



Progress? – In April the new ASX Corporate Governance Committee decided that diversity could wait.

In April this year, a quiet decision was made to keep board diversity for ASX-listed companies in a single lane. At its 30 March 2026 meeting, the new advisory group on ASX corporate governance principles agreed that the revised Principles would retain a numerical gender target for ASX300 boards, but would not recommend numerical targets for any other diversity characteristics or require those characteristics to be reported at director level.

This is not a marginal choice.

The 2026 Watermark Board Diversity Index shows that diversity beyond gender is in a parlous state: only 6.5% of ASX300 directors are from non-Anglo-Celtic backgrounds, Indigenous directors hold just five board seats, only five directors identify as LGBTQ+, and there are still no declared directors with disability. Yet, from the outside, there is no sign that alternative ways of addressing diversity for under-represented groups were seriously pursued, and the communicate offers no public “why” for stopping at gender — even though the Advisory Group itself has stressed that the updated Principles should continue to embed an “if not, why not?” approach as a central part of the principles.

Coming after a period in which proposed very incremental board-diversity reforms in the draft fifth edition of the Principles attracted highly polarised media and political commentary, the quiet shelving of any move beyond gender, without reasons is very concerning. For

Key points for boards and executives

- **We cannot sit idly by while a lack of diversity is baked into Australia's governance leadership:** treating non-gender diversity as “too sensitive” to measure risks normalising boards that systematically exclude First Nations people, culturally diverse directors, LGBTQ+ directors and directors with disability.



- **Board diversity settings are moving backwards:** the ASX's new governance advisory body has sidelined diversity beyond gender, without offering the "if not, why not?" explanation it demands from listed entities.
- **Risk and performance blind spots on boards remain:** ASX300 boards are still overwhelmingly male and Anglo-Celtic, with almost no visible First Nations, disability or openly LGBTQ+ representation, despite strong evidence that more diverse boards make better decisions and manage risk more effectively.
- **Gender progress is necessary but not sufficient:** women's representation has lifted, but if "diversity" in practice is just swapping one elite, Anglo-Celtic director for another, the optics have changed, not the power structure.
- **Australia is falling behind global governance practice:** peer markets are embedding multi-dimensional board disclosure as standard, while the new ASX Advisory Group treats non-gender diversity as too "sensitive" even to measure.

How the rules are changing

Diversity in all its forms has been quietly sidelined on boards by the new ASX Advisory Group on Corporate Governance — and it has done so without offering the very thing it demands from every listed company: **the "why"**.

The ASX Corporate Governance Principles are the **benchmark for "good governance" on the ASX**. They sit alongside the Listing Rules and tell boards, investors and proxy advisers how to judge board structures, accountability and disclosure. Their core promise is simple: follow each recommendation or, if you don't, explain clearly what you are doing instead — the **"if not, why not?"** test.

That framework is now in new hands. The broad Corporate Governance Council was disbanded and replaced by a small Advisory Group on Corporate Governance, chaired by Dr Philip Lowe, which is now rewriting the Principles. The Group has held three meetings so far, with diversity on boards an early agenda item, and has said it will keep the eight Principles and the "if not, why not" model, focus on "simplification" and avoid creating additional reporting obligations.

On paper that sounds tidy; in practice, its early communiqués signal **a step back from any meaningful expansion of board-level diversity expectations.**



Ring the bell, when the rules have already been written

In May, the ASX hosted the “Ring the Bell for LGBTQ+ Equality” ceremony, joining a global campaign backed by Dutch Prime Minister Rob Jetten and other global leaders calling for genuine inclusion in economic life.

Behind that powerful image sits a quieter process. The ASX Advisory Group on Corporate Governance is now developing recommendations for a revised set of Corporate Governance Principles. Its role is advisory only – the final decision on what those Principles say about board diversity rests with the ASX Limited Board.

If Australia is going to stand on the world stage for LGBTQ+ equality, investors, directors and community voices have a right – and a responsibility – to tell the ASX that our governance settings must match the symbolism: recognising diversity in all its forms instead of keeping most of it invisible at board level.

What the data shows

During the 2024 fifth-edition consultation, parts of the mainstream press mischaracterised modest diversity proposals as heavy-handed social engineering, rather than overdue steps to reflect the real Australian community and align with global norms. **Lost in that noise was the evidence.**

The Watermark Board Diversity Index, produced with AICD and Deloitte, shows that despite years of rhetoric, the “typical” ASX300 board remains **overwhelmingly male and Anglo-Celtic**. There are only seven board seats held by five First Nations directors and no declared directors with disability.

The latest data identifies **five openly LGBTQ+ directors across the ASX300 — out of more than 2,000 board seats**. In a country where around half the population has non-Anglo-Celtic ancestry and at least 4.5–



8% is estimated to be LGBTQ+, it is statistically unlikely that any given ASX board includes a First Nations director, a director with disability, an openly LGBTQ+ director or a culturally diverse director. It stretches belief to suggest there are no “board-ready” candidates from these communities; the far more plausible conclusion is that **large pools of talent are still being overlooked.**

ALBEI’s 2024 submission pulled this together starkly: women now hold about 37% of ASX300 board seats, but culturally diverse directors hold under 7%, LGBTQ+ directors around 0.2%, and First Nations directors around 0.2%. These figures imply **under-representation multiples of roughly 5x for cultural diversity, 15x for First Nations people and 40x for LGBTQ+ people.**

Decades of research, and the experience of large investors and regulators, now point in the same direction: boards that are genuinely diverse — in gender, culture, sexuality, disability and lived experience — tend to make better decisions, manage risk more effectively and deliver stronger, more sustainable performance. The opposite is also true: homogenous boards are more prone to groupthink, blind spots and reputational damage. **Diversity is not a side issue; it is now a mainstream governance and value-creation issue.**

On one level, gender representation has been an Australian success story. Setting measurable objectives, reporting against them and putting gender on every nomination agenda has helped move women’s board representation from single digits to more than a third of seats on ASX300 boards in just over a decade. **That progress should be celebrated.**

But if “diversity” in practice just means replacing someone who went to Scots with someone who went to Ascham, **the optics have changed, not the power structure.** A board that is gender-balanced but still overwhelmingly Anglo-Celtic, privately educated and drawn from the same professional networks is not yet drawing on the full breadth of talent and perspective that exists in Australia.

