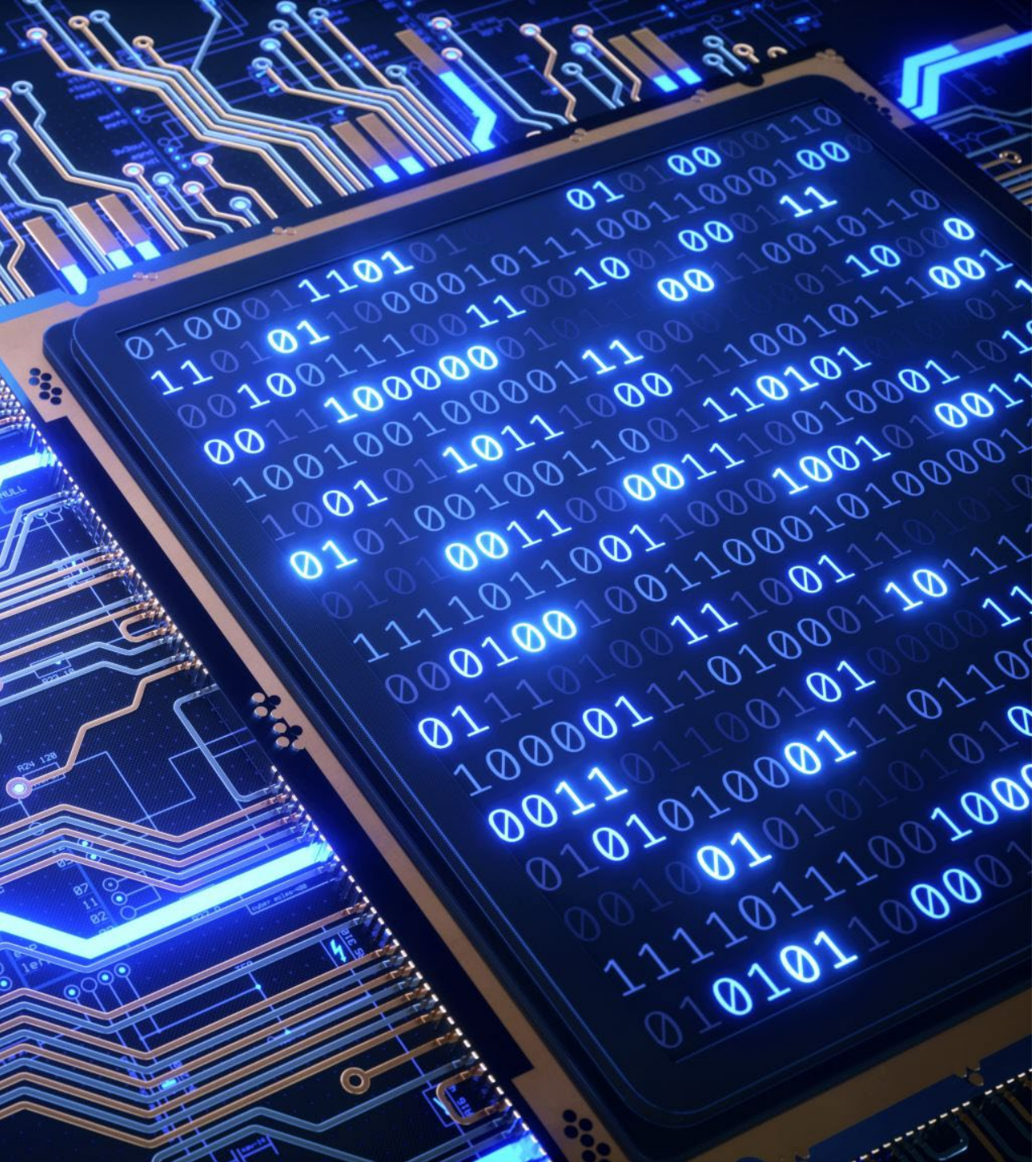


香港個人資料私隱專員公署
Office of the Privacy Commissioner for Personal Data, Hong Kong

Evolving Hong Kong Personal Data Privacy and Cybersecurity Risks and the Implications on Cyber Insurance

23 April 2025

Meet Your Presenter

Joanne WONG

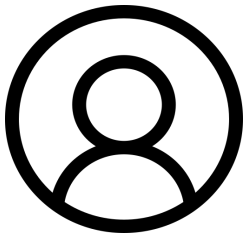
- Assistant Privacy Commissioner for Personal Data (Compliance, Global Affairs and Research)
- Office of the Privacy Commissioner for Personal Data, Hong Kong, China (PCPD)

Agenda

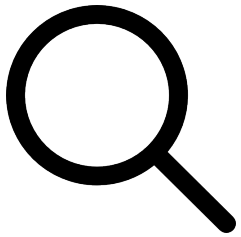
1. Overview of the Personal Data (Privacy) Ordinance (PDPO)
2. Cyberattacks and Data Breaches
3. Artificial Intelligence (AI) and Personal Data Privacy Risks

Definition

Personal data means any data:
(Section 2(1) of the PDPO)



Relating directly or indirectly to a living **individual**



From which it is practicable for the **identity** of the individual to be directly or indirectly **ascertained**

In a form in which **access to or processing of** the data is **practicable**

Who?

