6th International Association of Prosecutors (IAP)
Middle East & Asia-Pacific (MEAP)
Regional Conference

Risk Management at KLM Royal Dutch Airlines
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Introduction

• KLM Security services
• Risk Management:
  – Template
  – Environment
  – Prioritizing risks
  – Security risk assessment methodology
• Threats in aviation security
• Mistakes in risk management
• Aviation security system: - shortcomings
• Differentiation
KLM DATA

• Foundation
  October 7, 1919:
  Foundation of KLM, Royal Dutch Airlines for the
  Netherlands and the Colonies.

• Number of employees
  The KLM Group employs 33,000 people of more than
  70 different nationalities. Around 28,000 of these work
  in the Netherlands and 5,000 abroad.

• Traffic figures (2008)
  Passengers: **23.4 million**
  Cargo: 657,022 tons (Air France Cargo-KLM Cargo)

• AF/KLM
  one group, two airlines
KLM Data (cont.)

- The KLM fleet consists of 195 aircraft with an average age of 10.8 years. Owing to the new acquisitions KLM has succeeded in reducing the average age of its fleet (including that of transavia.com) by 1.2 years. This investment in products and services for our clients also significantly reduces the impact our operations have on the environment. The new aircraft make less noise and consume less fuel.
- KLM is owner of KLM UK/Cityhopper (100%), transavia.com (100%), Martinair Holland (100%) and partly Kenya Airways (26%), 25% interest in Alitalia (AF/KL)
- KLM flies to 148 destinations (127 KLM + 21 codeshare).
- Member of Skyteam (Aeroflot, Northwest, Delta, Continental, Aero Mexico, Alitalia, Air france, Czech Airlines, Korean Air, China Southern)
Mission KLM Security Services (SPL/AV)

- Security Services has an essential role in safeguarding the continuity of the KLM Group by managing physical and intrinsic risks.
- SVP Security Services is authorized to initiate and impose/enforce special measures during periods of increased risks and/or for critical flights or routes, as well as regarding assets and staff.
## Organization KLM Security services
### 7 clusters

<table>
<thead>
<tr>
<th>Risk Analyses &amp; Control</th>
<th>Cargo</th>
</tr>
</thead>
<tbody>
<tr>
<td>Analyse threat levels</td>
<td>Cargo security</td>
</tr>
<tr>
<td>Security Mgt outstations.</td>
<td>VAL</td>
</tr>
<tr>
<td>Flight Ops/inflight services</td>
<td>Mail/Express</td>
</tr>
<tr>
<td>Investigations</td>
<td>Investigations</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Immigration &amp; Fines</th>
<th>Operations</th>
</tr>
</thead>
<tbody>
<tr>
<td>MOU’s</td>
<td>Security SPL</td>
</tr>
<tr>
<td>Training handling staff</td>
<td>AV Control Room</td>
</tr>
<tr>
<td>Fraud ticket/cc/freq fly</td>
<td>Investigations</td>
</tr>
<tr>
<td>Investigations</td>
<td>Security Buildings</td>
</tr>
</tbody>
</table>
# Organization KLM Security services
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<table>
<thead>
<tr>
<th>Integrity</th>
<th>Systems &amp; Procedures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management protection</td>
<td>Security rulemaking</td>
</tr>
<tr>
<td>Screening KL Staff</td>
<td>EU regulation</td>
</tr>
<tr>
<td>ICT Security</td>
<td>TSA regulation</td>
</tr>
<tr>
<td>Investigations</td>
<td>Investigations</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Quality &amp; Training</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality programs (JAA/KLM)</td>
<td></td>
</tr>
<tr>
<td>Sec KLC/HV/ MP</td>
<td></td>
</tr>
<tr>
<td>Security Training programs</td>
<td></td>
</tr>
<tr>
<td>Investigations</td>
<td></td>
</tr>
</tbody>
</table>
Internal investigations (Integrity)

- Based on employment contract (collective agreement) and internal protocol
- Information security policy + ICT security policy (in close cooperation with ICT department)
- Internal investigation: in close cooperation with police, law enforcement agencies.
- Public/private partnership, powers; observation (also camera’s), random hand search on bags of employees, computer investigation, interrogation (voluntarily)
Risk assessment template

Risk category

Describe the risk
Risk history – has this happened before? What was the impact?

Probability – what is the chance of the risk occurring?

Is the risk more or less likely than it was at the time of your last assessment?

