The reality check awaiting Singapore's aspiring board directors

By Mak Yuen Teen

APART from the two programmes mandated by Singapore Exchange (SGX) Regulation for first-time directors of listed issuers, many aspirants also spend thousands of dollars on other programmes offered by various organisations, hoping to open the door to a paid directorship.

But for aspiring directors, what are the actual board opportunities in listed issuers here?

A study by the Centre for Investor Protection on the appointment of independent directors (IDs) to SGX-listed issuers found that from Jan 1, 2021, through Jul 31, 2026, there were 1,708 ID appointments. Of these, 778 (45.6 per cent) were first-time directors.

(Only ID appointments are included as most aspiring directors are looking to be appointed as IDs. A director is considered "first-time" if they had not previously served as an ID in any listed issuer.)

The impact of the nine-year tenure rule

Over the five-year period studied, there was an annual average of 313 ID appointments. However, there was significant year-on-year volatility due to regulatory changes.

In 2021, the number of ID appointments was boosted to 334 by the impending mandatory SGX rule requiring a two-tier vote for IDs whose tenure was going to exceed nine years. ID appointments then fell to 235 in 2022, followed by a recovery to 314 appointments in 2023 when SGX imposed a mandatory nine-year tenure limit for IDs.

This regulatory push culminated in an exceptional spike in 2024, reaching a five-year high (and likely historical high) of 490 appointments, as many long-tenure IDs had to leave, unless they were redesignated to non-independent.

In 2025, the sharpest single-year correction over the five-year period was recorded, falling to 192 appointments (-68 per cent). Most issuers had already replaced their long-serving IDs.

Based on data from January to July 2026 (143 appointments), the full-year 2026 count is projected at about 190 to 230 ID appointments.

This trend is likely to continue, with some increase if there are more listings, unless there are further regulatory changes that push more listed issuers to appoint new IDs, such as limiting the number of directorships or stricter rules on independence.

For the next few years, we can expect no more than about 200 ID appointments each year.

In fact, things may worsen for aspiring directors. Over the past few months, we have seen large companies keep long-serving IDs by redesignating them as non-independent rather than replacing them. No reasons were given in these cases.

This may encourage other companies, including smaller ones, to follow suit. Furthermore, there have been at least three cases of directors appointed to seven or more boards, with one appointed to his ninth board – all lawyers who hold senior roles in their legal firms.

Listed issuers should consider appointing younger directors, such as those aged 55 years or younger. PHOTO: BT FILE

While these directors have pledged to retire from some boards in due course, there are no signs yet that they are reducing their board commitments. The boards they eventually choose to leave may also be the less effective ones – and less ideal for first-time directors just starting out.

Looking further ahead, another peak in overall ID appointments is anticipated in 2033.

Given the maximum tenure of nine years, the exceptionally large cohort of 490 IDs appointed in 2024 – the largest single-year intake on record – will reach their mandatory tenure limit in 2033.

Such a spike is likely to occur because many issuers tend to max out the tenure of their IDs.

Experience still preferred

The outlook for aspiring directors is bleaker. First-time appointments represented an average of 46.4 per cent of all ID appointments from 2021 to 2025.

While 2023 was an outlier year when first-time appointments actually exceeded experienced ones (171 versus 143), 2024's spike was driven disproportionately by experienced directors (294 versus 196), pushing the first-time directors' share to a five-year low of 40 per cent.

The proportions in 2025 and 2026 year to date have reverted towards the long-run mean, with experienced directors accounting for 52.6 per cent and 56.6 per cent, respectively. If this trend holds, we can expect only about 82 to 100 first-time IDs to be appointed in 2026.

Going forward, the annual number of slots for completely new entrants will likely remain below 100.

Age data also confirms that boards continue to favour a traditional, seasoned pool.

The distribution shows a clear bell curve, with the 50 to 65 age brackets dominating at 55.6 per cent of all appointments. Meanwhile, appointments below the age of 40 remain rare, accounting for just 4.1 per cent of the total.

Listed issuers should consider appointing younger directors, such as those aged 55 years or younger, rather than drawing their IDs from the pool of older directors, particularly those who are already on multiple listed boards.

Younger directors, however, must have the requisite skills and experience, as well as the courage and matured confidence to have their voices heard in the boardroom.

Ultimately, aspiring directors who invest in board training mainly targeted for SGX-listed issuers may be disappointed by the limited availability of board seats.

While such training does not necessarily indicate board readiness – this requires the ability to exercise sound judgment – those who are ready may still have few places to go.

One experienced board chairman here believes that every board should seek to appoint a first-time director.

This requires a mindset change when selecting ID candidates. Relevant skills and other attributes are arguably more important than prior board experience in a listed issuer.

For the long-term good of the Singapore market, more first-time directors should be given the opportunity, provided they possess the essential qualities of integrity, courage and professionalism; the appropriate competencies and commitment; and crucially, the ability to exercise sound judgment.

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