

# Singapore's family-run firms lack pay transparency, study shows

Singapore-listed companies are replete with executive directors who are either substantial shareholders or related to them, and firms are not disclosing enough about how pay is decided.

About three in four executive directors are substantial shareholders or are family members, according to a study released on March 23 by the NUS Business School's Centre for Investor Protection. These directors tend to be better compensated, raising the question of potentially excessive remuneration for these companies, the authors led by Professor Mak Yuen Teen said.

While there is greater disclosure of executive compensation in Singapore, most firms still failed to share specific performance measures that determined annual bonuses, according to the report *Paying For Value Or Just Paying More?*, which reviewed 469 firms that

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have a primary listing in Singapore.

"There remains a lack of transparency on remuneration paid to key management personnel and employees who are related to substantial shareholders, directors and CEOs," Prof Mak said.

Non-independent directors typically increase the risk of executive pay inflation due to greater control over remuneration committees or appointment of independent directors. Singapore has in recent

years tightened rules, including limiting the tenure of directors, and improved executive pay disclosure as the city-state seeks to boost corporate accountability and improve shareholder returns.

The NUS report called for amendments to Singapore's listing rules to allow only non-executive directors to be part of remuneration committees. It also asked for Singapore's corporate governance code to boost requirements for transparency around pay disclosures, remuneration determination policies for directors, and make it clear how they are linked to performance.

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