Three groups are involved:

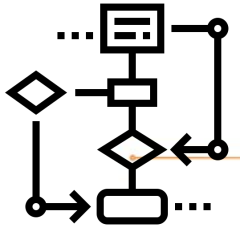
Data Subject

The individual who is the **subject** of the personal data

Data User

A person who, either alone or jointly or in common with other persons, **controls** the **collection, holding, processing or use** of the personal data

Data Processor



A person who –

a) processes personal data **on behalf of another person**; and

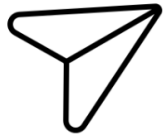
b) does **not** process the data for any of the person's **own purposes**

6 Data Protection Principles (DPPs)

(Schedule 1 to the PDPO)

- Represent the core requirements of the **PDPO**
- Cover the **entire lifecycle** of the handling of personal data, from **collection**, **holding**, **processing**, **use to deletion**
- **Data users must comply** with the DPPs

DPP 1 – Purpose and Manner of Collection



Personal data must be collected for a **lawful purpose directly related to a function or activity** of the data user

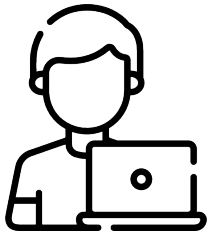
The data is **necessary, adequate but not excessive** in relation to the purpose of collection

The **means of collection** must be **lawful** and **fair**

All practicable steps shall be taken to **inform** the data subject whether it is obligatory to supply the personal data, the **purpose** of data collection, and the **classes of persons to whom the data may be transferred**, etc.

DPP 2 – Accuracy and Duration of Retention

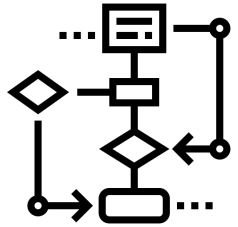
Data User



Should take **all practicable steps** to ensure:

- the **accuracy** of the personal data
- the personal data is **not kept longer than is necessary** for the fulfilment of the purpose for which the data is used

Data Processor



If a **data processor** is engaged to process personal data, the data user must adopt **contractual or other means** to prevent the personal data from being kept longer than is necessary

DPP 3 – Use of Personal Data

- Personal data shall not, without the **prescribed consent** of the data subject, be used for a **new purpose**

"***New purpose***" means any purpose which is *unrelated to the original purpose or its directly related purpose* when the data is collected

"***Prescribed consent***" means *express consent given voluntarily* which has *not been withdrawn in writing*

DPP 4 – Security

Data users should take **all practicable steps** to ensure the personal data that they hold is **protected against unauthorised or accidental access, processing, erasure, loss or use**

If a **data processor** is engaged, the data user must adopt **contractual or other means** to prevent unauthorised or accidental access, processing, erasure, loss or use of the data transferred to the data processor for processing

DPP 5 – Openness

All Practicable Steps Should be Taken to Ensure that a Person Can:

Ascertain a data user's **policies and practices** in relation to personal data

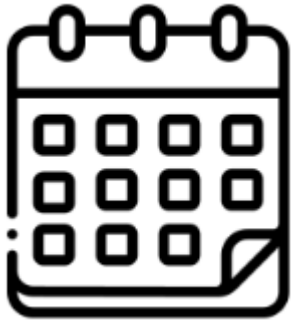
Be informed of the **kind of personal data** held by a data user

Be informed of the main **purposes** for which personal data held by a data user is or is to be used

DPP 6 – Data Access and Correction

A data subject must be given **access to his personal data**

A data subject must be **entitled to request corrections** where the data is inaccurate



A data user must comply with a **data access or correction request within 40 days** after receipt

