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Cybersecurity Crisis Management – Are You Ready?

Society of Corporate Compliance and Ethics
Utilities & Energy Compliance & Ethics Conference

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What is your role?

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A) Compliance & Ethics Professional
B) Legal
C) Executive
D) Consultant
E) Finance
F) Jack of All Trades, Master of None

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Roadmap

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- Cyber Threat Landscape
- US Regulatory Cyber Landscape
- Global Legal Developments
- Responding to a Cyber Incident
- Cybersecurity Preparedness Measures

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The Cyber Threat Landscape

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Cyber Threats to the Energy Sector

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- 2012
  - Destructive malware attacks on Saudi Aramco and Qatar RasGas
- 2013
  - Iranian cyber attacks on control systems of oil and gas companies
  - PRC cyber espionage targets 23 natural gas pipeline companies
- 2014
  - Black Energy, Havex and Sandworm malware attacks on energy ICS
- 2015
  - Cyber attack on Ukraine power grid
- 2016
  - Ransomware attacks on midwest utility company
- 2017
  - Cyber attacks on Wolf Creek Nuclear and other energy companies
- 2018
  - DHS/FBI report on Russian cyber attacks on energy and other companies
  - Cyber attack on Energy Transfer Partners electronic data interchange

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Who do you think is your company's biggest Threat Actor?

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A) Terrorists
B) Nation States
C) Hacktivists
D) Organized Crime
E) Insiders
F) Other

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What do you think is most at risk for your company due to cyber threats?

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A) Service Delivery/Reliability
B) Infrastructure
C) Sensitive Company Information
D) Customer Service
E) Personal Information
F) Other

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Cyber Risks

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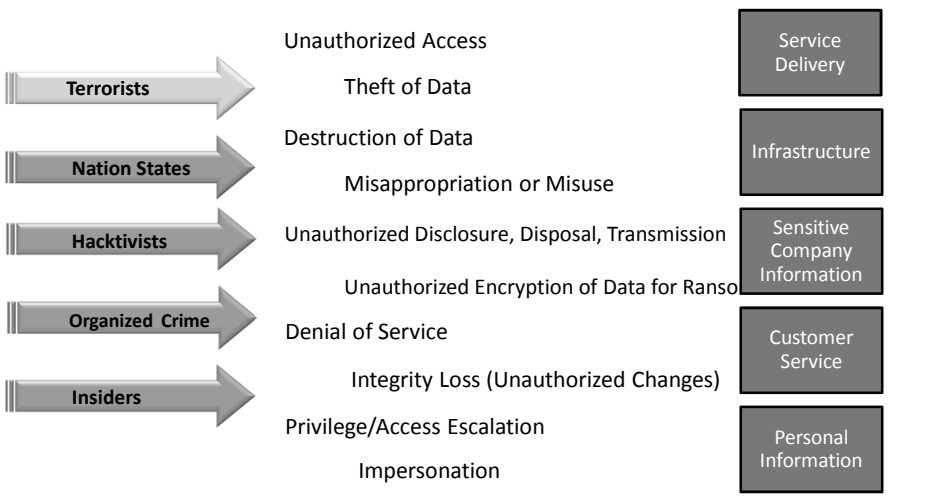

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US Cybersecurity Regulatory Landscape

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Federal Law	State Requirements	Industry Standards
☐ PHMSA & MTSA	☐ NYDFS Regulations	☐ PCI DSS
☐ CFATS	☐ MA, NV, CA and progeny	☐ ISO
☐ NERC CIP	☐ Breach notification laws	☐ NIST
☐ HIPAA/HITECH	☐ Mini-FTC Acts	☐ COBIT
☐ FTC & GLB Acts	☐ Disposal Laws	☐ ISA/IEC
☐ SEC Reporting	☐ Surveillance Laws	
☐ ECPA/CFAA		
☐ SOX		
☐ CISA		

