



Institute
and Faculty
of Actuaries

NED Event: Building Appropriate Trust and Maintaining Integrity as a Non-Executive Director

Jamie Dow and Joshua Hobbs, University of Leeds





trust

Trust & Trustworthiness

Building Appropriate Trust
and Maintaining Integrity
as a Non-Executive Director

People

IDEA Centre, University of Leeds:

- Dr. Jamie Dow
- Dr. Josh Hobbs

IFoA Member Interest Group (MIG) for NEDs:

- Seamus Creedon

Agenda

- Introductions
- The value of trust and scepticism for NEDs
- A framework for placing and withholding trust
 - TASK: applying the framework to your context
- Understand trustworthiness, cultivate trust
 - TASK: applying these principles to your context
- Share conclusions, prioritise action



trust

The Value of Trust

Trust is valuable because:

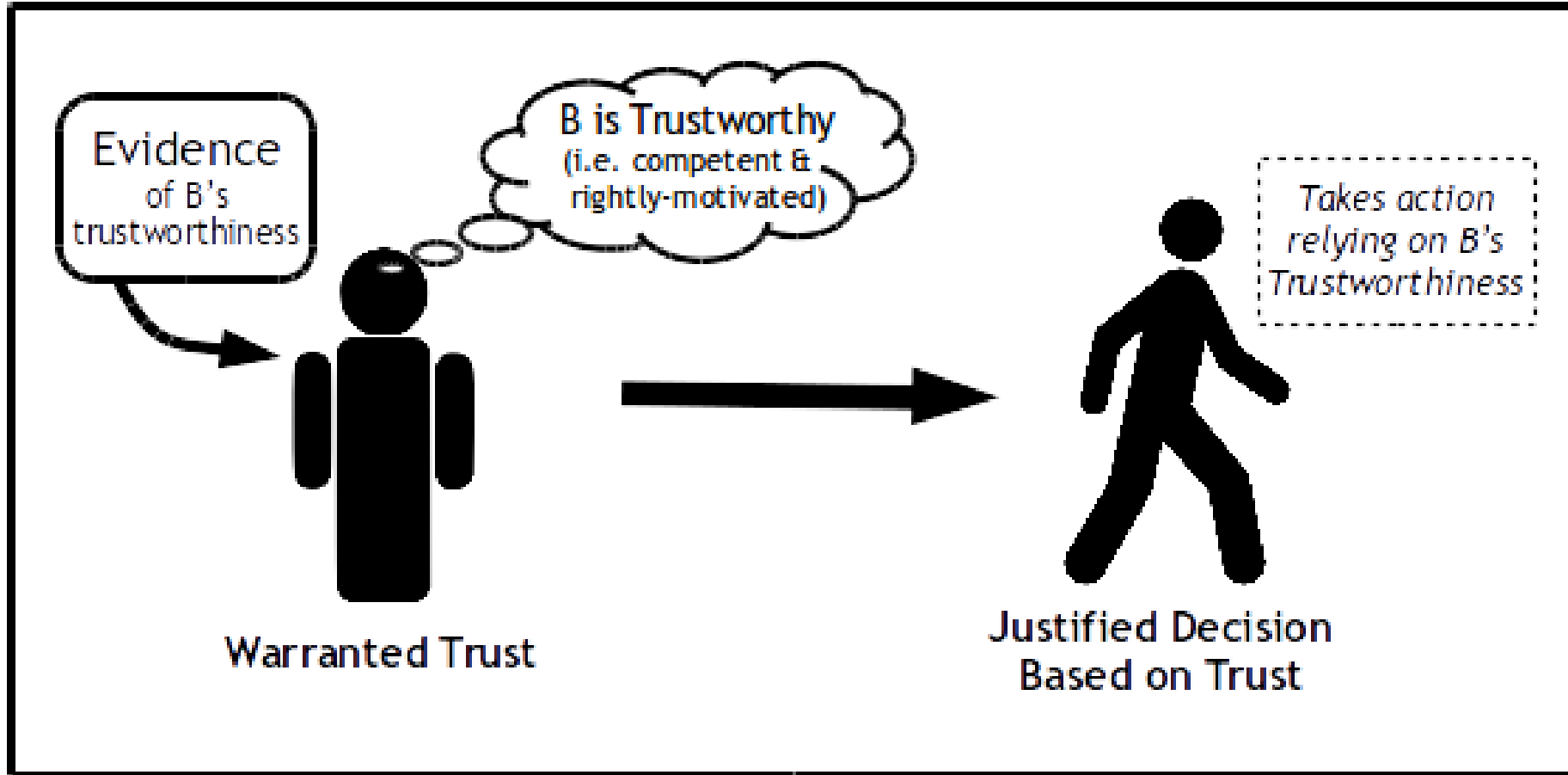
1. Trust saves effort.
2. Trust aligns and coordinates behaviour
3. Well-targeted trust yields good decisions
4. Warranted trust guides us towards good decisions.

The Logic of Trust

Party A trusts Party B *in respect of* X.



Trusting and Trustworthiness



The logo for HBOS plc features a stylized blue 'X' shape composed of four triangles meeting at a central point. Four small blue circles are positioned around the 'X': one at the top, one at the bottom, one on the left, and one on the right. To the right of this graphic, the text 'HBOS' is written in a large, bold, blue sans-serif font, followed by 'plc' in a smaller, lowercase blue sans-serif font.

HBOS_{plc}

TASK 1: Trusting

- Analyse at least ONE party you might need to trust in your role as a NED.
 - *Complete at least one row in full.*
- Survey the range of possible parties you might consider trusting (i.e. fill column #1)



cultivating trust

Cultivating **Warranted** Trust

- Demonstrating appropriate competencies AND Demonstrating appropriate motivations.
- Being clear about the limits of these competencies. Possibly dissuading others from having too high an opinion of you.
- Potential dangers of charisma: “Halo Effect”.

The Value of Warranted Trust

Respect

Consequences



“The Actuary on the Board”





Long Life Assurance

TASK 2: Cultivating Trust

- Analyse at least ONE party from whom you might need to earn/cultivate trust in your role as a NED.
 - *Complete at least one row in full.*
- Survey the range of possible parties you might need to earn/cultivate the trust of (i.e. fill column #1)

Conclusions & Plans/Goals