



# Risk Oversight as a NED

Samantha Barber, portfolio Non-executive Director, gives Criticaleye her five tips for boards on mitigating key business risks

**E**nsuring that the board has clear oversight on how the business is managing risks is a significant challenge.

Whether it's to do with regulation, the supply chain, cyber security or sustainability, non-executives must ensure communication between themselves and the executives is open and transparent. Crucially, NEDs need to know what questions to ask in order to unveil potential blind spots in their organisation.

Here, **Samantha Barber**, portfolio Non-executive Director – whose experience includes chairing an international board committee on corporate governance and responsibility – talks us through the five areas she thinks NEDs should consider when delivering risk oversight:

## 1. Get Clarity on the Information

Trust and transparency between executives and non-executives is highly important. This is increasingly so as the expectations and responsibilities on board directors are far greater than they were, say 10 years ago.

You must have clarity – the information coming to the boardroom has to be clear, concise and robust; you must trust what's being presented to you. That enables the board to have a more strategic and constructive conversation.

While it's important to test, probe and challenge the information you're receiving, you must have confidence in it. You're not an investigator, trying

to work out whether what's presented is whole and accurate or if there are key bits missing, either deliberately or unconsciously. That's very important in terms of the dynamic and culture around the board table.

Within this, it's important for NEDs to have a feel for the culture and to visit different parts of the business. NEDs should also have relationships with key executives away from the boardroom.

## 2. Set the Tone

It's really important that the board sets a tone which makes it clear that uncomfortable perspectives and views will be received constructively. Any board will always want to receive good news, but how it responds to >



uncomfortable news reveals its true culture and dynamic.

While it is very much the executives' onus to present accurate and clear information, the board has to respond and support the executives both robustly and constructively.

At the end of board or committee discussions, I often ask if the executives would like to bring anything to the board's attention that has not been covered. This again places responsibility with the executives to ensure complete transparency of information.

Non-executive directors do not want to receive information six or 12 months late when it may have led to a different decision had that knowledge been disclosed.

### 3. Create the Space to Discuss Concerns

Execs need to present issues that they may not have answers to, with the confidence that it will be received in the right way.

Sometimes the knee-jerk reaction to a challenging or complex issue, or to something that's not being worked through in the most optimal way, is to figure out where to direct blame. Instead, it should be about working collectively with the executives to unpick the problem and figure out how to move forward.

It's only when you do that, and have that little bit of time to distil what's happened, that you can genuinely identify if there's a serious fault or breach, or a competency issue.

### 4. Verify Structures are Correct

With the increasing number of issues requiring scrutiny and approval, boards need to review whether the existing structure is fit for purpose.

Does the existing committee need to change? Do they need to do more 'heavy lifting' on additional topics before presenting to the board? Does the board need to meet more often or for longer?

It is really important to ensure that enough space is created in board and committee meetings to allow for strategic and creative thinking.

### 5. Use Diverse Viewpoints

Different board members have different strengths - if you've come from internal audit, you'll look at risk differently compared to someone from a customer service background.

I like to focus on the external risks and opportunities. Whether that's disruptive technology, reputational risk or stakeholder expectations, and also things that can almost come from nowhere.

In the past, trying to get 'non-traditional' topics onto the board's agenda was virtually impossible.

Now, there is an increasing number of additional issues that require board sign off, from stake holder expectations to cyber security and digital disruption.

Boards must be able to demonstrate that they have thought strategically about new challenges and have integrated these aspects into strategic planning.

For example, cyber security and customer data protection is one of the most pressing issues facing a board. While many NEDs may not have specific expertise on that, they must ensure that external expertise is brought in if necessary.

Stakeholders are increasingly scrutinising the structure, activity and performance of the board, and are demanding more transparency.

The challenge for today's chairmen is in still ensuring an ever broader range of topics are robustly and strategically addressed, so that they can enhance the performance of the business. ■

Samantha was a speaker at Criticleye's [Non-executive Director Retreat](#), held in association with Santander.



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Samantha has worked at CEO and board level in both domestic and international companies, and has extensive strategic business experience. With a particular focus on complex, multi-stakeholder organisations she has worked across sectors for over 20 years.

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