

SEC Cybersecurity Readiness Assessment

**Ensuring regulatory compliance plans are solid, thorough,
and ready for cybersecurity disclosure obligations**



SEC Proposed Changes 33-11038

INTRODUCTION

Public organizations know cybersecurity and risk management are becoming more critical for market participants and their governing boards.²

How are regulators responding to the dynamic environment of cybersecurity risk?

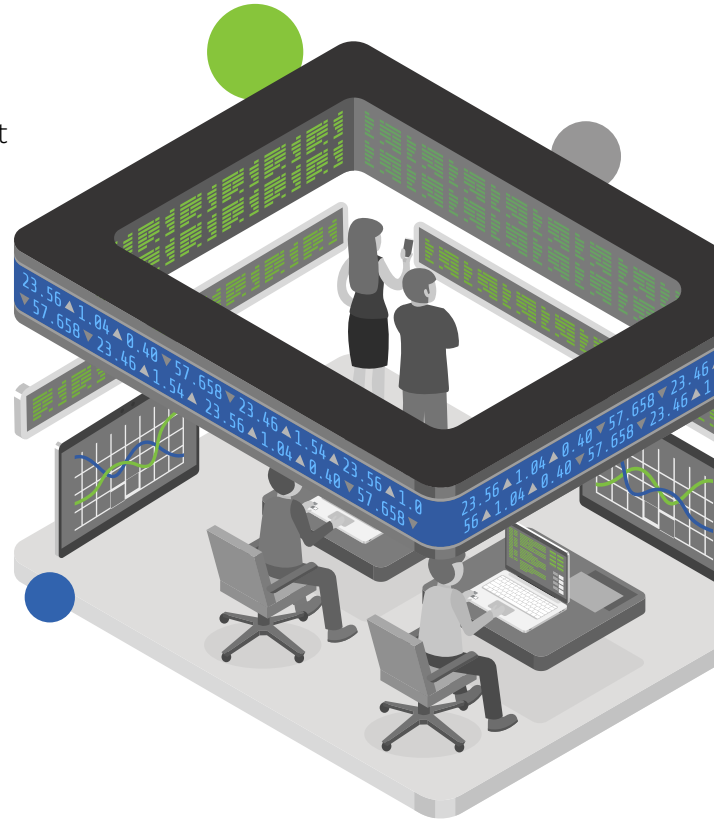
- The Securities and Exchange Commission (SEC) has proposed rule changes requiring current reporting about material cybersecurity incidents and periodic disclosures about policies and procedures used to identify and manage cybersecurity risks.¹
- The changes build on and increase the reporting requirements in previously published directives from 2011 and 2018.

What are the regulators' goals in the proposed changes?

- To benefit investors with more timely and consistent disclosure across industries regarding cybersecurity risk management, strategy, and governance practices to better assess whether and how companies are managing cybersecurity risks.¹

How should companies prepare for the proposed changes?

- Ensure your organization has the plan to implement SEC cybersecurity disclosure obligations after the proposed changes are enacted. EVOTEK's assessment offering can help organizations determine their current programs and operational capabilities to build a proactive roadmap to prepare for and align with these new regulations.



Does your organization have a plan to implement SEC cybersecurity disclosure obligations after the proposed changes are enacted?



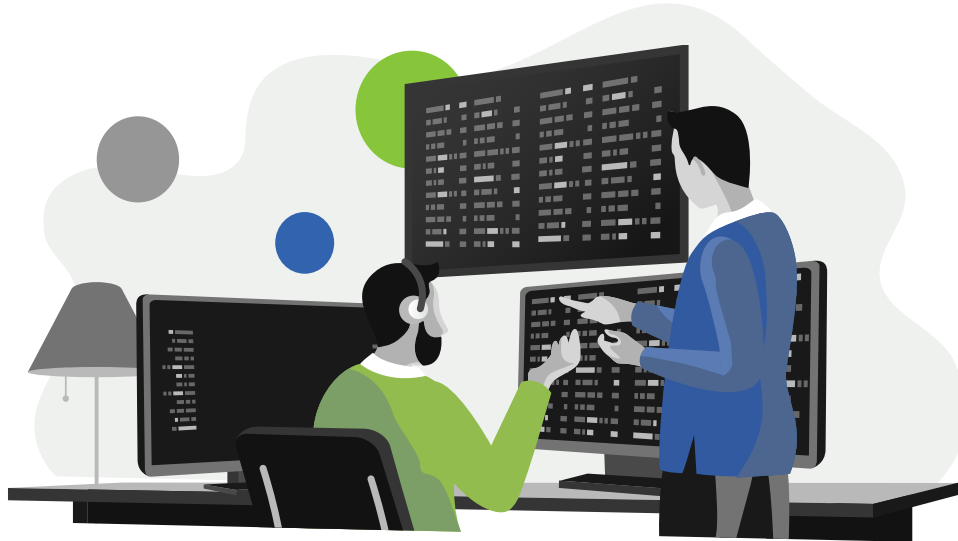
BACKGROUND

What are the proposed changes?

- Cyber incidents, risk management, and governance as reporting categories for Forms 8-K and 10-K.

What are the challenges introduced by the changes?

- Adding item 1.05 to Form 8-K would require registrants to disclose information about material cyber incidents within four business days.
- Item 1.06 compels disclosure of organizational cyber risk management strategy and governance broadly, including policies and procedures for identifying and managing risks, including third-party risk, and governance oversight of cybersecurity risk from both the board and management.
- Companies must also disclose management's role in implementing cybersecurity policies, procedures, and strategies. Additionally, Item 106 requires disclosure in quarterly reports of any material changes, additions, or updates regarding incidents filed under item 1.05.



What is the current state of the marketplace?

- Many businesses lack programs to track, reduce, and mitigate cybersecurity and third-party / supply chain risks, or are equipped to determine materiality because of cyber incidents within the proposed disclosure window.

EVOTEK OFFERING

How is EVOTEK prepared to meet the challenges of these proposed regulations?

- The SEC Readiness Assessment provides critical insight for businesses to understand how to evaluate and solidify their current program related to incident management, risk management, and cybersecurity governance and tie it to their business and reporting requirements.



What makes our offering unique?

- Our approach can identify critical gaps and accelerate the maturing of existing programs to appropriate levels for public disclosure.
- Our assessment and remediation plans will help organizations with efficient decisions, policies, and processes.
- Our staff is experienced in proactively preparing for legislative changes.

What is the benefit of our offering?

- The entire enterprise benefits from the assessment process. EVOTEK's executive advisors bring cross-functional expertise that enhances and improves interactions with other departments such as Legal, Compliance, Human Resources, Finance, Procurement, and others.

CONCLUSION

EVOTEK is uniquely equipped to enable customers while driving business results. Our approach aligns the organization by encouraging cross-team engagement between business, technology, and regulation. By providing stakeholder visibility, clients see less siloed activity, reduced duplication of work, better resource utilization, and a more efficient reporting framework. With a comprehensive framework to solve today's business needs, EVOTEK brings a thorough, full-service approach to advisory services. As a result, EVOTEK can provide the rapid and efficient execution required to compete in today's transformation climate.

REFERENCES

1. SEC Proposed Rule Change 33-11038 – <https://www.sec.gov/rules/proposed/2022/33-11038.pdf>
2. 2019 Responsible Investing Survey Key Findings, RBC GLOB. ASSET MGMT. (2019), <https://global.rbcgam.com/sitefiles/live/documents/pdf/rbc-gam-responsible-investing-survey-key-findings2019.pdf>