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NERC CIP Requirements

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- Mandatory and Enforceable Cyber Security Standards
  - (CIP-002 through CIP-011)
- Compliance is subject to intensive review by NERC, NPCC, and FERC -- which are themselves subject to close political scrutiny
- Have been in place for a decade and evolved substantially in recent years
  - Incremental recent developments
- Enforcement was traditionally aggressive. Has moderated but risks are still considerable.
- Supply Chain Risk Management
- Block Chain Technology

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Global Cybersecurity Legal Developments

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US breach notification regime	• Mature framework
EU General Data Protection Regulation (GDPR)	• Harmonization of legislation • Widened scope • Increased enforcement, fines and liability
EU Directive on Security of Network and Information Systems	• First set of pan-EU rules governing cybersecurity • Applies to "operators of essential services" and "digital service providers" • Requires managing cyber risks and reporting major security incidents
China Cybersecurity Law	• Establishes robust data security requirements for "network operators" and "operators of critical information infrastructure" in China • Law went into effect in June 2017 but several requirements have yet to be finalized
Breach notification requirements and guidance emerging across the world	• EU breach notification requirements (GDPR and NIS Directive) • Australia, Canada (Alberta), China, Mexico, Philippines, Russia, South Korea, Taiwan

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How prepared are your company's Executives and Board to respond to a cyber security incident?

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A) Absolutely ready
B) Has participated in drills/exercises
C) Aware of crisis management plan
D) Not included in preparations
E) Still in the dark…

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Harsh Realities at the Top

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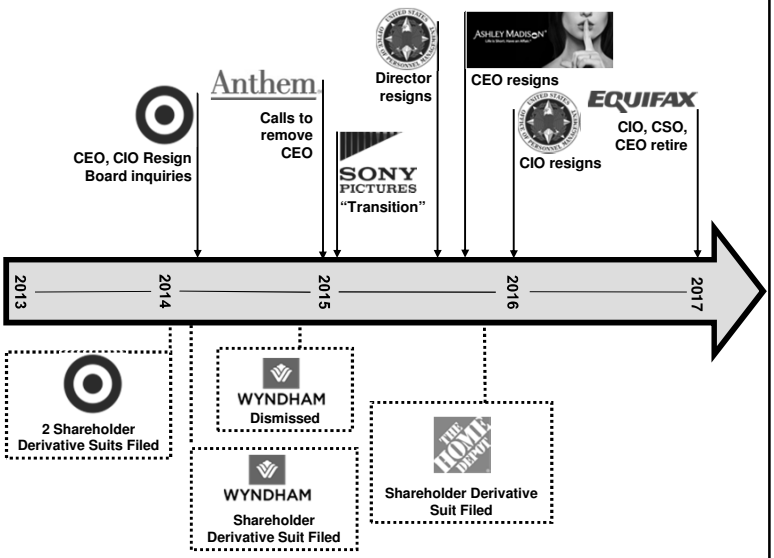
"There are only two types of companies: those that have been hacked, and those that will be. Even that is merging into one category: those that have been hacked and will be again."

– FBI Director Robert Mueller, March 2012



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Cyber Incident Response Timeline

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Have you been involved in a response to a cyber incident?

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A) Yes
B) No, not my responsibility
C) No, we have not had a cyber incident
D) No, but we have conducted incident response drills

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Cyber Attack: First Steps

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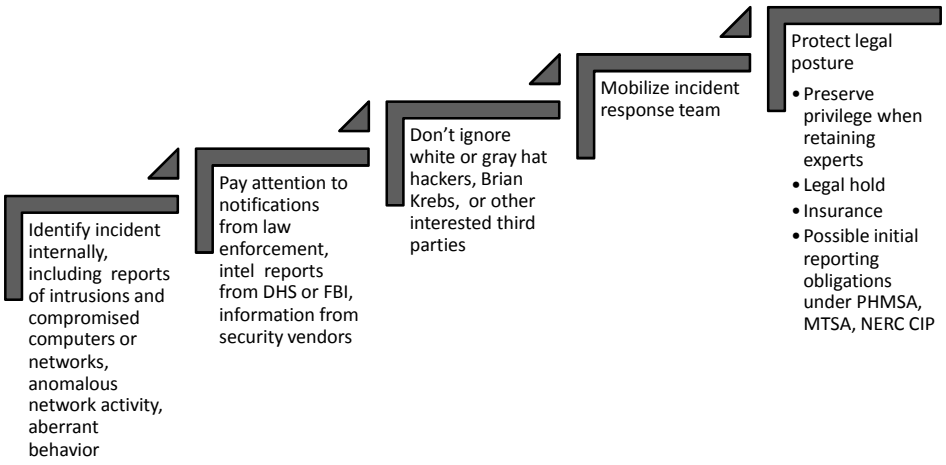

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To what extent does your company have a collaborative relationship with the FBI, DHS, or other parts of the intelligence communities?

