



27. Woodhurst Risk Management Framework

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At Woodhurst, we recognise that effective risk management is essential to delivering consistent, high-quality consulting services while protecting the interests of our clients, stakeholders, and employees. Our firm adopts a structured and proactive approach to identifying, assessing, mitigating, and monitoring risks across all aspects of our business. This approach is integrated into our strategic planning, operational execution, financial stewardship, compliance obligations, and culture.

27.1 Strategic Risk Management

Woodhurst's Strategic Risk Management Policy outlines a structured approach to identifying, assessing, responding to, and monitoring strategic risks that could impact our firm's objectives. Our policy mandates regular strategic risk assessments, integrating risk considerations into decision-making processes. We utilise a combination of qualitative and quantitative methods to evaluate potential impacts and likelihoods of strategic risks, ensuring a comprehensive understanding of our external and internal environment. Our policy emphasises the importance of dynamic and flexible strategies to address identified risks, including diversification of services and markets, investment in innovation, and development of strategic partnerships. Continuous monitoring and regular reporting mechanisms are established to ensure that strategic risk management is an integral part of our firm's culture, with senior management actively involved in overseeing and adjusting strategies in response to evolving risk landscapes.

We identify strategic risks through comprehensive market analysis, reviewing industry trends, competitive landscape, and regulatory changes. Risks are

managed by adjusting our strategic plans, diversifying our service offerings, and utilising innovation. Mitigation strategies include forming strategic partnerships to expand market reach. Risks that exceed a certain threshold are escalated to senior management for review and action.

27.1.1 Sustainability and Environmental Risk

Woodhurst's approach to sustainability recognises the long-term importance of environmental considerations within strategic risk management. Although formal sustainability reporting is not required, our policy supports responsible growth and aims to integrate sustainability into our firm's culture through the following strategies:

- **Sustainability Awareness in Strategy:** We incorporate environmental considerations into strategic planning, evaluating areas where sustainable practices can enhance efficiency. Examples include implementing energy-saving measures and selecting suppliers aligned with sustainability values.
- **Client and Community Engagement:** To support the growing importance of sustainability, we aim to assist clients in achieving their sustainability goals where relevant. We also seek opportunities to participate in community initiatives that promote environmental well-being, reinforcing our corporate responsibility.
- **Annual Sustainability Review:** An annual review will be conducted to assess potential sustainability risks and identify opportunities in line with industry trends. This review informs our small-scale initiatives, ensuring our approach evolves with the changing environmental landscape.

By embedding these sustainability practices within Strategic Risk Management, we position ourselves to responsibly navigate future challenges and seize opportunities associated with environmental awareness.

27.2 Operational Risk Management

Woodhurst's Operational Risk Management Policy is established to ensure that all operational risks are systematically identified, evaluated, mitigated, and monitored. Our approach focuses on creating efficient operational processes,

enhancing quality control, and ensuring data security. We mandate regular internal audits and process reviews to identify areas of potential risk in our operations. Training programs are implemented to equip our staff with the necessary skills to manage and reduce operational risks effectively. This policy also emphasises the importance of technology in managing operational risks, advocating for the use of advanced software tools to streamline operations and safeguard against data breaches. Continuous improvement is a cornerstone of this policy, with feedback mechanisms in place to adapt and refine our operational risk management strategies continually.

Operational risks are identified through regular audits and process evaluations, focusing on areas such as service delivery, data security, and quality control. Management involves implementing standard operating procedures, employee training, and technological solutions. Mitigation includes continuous process improvement and risk transfer mechanisms. High-level operational risks are escalated to the COO.

Woodhurst places significant importance on ensuring continual compliance with all Service Level Agreements (SLAs), Master Services Agreements (MSAs), and Statements of Work (SoWs) agreed with clients. Project Leads are responsible for monitoring adherence to these agreements, with performance tracked through internal reporting and client reviews. Any deviations or potential breaches are escalated promptly for corrective action.

Woodhurst holds fortnightly meetings with Project Leads to ensure compliance with all current SLAs, MSAs and SOWs. This meeting is also used to identify gaps in control effectiveness, and any risks not sufficiently mitigated are escalated for further action. Root Cause Analyses are conducted following significant operational incidents, with findings documented, preventative actions identified, and summaries shared with impacted clients where applicable.

In the event of a material incident that could impact a client, Woodhurst is committed to notifying the client within 24 hours. The notification includes a summary of the issue, its impact, and the planned or completed remedial actions.

Operational risk management outcomes, including key indicators and control monitoring results, are compiled and reported through Management Information reports to the senior leadership team on a regular basis as part of our internal risk governance framework.

27.3 Financial Risk Management

Woodhurst's Financial Risk Management Policy focuses on safeguarding the firm's financial health against various risks, including market volatility, credit risks, and liquidity challenges. This comprehensive approach involves continuous financial analysis to anticipate and mitigate potential financial threats. Key components include maintaining a diversified client portfolio to mitigate dependency risks, stringent credit control measures to manage receivables, and robust cash flow management practices. The policy also mandates maintaining reserves for unforeseen financial downturns and employing hedging strategies where applicable to manage exposure to market risks. Regular financial reviews and reporting ensure transparency and proactive management of financial risks, aligning with Woodhurst's strategic goals and operational stability.