What is the financial impact of the risk?
1. Low <$1M  2. Moderate 1-$10M  3. High >$10M
Prioritizing Risks

- **High Risk Impact**
  - High Risk
  - Medium Risk
  - Low Risk

- **Probability**
  - Share
  - Mitigate & Control
  - Accept
  - Control

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Security Risk Assessment Methodology

Threat

Vulnerability

Exposure

Defence

Impact

Risk
Accept

Transfer

Avoid

Spread

Reduce

Manage
Analysis Model

INFO

Analyze

CONCLUDE

Advice/Directive

Verify

POLITICAL

ECONOMICAL

LOCAL CIRCUMSTANCES

INTELLIGENCE

NETWORK SOURCES
Threats in Aviation Security

Current threats to aviation security business

- Terrorism
- (civil) war
- Public unrest
- Drugs Trafficking
- Unruly passengers
- Human Trafficking
- (Cargo) theft, fraud
- E-crime
- Regulators

- Suicidal terrorists
- Israel, Lebanon
- Thailand, Kenya
- Latam, Caribb, W-Africa
- MOU’s
- Diamond heist
- False tickets/-payments
- EU / TSA
Terrorism threat (update)

- 68 prevented plots in 2007-2008
- Western Europe and ME
- Public events
- Aviation and other means of public transport
Fatalities & Attacks 2007 (Source US National Counterterrorism Center)

- Africa: 2187 Dead, 835 #Attacks
- East Asia: 1119 Dead, 1192 #Attacks
- Europe: 227 Dead, 606 #Attacks
- Near East: 14010 Dead, 272 #Attacks
- South Asia: 4737 Dead, 907 #Attacks
- Western Hemisphere: 405 Dead, 482 #Attacks

Regions:
- Africa
- East Asia
- Europe
- Near East
- South Asia
- Western Hemisphere
Plan Ahead. Are all incidents surprises?

What is our business?

1. In the airline industry we sell transportation.

Our (unique) selling points for our customers are:

- comfortable
- fast
- short (interline) connections via Hub-systems
- value and services in balance
- This all guaranteed on a safe and secure way.
Where do we focus on?

Our Network planners and Operations Control Center focus on:

- maximum utilization of the fleet
- maximum utilization of the crew
Impact of disruption

• Disruption of any kind disturbs the customer’s expectation and the company’s center of attention. So in case of a disruption we can lose customers and a fall down in operational performances.

• In short: We lose money and confidence.
Disruptions

What are disruptions:

- Any kind of external negative influence on day-to-day operations, either natural or man-made.
“Natural” disturbances:

- Extreme weather: (heavy snowfall, icing, storms, extreme high temperature)
- Volcano activity
- Forrest fires
“Natural” disturbances(2)

- Flooding
- Public Health (SARS)
- Power shortages caused by i.e. extreme weather
- Etc
Man-made Disruptions

- (Threat of) Terrorist attacks (hijack, bombing, hostage taking)
- Mass demonstrations
- Coupe d’etat
- Strikes
- Etc
Today we were unlucky.
But remember,
we have to be lucky only once,
You will have to be lucky always.

Message from the IRA after the bombing of the Grand Hotel in Brighton, killing 5 and wounding 31.
Prime Minister Margaret Thatcher was left unhurt
(12 October 1984 – 02.54 – 20 lbs of explosives left in room 629)
Example 1

- Israel vs Hezbollah
Example 2

- Kenya Political and ethnic clashes
Example 3

- Ecuador Volcano
Many of the disruptions, whether they are natural or man-made, can be foreseen to some extent.

- You can define parameters on a scale, from which you can determine if a disruption is likely to occur.
  - For “natural disruptions” there are weather forecasts, volcano activities reports, Health reports.
  - For “man-made” disruptions it’s a matter of intelligence and information sharing.

So, to cope with disruptions, it is a matter of PLANNING AHEAD.
Risk Management Model
KLM Security Services

Country: xxx


Period up to:

By:

Position(s):
A. Airport
B. Aircraft
C. Personnel
D. Facilities
E. Buss/Ops Continuity

Clarification and mitigations:

E5: War is a border conflict.
A4: Terrorism is in the South part of the country.
Mistakes in risk management

- Extrapolating from the past to forecast the probability that a given risk will materialize
- More effective to focus on the consequences than to focus on predicting extreme events (emergency response)
- Put greater emphasis on avoiding losses than on earning profits
- The way risks are framed influence people’s understanding of it
Shortcomings of the security system

- Security is not efficient, but too often complex and duplicated
- Security is not internationally harmonized.
- Security rules must be established with particular focus on the risk or threat that they seek to eliminate and the impact that they will have on operations in order to evaluate their effectiveness and feasibility.
- Security rules are often audit-driven
- Security rules impact on the feeling of security (as opposed to actual security) is not taken into account.
AFTER SEVEN HOURS OF WADING THROUGH HEIGHTENED AIRPORT SECURITY, LARRY FACED ONE FINAL CHALLENGE...

BOARDING PASS, PLEASE...
Underlying principles

- The main elements of today’s aviation security system can be assumed to be central search (passenger and baggage screening), access control, the setting up of critical parts at airports and the protection of cockpit doors in the aircraft.
- Implementing legislation should be in charge of reinforcing these general, cornerstone rules rather than to create added layers of measures to compensate for previous ones. One realizes however that much focus has been put on accumulation responses to possible scenario on an arbitrary basis, without taking a complete look at the overall system, risk and existing mitigations. This creates vulnerabilities and imbalances which are illustrated as follows:
Swiss Cheese ?
Differentiation

1. Profiling
2. Registered/trusted traveler
3. Higher risk passengers

A. intelligence, national and cross border
B. Rule based versus risk based

I. Behavior pattern recognition
II. Unpredictability/randomness
COMFORT FEELING