Australia is falling behind

The Advisory Group’s communiqués describe diversity as important and reaffirm a numerical gender target for ASX300 boards. But they then explicitly state that they do not recommend numerical targets for any other diversity characteristics and will not require disclosure of those characteristics at director level.

That choice matters. ALBEI is not advocating blunt quotas for LGBTQ+ directors, First Nations directors, culturally diverse directors or directors with disability. In reality, fixed head-count targets on small boards can easily become a box-ticking exercise. The concern is different: in the face of compelling evidence about under-representation and performance, the Advisory Group appears not to have explored, or at least not to have embraced, the range of alternatives that current global practice now offers.

Other markets have already shown there is **an alternative to “quotas or nothing”.**

- In the United States, Nasdaq’s board diversity rules required companies to publish standardised, self-reported board diversity matrices and either have, or explain why they did not have, at least two



Diversity on boards in Australia - if not why not?

Are the rule makers breaking their own rules?

“diverse” directors, including an under-represented minority or LGBTQ+ director. That framework drove real change before it was struck down on the narrow ground that the securities regulator lacked power to approve a listing rule framed around diversity — **not because diversity reporting was wrong in principle.**

- In the United Kingdom, current FCA Listing Rules expect listed companies to state whether they meet board-level targets on gender and minority ethnic representation, and to explain when they do not, supported by tabular disclosure of board composition by gender and ethnic background.
- Canada similarly requires disclosure on women, Indigenous people, people with disabilities and members of visible minorities at board and senior executive level, plus an explanation where no targets are set.

None of these regimes imposes a one-size-fits-all quota on every board, but **all of them make visible who is in the room and who is missing**, so investors and stakeholders can judge for themselves.

Taken together, these examples underline two things. First, **Australia is now well behind current thinking on how to handle board diversity**: still arguing about whether to count anything beyond gender while comparable markets treat multi-dimensional disclosure as standard governance hygiene. Second, the backlash and legal fights overseas show how contested this space remains — which is exactly why progress here cannot be assumed to be safe or inevitable. If anything, they are a warning that rights and visibility gains can be rolled back unless communities, investors and allies stay engaged and vigilant.

Visibility, consent and “sensitivity”

Frustratingly, the stance emerging from the Advisory Group treats asking directors to identify as LGBTQ+, First Nations, culturally diverse or disabled as too “sensitive”, and concludes the safest option is simply not to ask. **That is not their call to make.**

People from these communities should decide for themselves whether or not to be visible, via voluntary and well-designed disclosure. Treating their identities as inherently too delicate to even measure is, bluntly, **a form of discrimination dressed up as concern.**

Canada shows there is a different way. Listed companies there are required to report how many directors and senior executives are women, Indigenous people, people with disabilities and members of visible minorities, and to explain if they have chosen not to set any targets for these groups. The data relies on self-identification and can be provided in aggregated form, so individuals retain control while investors and stakeholders still get a clear picture of **who is in the room — and who is missing.**

By contrast, defaulting to invisibility in Australia sends a deeper message: that these identities are best kept off the page, and that the system is more comfortable protecting its own discomfort than confronting the structural exclusion that keeps many talented people out of the board pipeline.



Meanwhile, listed entities remain firmly bound by “if not, why not?”. Companies that depart from a recommendation must explain themselves and be transparent with investors about their alternative approach. On one of the most visible governance failures in the market — boards that do not remotely reflect the diversity of their stakeholders, despite a deep pool of overlooked talent — the rule-makers have chosen a different standard for themselves: **a quiet back-step, with no public rationale.**

A moment for clear voices and action

This moment calls for more than quiet concern.

ALBEI members, senior LGBTQ+ directors and allies sit in the part of the market that understands both the stakes and the opportunity. If diversity in all its forms is being sidelined in the rule-making, the response must be to bring it back to the centre of the conversation — in boardrooms, in investor meetings and in discussions with colleagues.

Over the coming months ALBEI will be engaging with members, investors and ASX-listed entities to press for modern, multi-dimensional board disclosure that reflects the Australia we actually live in and that enhances performance.

When that opportunity comes to you — to speak up in a boardroom, to challenge a narrow skills matrix, to support stronger disclosure, to mentor or sponsor a new LGBTQ+ or First Nations or culturally diverse or disabled director — take it.

Mark Baxter
Executive Chair
Australian LGBTQ+ Board and Executive Inclusion Forum (ALBEI)



ASX Advisory Group on Corporate Governance — who's rewriting the rules?

We would strongly suggest making submissions to the advisory committee on the value of diversity on boards.

Chair

- Dr Philip Lowe — former Governor, Reserve Bank of Australia

Members

- Pru Bennett — Senior Adviser, Brunswick Group
- Dominique d'Avrincourt — governance and stewardship specialist
- Mark Delaney — Chief Investment Officer and Deputy CEO, AustralianSuper
- Tim Paine — non-executive director and former investment banker
- Helen Rowell — former Deputy Chair, APRA
- Peter Torre — company secretary and governance adviser
- Nicola Wakefield Evans AM — non-executive director and former law firm partner