Financial risks are identified via ongoing financial performance analysis, monitoring cash flows, and assessing market conditions. Management strategies include maintaining a diversified revenue stream and implementing strict budget controls. Mitigation involves hedging against financial exposures and maintaining reserves. Significant financial risks are escalated to the CFO

27.3.1 Fraud Prevention and Economic Crime

To comply with the Economic Crime and Corporate Transparency Act 2023 (ECCTA), we are committed to a robust framework for identifying and mitigating risks of economic crime and fraud. This framework includes the following key elements:

- **Enhanced Due Diligence (EDD):** We will conduct enhanced due diligence on clients or transactions deemed high-risk, ensuring an in-depth assessment of potential economic crime factors. This process includes more rigorous identification and verification checks, especially for higher-risk transactions or partnerships.
- **Fraud Prevention Training:** All staff will participate in regular training to recognise indicators of fraud and economic crime. This training will be periodically updated to reflect emerging trends and legal requirements, empowering employees to act quickly and responsibly should risks arise.

By integrating these measures into Financial Risk Management, we ensure our firm remains vigilant and proactive in preventing economic crime, safeguarding our financial integrity. For more information see our Fraud Detection, Prevention and Response Policy

27.4 Reputation Risk Management

Woodhurst's Reputation Risk Management Policy is designed to protect and enhance our firm's reputation, recognising it as a critical asset. This policy includes proactive measures for building strong relationships with clients, delivering high-quality services, and engaging positively with the community. We implement a comprehensive communication strategy to manage and mitigate negative publicity or feedback effectively. The policy also includes regular training for all employees on brand values and the importance of maintaining professional integrity in all interactions. Monitoring and responding to online and offline feedback is an integral part of this policy, ensuring that Woodhurst maintains its esteemed position in the consulting industry.

Reputation risks are identified through monitoring public perception, client feedback, and social media. Management includes proactive communication strategies and high-quality service delivery. Mitigation strategies involve crisis management planning and positive stakeholder engagement. Risks threatening the firm's reputation are escalated to the executive team.

27.5 Compliance Risk Management

Woodhurst's Compliance Risk Management Policy ensures adherence to legal, regulatory, and ethical standards applicable to our consulting operations. This policy mandates ongoing compliance training for employees, regular audits, and reviews to identify and address potential compliance gaps. We establish clear guidelines for ethical conduct and legal compliance, incorporating updates in legislation and industry standards. Our policy also emphasises the importance of transparent and timely reporting of compliance issues, building an open culture where compliance is integral to our operational excellence.

Compliance risks are identified by keeping abreast of legal and regulatory changes, conducting regular compliance audits. Management involves employee

training on compliance standards and implementing compliance controls. Mitigation includes legal consultations and corrective action plans. Serious compliance issues are escalated to our legal team and senior leaders.

27.5.1 Compliance with Economic Crime Legislation

In response to the requirements of the ECCTA, we are enhancing our compliance protocols to address economic crime risks effectively:

- **Record-Keeping and Reporting:** Our firm will maintain comprehensive and accurate records of all client and transactional details, ensuring prompt reporting of any suspicious activity in accordance with legal requirements. Clear procedures will be in place to facilitate the swift and secure handling of relevant records.
- **Regular Compliance Audits:** Scheduled audits will be conducted to ensure adherence to economic crime legislation. These audits will verify that all fraud prevention measures, transparency practices, and compliance controls meet current regulatory standards, with corrective actions implemented as needed.

Incorporating these elements strengthens our compliance approach, aligning it with the latest legal standards on economic crime prevention.

27.5.2 Anti-Money Laundering (AML) Controls

Woodhurst's AML obligations are limited, we recognise the importance of implementing core AML practices to ensure compliance and protect our business integrity. Our AML approach includes:

- **Risk-Based Client Assessment:** We apply a risk-based approach to client due diligence, concentrating efforts on clients or transactions deemed higher risk. Simplified due diligence applies to low-risk clients, maintaining efficiency while upholding regulatory expectations.
- **Ongoing Client Monitoring:** High-risk clients undergo periodic reviews to identify any changes that may heighten AML risks, while other client relationships are monitored reactively, allowing us to respond to potential risks as they arise.

- **Basic AML Training:** We provide foundational AML training to staff, equipping them with the skills to identify and report suspicious activity effectively. This training is refreshed annually to ensure relevance and effectiveness.

These controls align with our firm's commitment to regulatory compliance, enhancing our ability to detect and manage AML risks in a manner suited to our company's size and resources. For more detailed information please see our Anti-Money Laundering Policy

27.6 Technology Risk Management

Woodhurst's Technology Risk Management Policy is dedicated to safeguarding our information technology systems and data from cyber threats, data breaches, and system failures. This policy involves regular cybersecurity assessments, the implementation of advanced security measures, and continuous monitoring of our IT infrastructure. We prioritise data protection through encryption, secure access controls, and employee training on cybersecurity best practices. Our approach is proactive, with incident response plans in place to quickly address any security breaches. Ensuring the resilience of our technology infrastructure is critical for maintaining client trust and operational continuity in the UK's dynamic business environment.

Technology risks are identified through cybersecurity assessments and IT system reviews. Management involves implementing robust security protocols, regular software updates, and employee cyber hygiene training. Mitigation strategies include disaster recovery planning and the use of encryption. Significant technology risks are escalated to the Head of IT.

27.7 Human Resources Risk Management

Woodhurst's Human Resources Risk Management Policy is centred around attracting, developing, and retaining the best talent while ensuring a positive and compliant workplace environment. This policy entails rigorous recruitment processes, continuous professional development opportunities, and a strong focus on diversity and inclusion. We conduct regular performance reviews and provide clear career progression paths to motivate and retain employees. Additionally, our policy includes robust procedures for addressing workplace

grievances and ensuring compliance with employment laws, thus mitigating legal risks and building a culture of respect and integrity.

HR risks are identified through employee surveys, performance reviews, and monitoring industry employment trends. Management includes offering competitive benefits, career development opportunities, and maintaining a positive work environment. Mitigation involves conflict resolution procedures and legal compliance checks. Critical HR issues are escalated to the HR Lead or executive management.