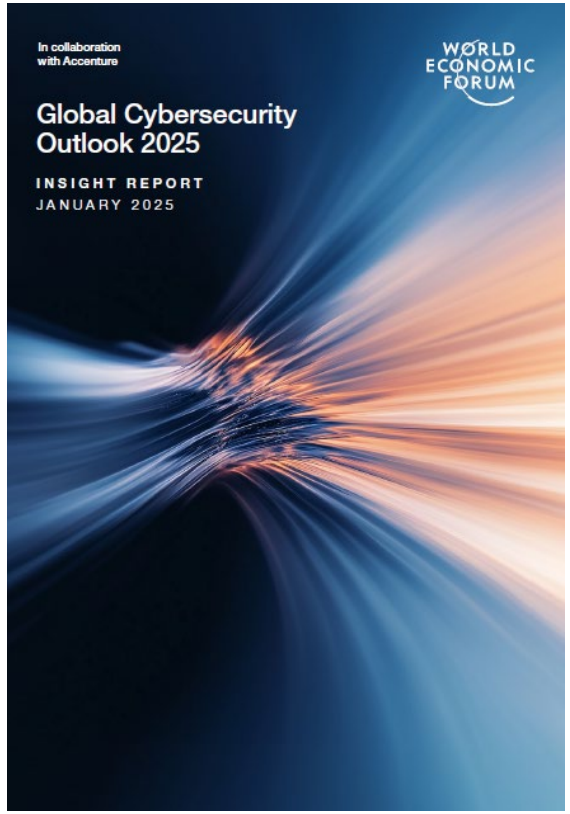
Agenda

1. Overview of the PDPO

2. Cyberattacks and Data Breaches

3. AI and Personal Data Privacy Risks

Global Situation



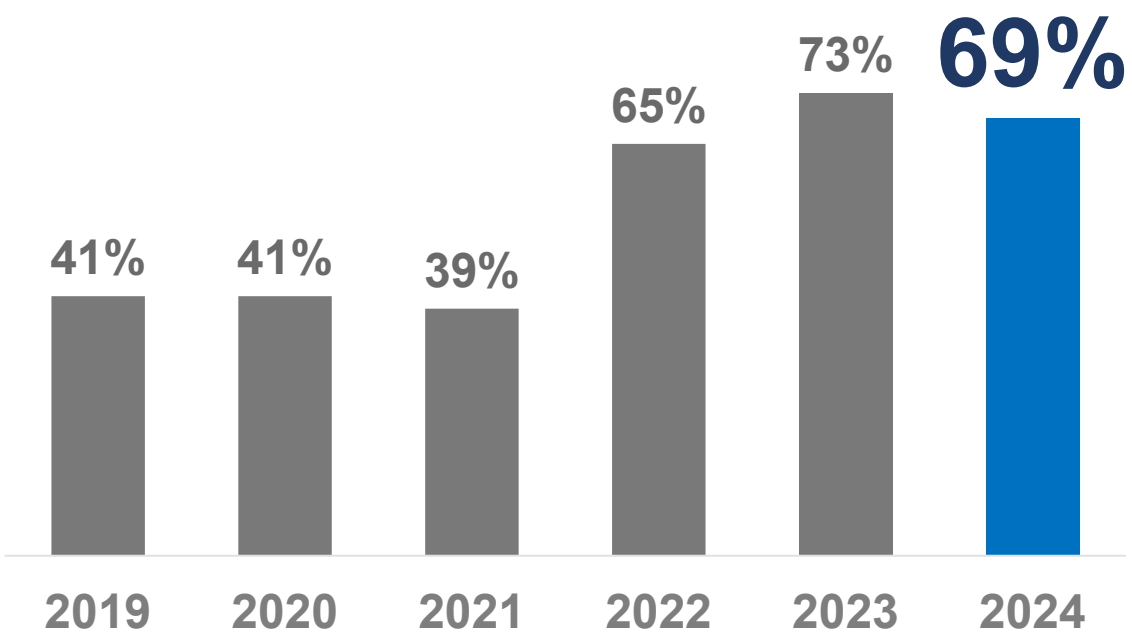
- **72%** of respondents reported an increase in organisational cyber risks, with **ransomware** remaining a top concern

- **42%** of respondents experienced **phishing** and **social engineering attacks**

Source: WEF_Global_Cybersecurity_Outlook_2025.pdf

Local Situation – Cybersecurity Attacks

% of companies encountered cybersecurity attacks in the past 12 months



Source: AISecuritySurvey2024.pdf

Local Situation – Cybersecurity Attacks

Top 5 cybersecurity attacks encountered in the past 12 months

2 **13%** ▼2%-pt — **Ransomware**

3 **11%** ▼6%-pt — **Other malware including Botnet**

4 **8%** ▼6%-pt — **Web server & app attacks**

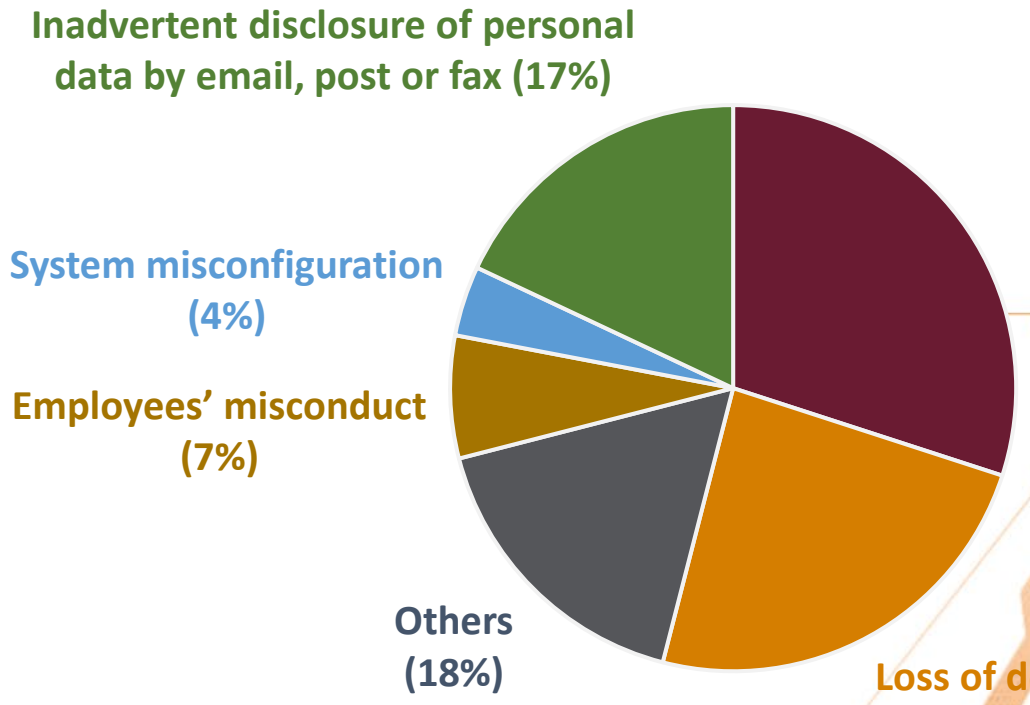
5 **5%** (NA) — **Credential leakage or theft**

▲▼ Changes compared with 2023

Source: AISecuritySurvey2024.pdf

Local Situation – Data Breaches

- In 2024, the PCPD received **<u>203</u> data breach notifications (DBNs)**, which represented an increase of nearly **30%** as compared to **157** DBNs in 2023
- Among those DBNs received by the PCPD in 2024, **<u>61</u>** cases involved **hacking**, which constituted **30%** of all data breach incidents



Investigation

- A DBN was submitted by **a non-governmental organisation** to the PCPD, reporting that they had suffered from a **ransomware attack** which affected their information systems (Incident)

- A total of **37 servers** and **24 workstations or notebook computers** were compromised

- Over **330 GB** of data was exfiltrated from the information systems, which potentially affected around **550,000 data subjects**

Investigation Findings

Having considered the circumstances of the Incident and the information obtained during the investigation, the Privacy Commissioner found that the following **deficiencies** contributed to the occurrence of the Incident:

1. **Outdated firewalls which contained critical vulnerabilities**
2. **Failure to enable multi-factor authentication**
3. **Lack of critical security patches of servers**
4. **Ineffective detection measures in the information systems**
5. **Inadequacies of the security assessments of information systems**
6. **Lack of specificity of its information security policy**
7. **Prolonged retention of personal data**