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A) Very involved
B) Good lines of communication established
C) Not as involved as we should be
D) Only when required
E) I don't know – not my responsibility

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Coordinate with FBI, DHS, Intel Community

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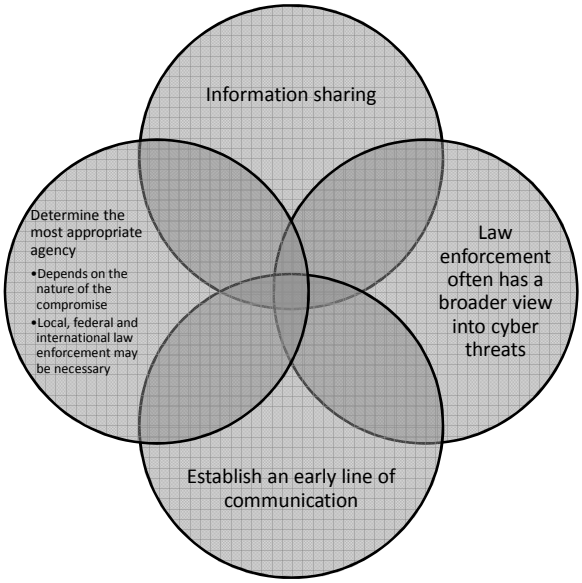

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Conduct an Investigation

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- Stabilize affected systems and investigate scope
- Contain the attack
- Forensic imaging
- Restore the integrity of the system
- Retain third-party forensic experts?
- Understand:
  - Nature of the compromise
  - Data and systems at issue
  - Whether communications systems are secure
  - Whether insiders are involved

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Legal Considerations

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Analyze legal requirements	• State, federal, international law • Industry standards • Contractual obligations • SEC reporting
Satisfy your legal obligations arising from the cyber event	• Individual and business notices • Reports to regulators • Public disclosure

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Notification Process

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Prepare for notification and public disclosure

- Retain identity protection service
- Consider PR experts
- Assemble call center

Craft formal notification and reporting documents

- Do this carefully and quickly
- Develop FAQs and train call center agents

Issue notices and manage responses

- Address questions from individuals
- Manage media response

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Risk and Dispute Management

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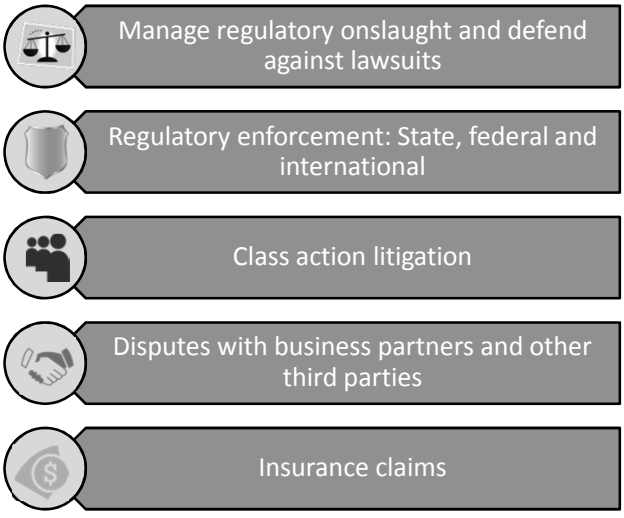

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Reduce Financial Risk

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Cybersecurity Insurance

- In general
- Operational technology

SAFETY Act

- Background
- Homeland Security Act of 2002
- Qualified anti-terrorism technology
- Certification and Designation – How to Apply
- Reputational Protection
- Legal Defenses
- Liability Cap

