

## Principal Risks, Uncertainties and Opportunities

### Risk management

WDH has an embedded Risk Management Framework and conducts its business in a prudent manner which safeguards its assets through the effective management of risk.

### Risk appetite and register

The Group Board agrees the Risk Appetite Statement on an annual basis. This defines Board's risk appetite for the main areas of risk to the business. It also includes risk indicators which are monitored by the Audit and Risk Committee and reported to each Board on an exception basis.

The indicators include Financial Golden Rules which are agreed by the Board as part of the annual Business Planning process.

The risk register is owned by the Group Board and risk is a standing item at every Board meeting. It is routinely scrutinised by the Corporate Management Team and by the Audit, Risk and Assurance Committee on behalf of the Board. The reports identify assurance using the Three Lines Model, and each Audit and Risk Committee meeting includes a deep dive into one of the key risks and the associated assurance.

A summary of the high-level key risks is set out below.

Key risk and main drivers	Person responsible for managing the risk
<p><b>Governance, legal and regulatory compliance</b> Effectiveness of internal control framework coupled with the framework for governance and control. Ensuring compliance against regulatory standards and chosen code of governance.</p>	Executive Director of Resources
<p><b>Impact of the cost of living and economic uncertainty on customers</b> Supporting our customers and helping sustain tenancies in the current economic climate.</p>	Executive Director of Housing
<p><b>Health and safety and property compliance</b> Ensuring fire safety within multi-storey blocks and independent living schemes. Gas and electrical compliance; legionella and asbestos safety; the safety of lifts. Ensuring homes are free from systemic issues giving rise to damp, mould, and condensation (DMC).</p>	Executive Director of Investment
<p><b>Health and safety – employees and stakeholders</b> Ensuring the health and safety of employees and our stakeholders.</p>	Director of Organisational Development
<p><b>Asset management</b> Ensuring our homes are well maintained, fully compliant and safe and meet our needs going into the future, balancing</p>	Executive Director of Investment

<b>Key risk and main drivers</b>	<b>Person responsible for managing the risk</b>
<p>investment needs of existing stock, new development and acquisitions, and climate change goals.</p> <p>External economic and construction industry factors impacting cost and delivery of the reinvestment programme.</p>	
<p><b>Delivery of new homes</b></p> <p>Ensuring an appropriate pipeline of properties to meet the ambitions of the Development Programme.</p> <p>External economic and construction industry factors impacting cost and delivery of the development programme and housing market exposure in relation to shared ownership properties.</p>	Executive Director of Investment
<p><b>Risks to income</b></p> <p>Impact of the cost of living crisis and local economy on people's ability to fund their rent and sustain their tenancies.</p> <p>Future government policy on welfare reform and the sector rent formula.</p>	Executive Director of Housing
<p><b>Financial viability</b></p> <p>Cost of living pressures and the return of high inflation is continuing to impact the UK and WDH's customers.</p> <p>The economic impact on the sector was considered by the by the Regulator of Social Housing in the annual stability checks. This resulted in a number of associations, including WDH, receiving V2 gradings reflecting a compliant assessment, but recognising the pressures arising from the operating environment.</p>	Executive Director of Resources
<p><b>Information security and IT resilience</b></p> <p>Failure to effectively manage information security risks, resulting in significant information security incidents and interruptions to business activities.</p> <p>Ensuring systems are resilient and interruptions to service are minimised.</p> <p>Failing to ensure GDPR / Data Protection compliance.</p>	Executive Director of Resources