Contravention of DPPs

DPP 4(1)	It had not taken all practicable steps to ensure that the personal data involved was **protected against unauthorised or accidental access, processing, erasure, loss or use**
DPP 2(2)	It had not taken all practicable steps to ensure that personal data was **not kept longer than was necessary for the fulfilment of the purpose** for which the data was used

“Guidance on Data Breach Handling and Data Breach Notifications”

Data Breach Response Plan


Guidance Note

PCPD.org.hk

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Office of the Privacy Commissioner for Personal Data, Hong Kong

Guidance on Data Breach Handling and Data Breach Notifications

INTRODUCTION

Good data breach handling makes good business sense

A good data breach handling policy and practice is not only useful for containing the damage caused by a breach, but also demonstrate the data user's responsibility and accountability when tackling the problem, by formulating a clear action plan that can be followed in the event of a data breach. In addition to enabling the data subjects affected by the breach to take appropriate protective measures, data breach notifications can help reduce the risk of litigation and maintain the data user's goodwill and business relationships, and in some cases the public's confidence in the organisation.

This guidance is aimed at assisting data users to prepare for and handle data breaches, to prevent recurrence and to mitigate the loss and damage caused to the data subjects involved, particularly when sensitive personal data is involved.

What is personal data?

Data breach incidents often involve the personal data of individuals, such as customers, service users, employees and job applicants of organisations. Under the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) (PDPO), personal data means any data[1]

(a) relating directly or indirectly to a living individual;

(b) from which it is practicable for the identity of the individual to be directly or indirectly ascertained; and

(c) in a form in which access to or processing of the data is practicable.

What is a data breach?

A data breach is generally regarded as a suspected or actual breach of the security of personal data held by a data user[2], which exposes the personal data of data subject(s) to the risk of unauthorised or accidental access, processing, erasure, loss or use.

The following are some examples of data breaches:

- The loss of personal data stored on devices such as laptop computers, USB flash drives, portable hard disks or backup tapes
- The improper handling of personal data, such as improper disposal, sending emails to unintended parties or the unauthorised access of databases by employees
- A database containing personal data that is hacked
- The disclo
- The leakag of file-shari

1 Section 2(1) of the PDPO.

2 Under section 2(1) of the PDPO, a "data user", in relation to personal data, means a person other persons, controls the collection, holding, processing or use of the data.

Guidance on Data Breach Handling and Data Breach Notifications 1

A document setting out **how** an organisation should **respond in a data breach**

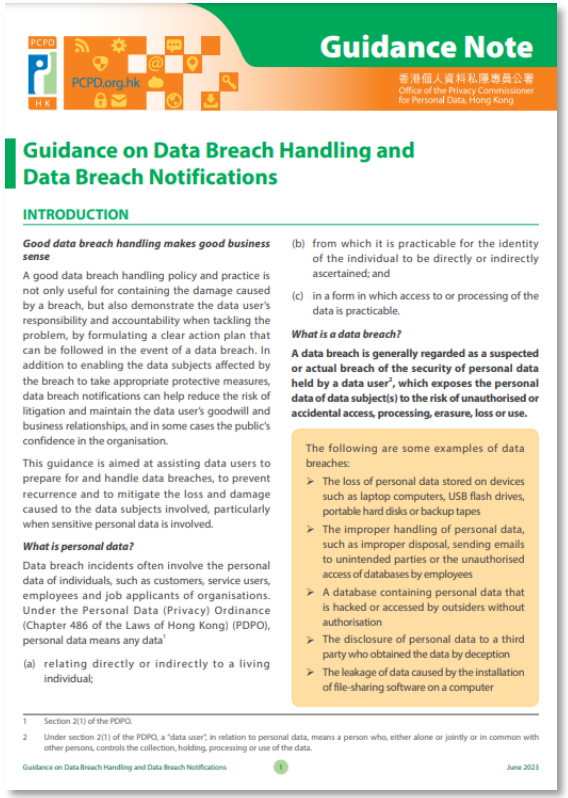
The plan should outline:

- a **set of procedures** to be followed in a data breach
- **strategy for identifying, containing, assessing and managing** the impact brought about by the incident from start to finish

Elements

- Description of what makes a data breach
- Internal incident notification procedure
- Contact details of response team members
- Risk assessment workflow
- Containment strategy
- Communication plan
- Investigation procedure
- Record keeping policy
- Post-incident review mechanism
- Training or drill plan

“Guidance on Data Breach Handling and Data Breach Notifications”



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- The improper handling of personal data, such as improper disposal, sending emails to unintended parties or the unauthorised access of databases by employees
- A database containing personal data that is hacked or accessed by outsiders without authorisation
- The disclosure of personal data to a third party who obtained the data by deception
- The leakage of data caused by the installation of file-sharing software on a computer

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Guidance on Data Breach Handling and Data Breach Notifications 1 June 2023

Handling Data Breaches

1. Gathering essential information immediately
2. Containing the data breach
3. Assessing the risk of harm
4. Considering giving DBNs
5. Documenting the breach

PCPD's Support

"Data Security" Package

Data Security Scanner

Data Security Webpage

Free Quotas to Join Professional Workshops and Seminars

Data Security Hotline

Data Security Training Series for SMEs

Training Jointly Rolled out by the PCPD and the HKPC. Topics include:

- Strategies to prevent cyberattacks for SMEs
- Ways and means to handle a data breach incident
- How to address the data security and privacy risks associated with AI

