Risk-Based Approach to Managing Supply Chain Security and Compliance
Supply chain security remains a U.S. policy priority, and the U.S. Government continues to work closely with the trade community to manage and mitigate supply chain security risk. Over the last decade, U.S. Customs and Border Protection’s (CBP) Customs-Trade Partnership Against Terrorism (C-TPAT) program has improved business-to-government communication related to the supply chain, helped to expose supply chain vulnerabilities and risks, and spurred innovation on the part of both business and government in implementing risk-based approaches. Beyond the U.S., CBP’s ongoing dialogue with other customs authorities subscribing to the SAFE Framework of Standards is expanding benefits by improving cross-national communication and risk targeting.

Companies are increasingly integrating supply chain security management into their overall compliance responsibilities. This evolution toward combining diverse compliance objectives into a cohesive approach creates opportunity to design efficiencies that enhance compliance as well as benefit the bottom line. BSI Supply Chain Security Solutions works with companies at this intersection.
BSI’s Supply Chain Security Solutions group is an industry leader in supply chain risk management and trade compliance software, supply chain intelligence and analysis, global supplier audits and consulting services.

The BSI Approach
Effective risk management begins with identifying the factors that have the potential to negatively affect your business. Most companies know, and in many cases have quantified, these risk factors and have systems in place that institutionalize this awareness. BSI works with co-providing proprietary data and analysis related to specific supply chain exposures, including:

- Cargo disruption trends
- Transit modality exposure
- Threats posed by anti-Western terrorist groups and other criminal elements
- Country risk variables, such as the rule of law and the effectiveness of local law enforcement

Benefits to Business
Companies that proactively identify and mitigate supply chain risk can document these activities for the purpose of complying with government-sponsored supply chain security initiatives, such as the U.S. C-TPAT program, Canada’s Partners in Protection (PIP) program, the security component of the European Union’s Authorized Economic Operator (AEO) program, and other national and regional programs. BSI offers comprehensive consulting and support services related to achieving and sustaining compliance with these initiatives.
BSI's approach automates intelligence-based risk analysis in conjunction with companies' supplier communication and assessment protocol. This approach creates efficiencies for business – and helps to secure the supply chain.

BSI uses real-time intelligence, including proprietary data related to global cargo disruption and tampering rates, as well as BSI's anti-Western terrorism activity. BSI also incorporates country risk variables, such as the rule of law and the effectiveness of local law enforcement. This intelligence is the basis of BSI's proprietary risk algorithm, and the resulting analysis assists companies in identifying and mitigating their supply chain risk exposure.

SCM includes a survey and communication tool, which facilitates and documents supplier communication and surveys. SCM combines BSI's global risk analytics with individual supplier data in order to provide supplier reports that take into account the unique operating environment of every supplier. Users can view their supply chain risk at a glance, drill down to view individual suppliers, and sort and group suppliers by location and risk rating.

BSI's Supplier Compliance solution
• Measure, track, and improve importers' and suppliers' internal and regulatory supply chain security compliance
• Enhance supplier assessments with intelligence-based global risk analysis
• Comply with CBP's recommended five-step risk assessment process
• Implement a web-based system, including automated email communication with suppliers
• Receive automated, real-time analysis, reporting, and scoring
• Multilingual capabilities
• C-TPAT Tier III best practice for supplier risk assessments

SCM value
• Enhance compliance
• Lower operational costs associated with data collection and management of supplier assessments
• Reduce supply chain disruption and loss
• Improve risk mitigation capabilities
• Make more informed, risk-based procurement decisions
• Strengthen contractual relationships with supply chain partners

BSI's web-based application for managing supplier security compliance, Supplier Compliance Manager (SCM), examines risks associated with points of product sourcing, modes of transportation, ports of export, trans-shipment, transit routes, and distribution channels worldwide.

Supplier Compliance Manager (SCM)
**SCREEN** is a comprehensive supply chain security intelligence resource that includes trade and compliance intelligence as well as unique, proprietary risk data and analysis related to global supply chain security risk exposure. Our team of dedicated Supply Chain Risk Analysts provides daily, real-time analysis of country risk as it pertains to the global supply chain. This online application assists companies in identifying and understanding their supply chain security threats. In turn, they can apply that information, including BSI's recommendations in areas such as supplier oversight and cargo custody controls, to develop tailored approaches to improve business continuity and compliance.

**SCREEN** generates real-time trade interruption updates, and **SCREEN** Spotlight News includes media on supply chain security-related incidents worldwide. BSI posts relevant global news events in addition to unique BSI analysis regarding how each event relates to supply chain security. Users can also access and download BSI-authored special reports on major disruption incidents, countermeasure programs, and risk mitigation best practices.