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Review and Improve

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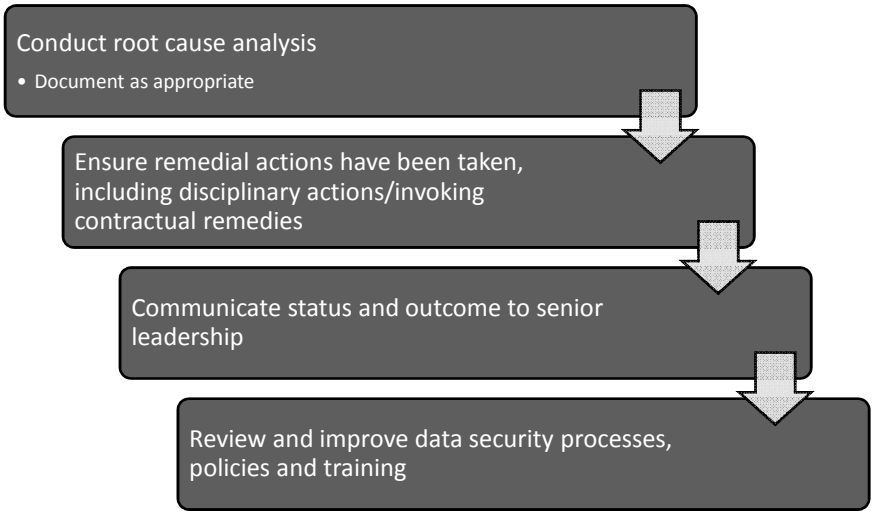

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Cybersecurity Preparedness Measures

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- Establish the appropriate governance structure
- Ensure written information security policies are state-of-the-art
- Identify and classify sensitive data
- Maintain incident response plan
- Prepare Incident Response Team though tabletop exercises
- Prepare data breach toolkit
- Improve access to cyber threat information
- Continually assess status of technical and physical protections
- Manage vendor risks
- Manage employee risks
- Train employees and increase awareness
- Assess cyber insurance, SAFETY Act

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Update Incident Response Plan and Conduct Table Top Exercises

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Incident Response Plan	Tabletop Exercises
• Work with cybersecurity team to update incident response plan • Define triggers for mobilizing the response team • Set out key roles and responsibilities • Provide a clear roadmap for company to follow when an incident occurs	• Prepare a detailed scenario that includes multiple incidents • Identify participants • Conduct a tabletop exercise on-site, with discussion to follow • Prepare a summary of issues identified during the exercise

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Lessons Learned

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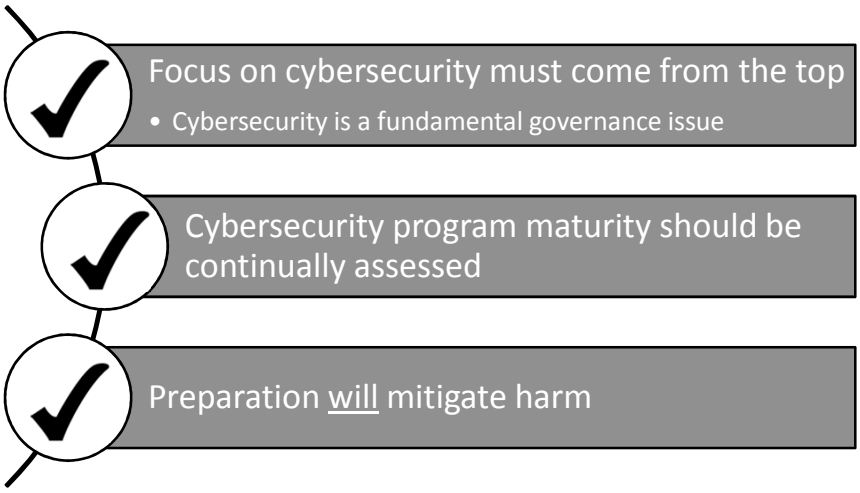

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QUESTIONS?

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THANK YOU!

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