Agenda

1. Overview of the PDPO

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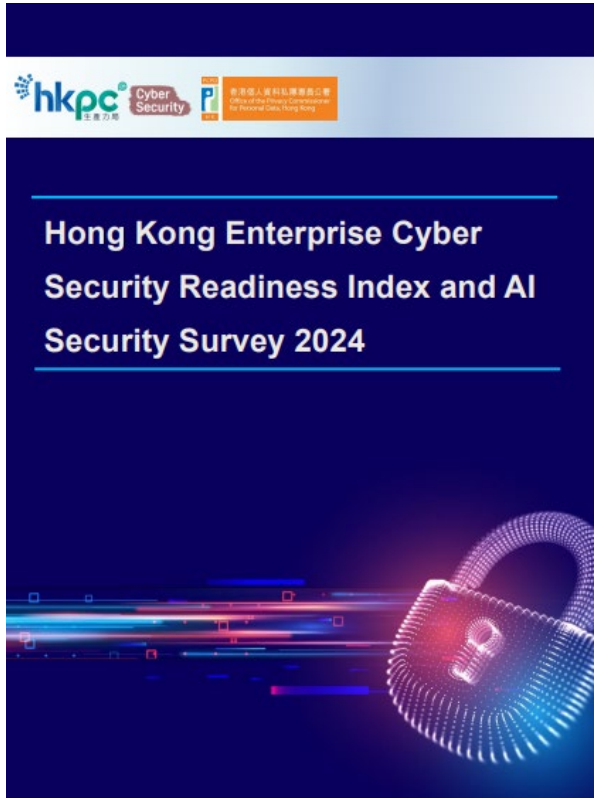
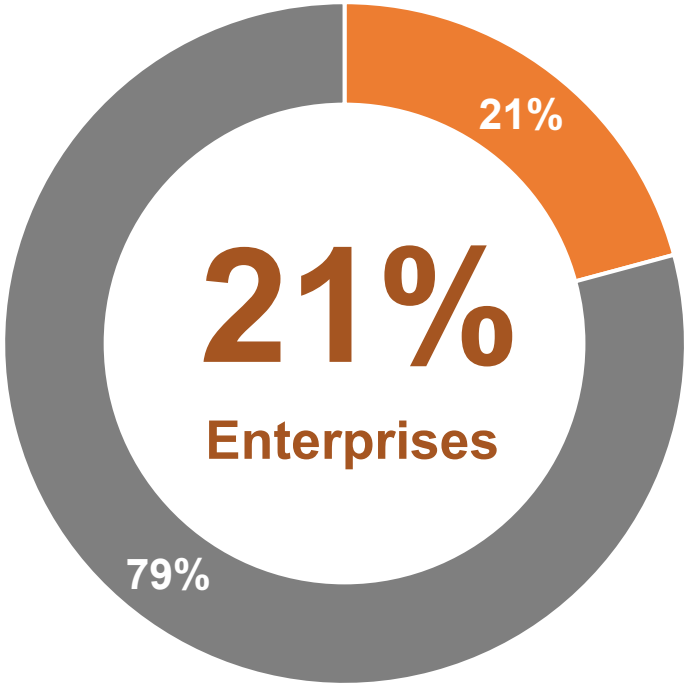
Local Situation – Enterprises' Use of AI



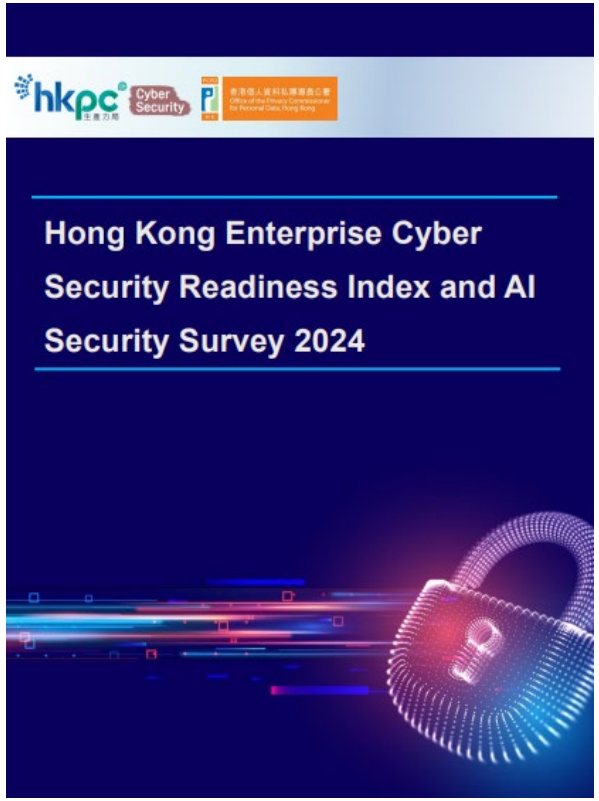
Source: AISecurityReadiness2024.pdf



Used AI in Operations

- Used AI
- Never used AI

Local Situation – Enterprises' Perception on AI Risks



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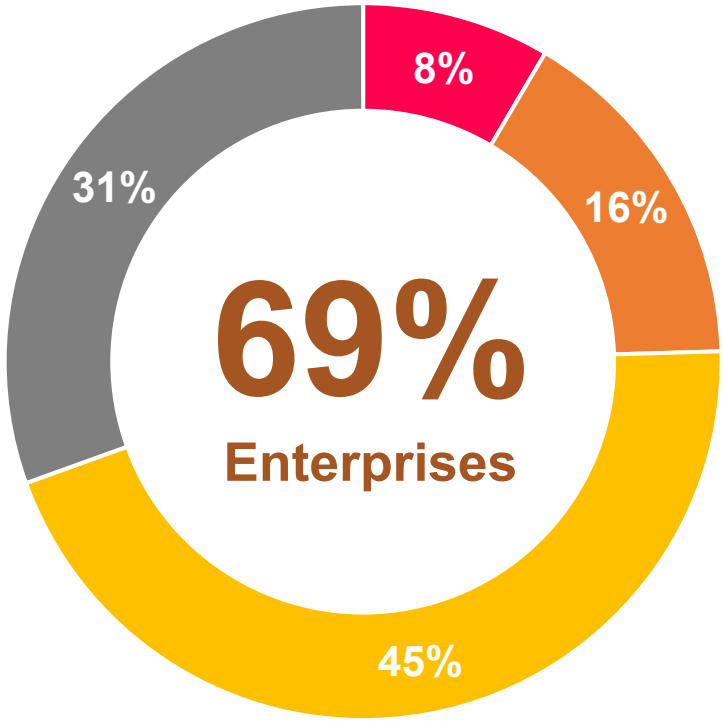


