

## Board Responses to Political Issues

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When a company's board of directors is faced with the decision to respond publicly to or support a political situation or issue, in most cases the answer *should* be easy: "*No comment.*" The bottom line is that a board should avoid controversy that could adversely affect its business.

However, there has been increasing pressure on boards to respond to political issues, especially coming from employees and customers. If faced with such circumstances, a board must first consider how important or marginal the pressure to speak is, and who is it coming from. In addition, there are several guidelines a board should follow if they feel like they "must" respond to a controversial political issue:

- You cannot "wing it."
  - Ad hoc decisions lead the board, and therefore the company, to look confused.
- You must carefully plan what you will say.
  - Advance planning what you will say, and also to whom and how, is absolutely necessary. Some considerations are:
    - Who will be the company spokesperson?
    - What is the message the company wants to convey?
    - Is the message consistent with the company's core values, principles, and culture?
    - Will the message be able to be announced in a timely fashion? And, are you "one and done," or will you respond further to subsequent inquiries and reactions?
    - Which format will the message be conveyed in?
- Advice from important sectors matters:
  - This is a team sport: Who you get advice from will matter in how your message is crafted, delivered, and received.
  - Advice should include the views and perspectives of your board, management, public relations, investor relations, human resources, in-house counsel, and sales.
- Plan for post-statement criticisms:
  - If you chose to speak, do not waffle on your message, even in the face of criticism.
  - Rather, have a plan in place to:
    - Be able to respond to potential boycotts and protests.
    - Have a social media plan ready.
    - Anticipate business disruption.

- Always remember your fiduciary duties.
  - While boards are generally entitled to the business judgment rule protection in making any decision, a board must meet its duty of care, loyalty, and good faith.

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