**SCREEN** users gain exclusive online access to country information and can download country-specific reports in the following focus areas:

- **Anti-Western Terrorism Rating**
  SCREEN provides intelligence, analysis, and associated threat levels related to anti-western terrorism risk in 203 countries. SCREEN AWT reports include detailed profiles and threat levels for over 250 active terrorist groups with ideologies that specifically target Western interests and commerce.

- **BSI Cargo disruption rating**
  SCREEN provides cargo disruption threat-level ratings for 203 countries. BSI maintains an active, proprietary database of cargo disruption and loss rates spanning over 10 years and incorporating incidents affecting over $1 trillion dollars worth of cargo movement. This database enables BSI to assess supply chain security by quantifying cargo tampering and unmanifested cargo risk at the country level.

- **BSI country demographic analysis**
  SCREEN also includes in-depth country-specific information relevant to supply chain security. BSI presents this data in categories including:
  - Population and Culture
  - Economy and Trade
  - Transportation Infrastructure
  - General Governance
  - Export Control Governance
  - Employer Security Practices
  - Customs-Trade Supply Chain Security Programs
  - Personal Security Legality by Country
  - Background Investigation and Drug Testing
  SCREEN users can generate business and political climate reports that include this data and BSI's unique analysis.
**Country Risk Modeling Methodology**

BSI's proprietary risk models apply mature statistical and economic analysis to measure cargo exposure. Our ability to assess and quantify supply chain risk is unique in the global marketplace.

The methodology is based on a series of supply chain security risk indicators, including BSI's three proprietary databases: BSI Cargo Disruption Rates, BSI Unmanifested Cargo Introduction Rating, and Anti-Western Terrorism Ratings, respectively. With data on cargo disruption trends in over 203 countries and detailed information on over 250 active anti-Western terrorist organizations, BSI is able to provide unique supply chain risk exposure analysis and assign a corresponding “Country Risk Rating.”

Each BSI Country Risk Rating includes an assessment of the susceptibility of outbound supply chains to the introduction of unmanifested cargo. Unmanifested cargo generally refers to the addition of any illicit goods to otherwise legitimate shipments. Examples include contraband, counterfeit items, illegal drugs, currency, and people. The threat of unmanifested cargo being introduced into the supply chain varies across countries; BSI’s cargo disruption data offers one comprehensive measure of that risk.

**On-site Security Assessments**

BSI conducts on-site, global security assessments based on client specific internal company standards as well as government supply chain security accessments such as C-TPAT, AEO, and PIP. BSI security assessment findings reports include a pass/fail grade and identify specific policies and practices that do not meet the applicable minimum standards.
Standards
Organizations increasingly use multiple management systems to meet their operating needs and legal obligations. BSI is well-qualified to apply ISO 19011 audit methodology to assess supply chain security compliance. In 2002, BSI published the globally accepted audit standard, BS EN ISO 19011, which sets guidelines for quality and environmental management systems auditing. Applying BS EN ISO 19011 guidelines ensures an efficient audit process. Importantly, because the ISO 19011 standard focuses on the underlying audit management processes, users can adapt it for any management system. BSI's auditors are all trained in and adhere to the ISO 19011 audit principles.

Training
BSI delivers supply chain security and risk management training on-site, in webinar format, and as an eLearning course. BSI has designed this course material or series to raise security and threat awareness as well as equip trainees with a total risk management approach to security. BSI's training objectives include enhancing trainees' ability to recognize and report specific security threats, secure access controls, develop and implement procedures for maintaining cargo integrity throughout the chain of custody, identify and implement security best practices, and understand the importance of verifying supply chain partners' security control systems.

Corporate Qualifications
As the world’s first national standards organization, BSI has a globally recognized reputation for independence, integrity, and innovation in the production of standards and information products. BSI published the first commercial standards that address quality management systems, environmental management systems, occupational health and safety management systems, and project management.

BSI was also the first standards organization to address supply chains. In the early 1900s, BSI developed standards for railway lines and engines, cement production, steam engines, telegraph and telephone material, and electric cables. These standards contributed to global standardization in all sectors.

BSI continues to work with organizations and industry groups to develop globally accepted, customized supplier programs. BSI's industry partners include some of the largest companies in the trade and transportation industries, and these schemes consider clients' unique operating environments. BSI also provides risk assessment intelligence, tools, and training on supply chain security issues for governments, Fortune 500® companies, and academia.
About BSI Supply Chain Security Solutions

BSI is a leading global provider of supply chain risk-based solutions, supply chain intelligence, assessments, and training programs geared toward mitigating global supplier and supply chain exposures. BSI's Supply Chain Security experts work at the forefront partnering with industry and government on innovative supply chain security solutions and intelligence tools designed for cargo targeting. The combination of our tools and BSI's field-based, global network of supply chain security assessment professionals provides our clients with expert visibility into supplier practices worldwide. To learn more about BSI Supply Chain Security Solutions, visit www.supplychainsecurity.com.