SME
66%
SMEs

84%
Corporates

- Very significant risks
- Significant risks
- Somewhat significant risks
- Insignificant risks

Perceived the Use of AI in Operations will Pose Significant Privacy Risks

Risks arising from the Use of AI

1 Privacy Risks

Excessive data collection

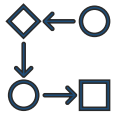
Misuse of data

Data security

Identity re-identification

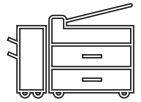
Data accuracy

2 Ethical Risks



Interpretation of decisions

Harmful content



Copyright issues

Bias and inaccuracies

Hallucination

“Ethical Development and Use of Artificial Intelligence”

3 Data Stewardship Values

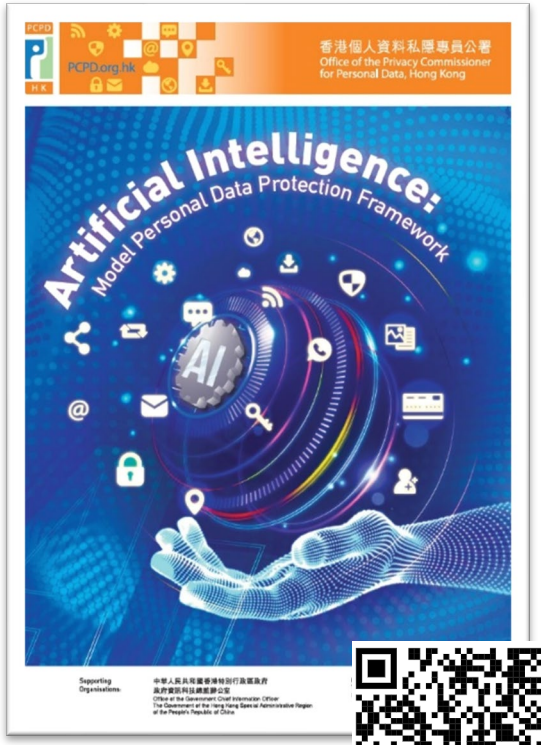
1. Being respectful
2. Being beneficial
3. Being fair

7 Ethical Principles for AI

1. Accountability
2. Human oversight
3. Transparency & interpretability
4. Data privacy
5. Fairness
6. Beneficial AI
7. Reliability, robustness & security

Model Personal Data Protection Framework

“Artificial Intelligence: Model Personal Data Protection Framework”



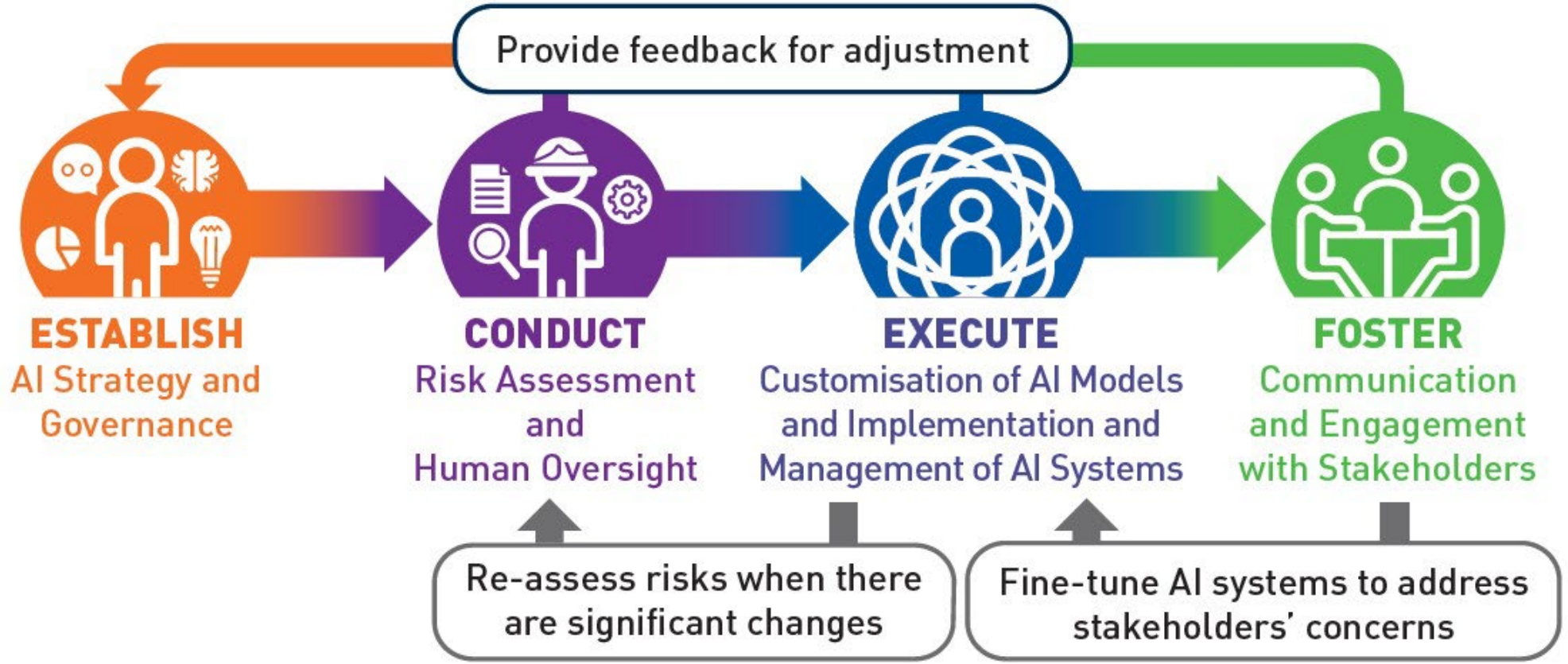
Feature

A set of recommendations on the best practices for organisations **procuring, implementing and using any type of AI systems**, including generative AI (Gen AI), that involve the use of personal data

