as a best practice in code of conduct and CSR program documentation