Benefits

- Assist organisations in complying with the requirements of the PDPO
- Nurture the healthy development of AI in Hong Kong
- Facilitate Hong Kong’s development into an innovation & technology hub
- Propel the expansion of the digital economy not only in Hong Kong but also in the Greater Bay Area

“Artificial Intelligence: Model Personal Data Protection Framework”



AI Strategy

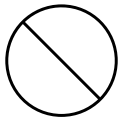
Functions

Demonstrate the commitment of top management to the ethical and responsible procurement, implementation and use of AI

Provide directions on the purposes for which AI solutions may be procured, and how AI systems should be implemented and used

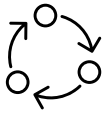
Elements that may be Included

Setting out **ethical principles**



Determining the **unacceptable uses** of AI systems

Establishing an **AI inventory**



Establishing **specific internal policies and procedures**

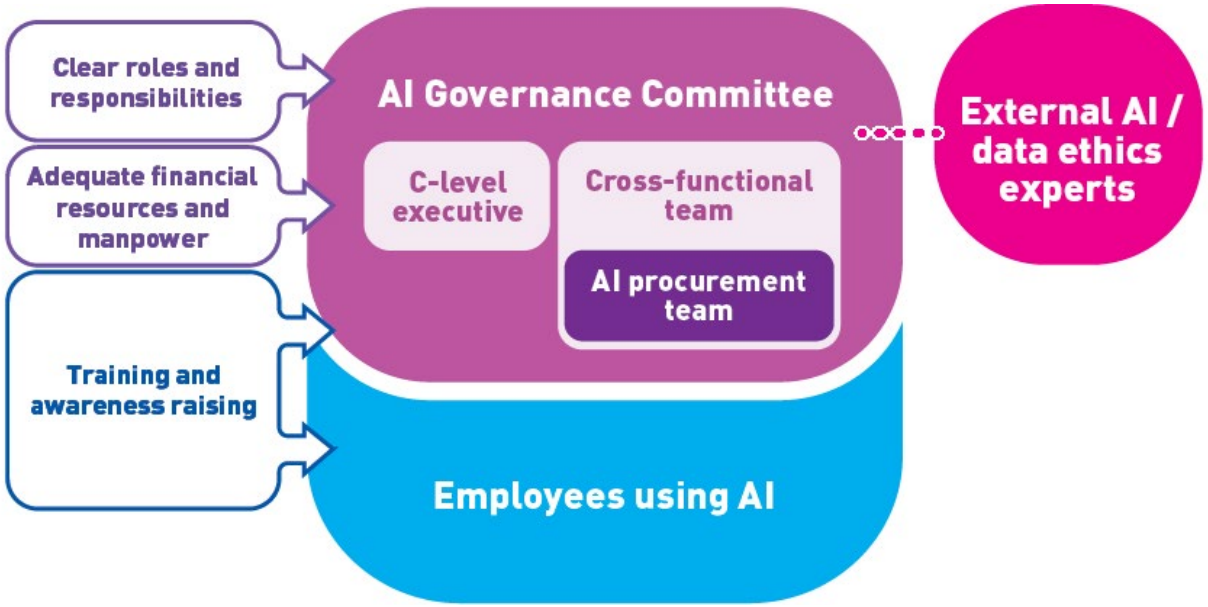
Regularly **communicating the AI strategy**, policies and procedures

Considering **emerging laws and regulations** that may be applicable

Governance Structure

ESTABLISH
AI Strategy and Governance

An internal governance structure with sufficient resources, expertise and authority should be established:



Governance Considerations

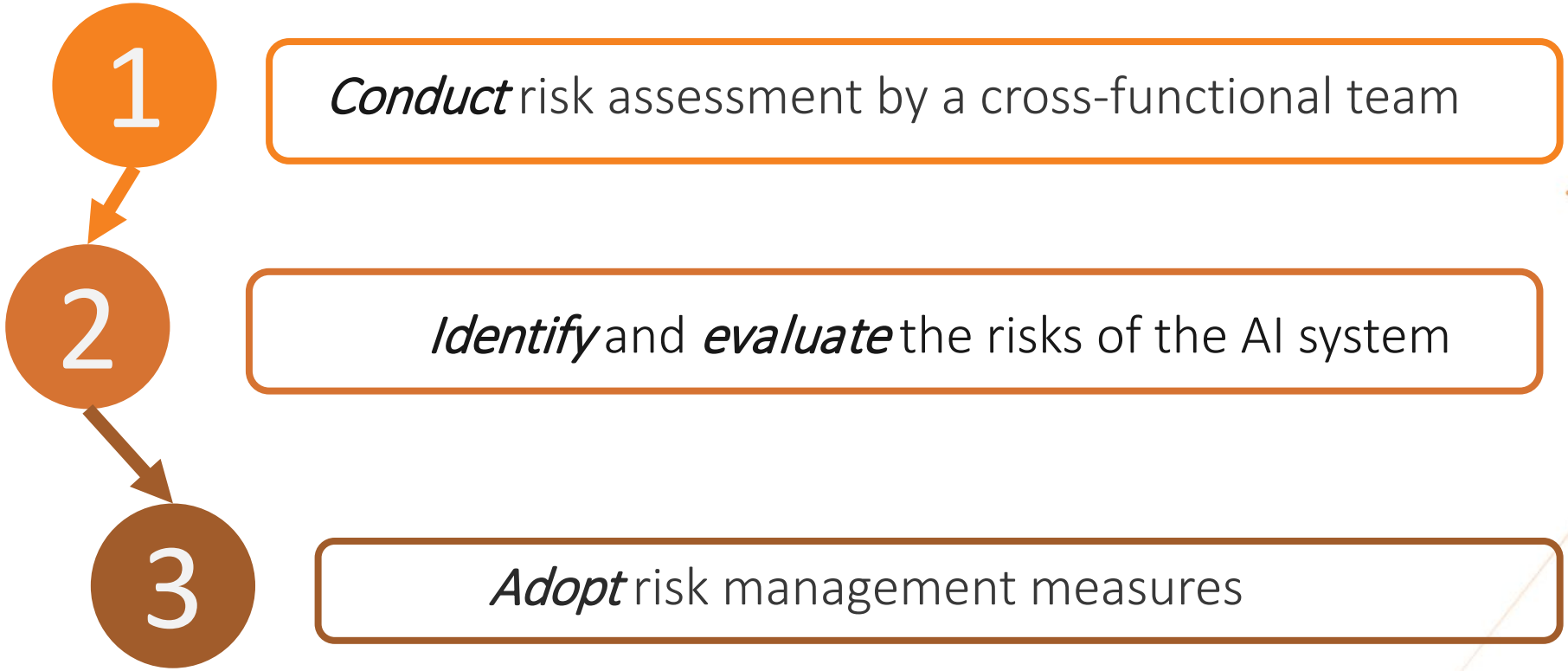
An organisation intending to invest in AI solutions may consider:

1. Purposes of using AI
2. Privacy and security obligations and ethical requirements
3. International technical and governance standards
4. Criteria and procedures for reviewing AI solutions
5. Data processor agreements
6. Policy on handling output generated by the AI systems
7. Plan for continuously scrutinising changing landscape
8. Plan for monitoring, managing and maintaining AI solutions
9. Evaluation of AI suppliers

ESTABLISH AI Strategy and Governance

Risk Assessment and Human Oversight

Process of Risk Assessment



CONDUCT
Risk Assessment
and
Human Oversight

Risk-Based Approach

The level of human oversight should correspond with the risks identified:

An AI system likely to **produce an output** that may have such ***significant impacts*** on individuals would generally be considered ***high risk***

CONDUCT Risk Assessment and Human Oversight

Customisation of AI Models and Implementation and Management of AI Systems

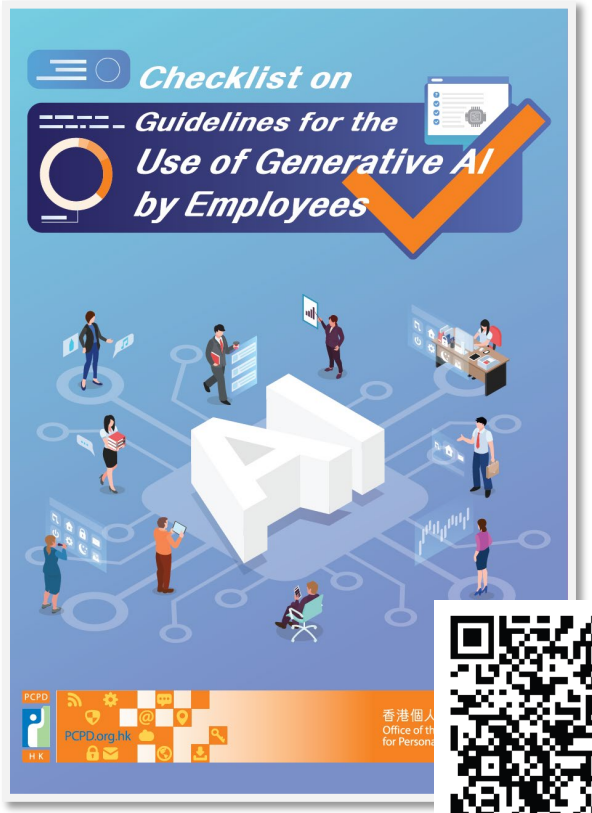
EXECUTE
Customisation of AI Models and Implementation and Management of AI Systems

Process	Selected Recommendations
Data Preparation	**Ensure compliance with privacy law** Minimise the amount of personal data involved Manage data quality Document data handling
Customisation and Implementation of AI	**Conduct rigorous testing and validation of reliability, robustness and fairness** Consider compliance issues based on the hosting of AI solution ("on-premise" or on a third party cloud) prior to integration **Ensure system security and data security**
Management and Continuous Monitoring of AI	Maintain proper documentation **Establish an AI Incident Response Plan** Conduct periodic audits **Consider incorporating review mechanisms as risk factors evolve**

Foster Communication and Engagement with Stakeholders

1. Information Provision
2. Data Subject Rights and Feedback
3. Explainable AI
4. Language and Manner

“Checklist on Guidelines for the Use of Generative AI by Employees”



- Presented in a **checklist format**
- As a matter of good practice, organisations may devise their own policies or guidelines **in alignment with their values and mission**
- Helps organisations develop internal policies or guidelines for employees’ use of Gen AI at work while **complying with the requirements of the PDPO** in relation to the handling of personal data

Recommended Coverage of the Policies or Guidelines

- Scope
- Protection of personal data privacy
- Lawful and ethical use and prevention of bias
- Data security
- Violations of the policies or guidelines

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保障、尊重個人資料私隱

Protect, Respect Personal Data Privacy

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