



## SUFFICIENT, SUSTAINABLE LIVELIHOOD FOR ALL: CODES OF CONDUCT

### Issue Paper

#### BACKGROUND

“In the name of the God who creates every human being out of love, this church teaches human dignity is God’s gift to every person and that the commitment to universal rights protects that dignity.”<sup>1</sup> The church meets its commitment to work for human rights by teaching about those rights, protesting their violation, advocating their international codification and supporting effective ways to monitor compliance.<sup>2</sup> Encouraging corporations to respect human rights is one way for our church to meet its obligations to our neighbor.

Multinational corporations may be operating in countries where they are held to differing sets of laws and standards. In addition, there may be concern about the practices of vendors further along the supply chain. Lower standards abroad can lead to unfortunate publicity and investor unhappiness domestically. Corporations and industries have developed codes of conduct as one way to address the disparities between domestic and overseas expectations.

Though different industries may need differing specifications, “[Guiding Principles on Business and Human Rights: Implementing the United Nations ‘Protect, Respect and Remedy’ Framework](#),” proposed by U.N. Special Representative John Ruggie and endorsed by the 2011 U.N. Human Rights Council, attempts to codify corporate behavior that leads to just and sustainable development. Governments have a primary duty to protect human rights and ensure access to remedy when those rights are abused, but business enterprises are also morally responsible for respecting the human rights set forth in the [Universal Declaration of Human Rights](#). Work in this area has expanded to include guidelines for international business from the [Organization for Economic Cooperation and Development](#), of which the United States is a member, as well due-diligence guidance organized by sector.

The ELCA social statement [Sufficient, Sustainable Livelihood for All](#) (1999) is a benchmark for our role as Christians in economic life. Because of sin, we have fallen short of our responsibilities to each other in this world, but we live in light of God’s promise that ultimately there will be no hunger or injustice. This promise makes us restless with a world that is less than God intends: “The vantage point of the kingdom of God motivates us to focus on more than short-term gains. Humans,

**Corporate Social Responsibility in the ELCA uses the tools of screening of investments, shareholder advocacy and community investing to work with corporations, calling them to ensure that people are treated fairly and with dignity and to create sustainable communities.**

**More at [ELCA.org/CSR](http://ELCA.org/CSR).**

1 [“Human Rights”](#) (ELCA, 2017), p. 2.

2 [For Peace in God’s World](#) (ELCA, 1995), p. 14.

called to be stewards of God's creation, are to respect the integrity and limits of the earth and its resources" (p. 14). We are challenged to pursue policies and practices *supporting sustainability*. The multitudes around God's global table are recognized as neighbors rather than competitors or strangers (p. 17).

The faith community measures a corporation not only by what it produces and by shareholder returns but also by its impact on human lives, communities and the environment. Corporations today work within a global reality. There are political, social and economic influences as well as the impacts of militarism and technology.<sup>3</sup> A corporation's view of how it conducts its business, promotes justice and works to create a fair and sustainable world is significantly affected by these realities.

## ELCA SOCIAL POLICY

One of the earliest ELCA social statements, *For Peace in God's World*, quotes the Universal Declaration of Human Rights to affirm respect for human rights as part of the culture of peace toward which the church works. In 2017, the ELCA issued the social message "*Human Rights*," (2017) which affirmed a series of broad categories of human rights, adapted from the church's historical body of social teaching. The message states that "the expectation is that the most basic rights will never be denied and the highest level of rights will be available to the greatest number of people, such as elaborated in the International Covenants on Civil and Political Rights and Economic, Social and Cultural Rights" (p. 12) and particularly calls upon the church as an investor to press corporations to respect human rights (p. 9).

The ELCA social statement *Sufficient, Sustainable Livelihood for All* (1999) develops this church's vision of sufficiency and sustainability, focusing on the economic life of all people, with an emphasis on those who are poor and disenfranchised. It expresses concern for the safety of employees (p. 9) and commits the church to working for safe and healthy working conditions (p. 10). In particular, it calls for companies to pay more fully the wider social and environmental costs of what they produce (p. 16). ELCA social policy includes numerous Church Council actions supporting those who are poor and disenfranchised. The ELCA social statement *Faith, Sexism, and Justice: A Call to Action* (2019) draws our attention to the economic disadvantages faced by women and people of color and urges the church to work for just distribution of resources.

## CORPORATE RESPONSE

In recent years the call for companies to implement fair policies, adopt vendor and supplier codes of conduct, and assure fair treatment of workers on a global basis has moved the corporate world to think beyond general human resource policies. Corporate ethics have moved from a focus on individual plants and workers to a global code covering worldwide operations and considering the company's impact on communities, workers and the environment.

**RECOMMENDED** by Advisory Committee on Corporate Social Responsibility, Oct. 27, 2003

**ENDORSED** by Division for Church in Society Board, Feb. 27, 2004

**APPROVED** by Church Council, April 16-18, 2004

**UPDATED** by Advisory Committee on Corporate Social Responsibility, Sept. 5, 2008

**APPROVED** by Church Council, November 2008 [CC08.1157]

**APPROVED** by Church Council, November 2013 [CC13.11.69y]

**UPDATED** by the Corporate Social Responsibility Review Team, June 8, 2020

**APPROVED** by Church Council, November 2020 [CC20.11.33h]

3 <http://www.bench-marks.org>

Compliance with human rights principles has been found to yield positive financial results.<sup>4</sup> Conversely, poor human rights practices can prove costly to corporations.<sup>5</sup> Information on corporate human rights practices is publicly available through the [Corporate Human Rights Benchmark](#). Investors have begun to ask for accountability in the reporting and compliance aspects of codes of conduct throughout the supply chain. They have also asked for boards to structure themselves and choose members with human rights expertise in order to strengthen accountability to codes of conduct.

**APPROVED** by Church Council, November 2020 [CC20.11.33h]

## RESOLUTION GUIDELINES FOR THE ELCA

The Evangelical Lutheran Church in America supports:

1. The adoption of company codes of conduct. We advocate for the incorporation of the U.N. Guiding Principles into a company's operations and supply chain. We support Human Rights Impact Assessments in keeping with those principles.
2. The preparation of standards and related codes of conduct for vendors and suppliers.
3. Reporting to shareholders about international operations.
4. Buying policies and purchase contracts reflecting the International Labor Organization's standards.<sup>6</sup>
5. Implementation of independent monitoring processes for both the company and its vendors and suppliers.
6. Policies and reports ensuring that a company or its suppliers do not use child labor. We support policies that prohibit sexual exploitation of minors.
7. Reports that assess human rights risks, including human trafficking and forced labor (modern-day slavery), throughout the supply chain. We support reports on specific actions to curtail human rights risks in the supply chain.
8. Development of corporate responsibility committees at a board and staff level. We support development of a Human Rights Risk Oversight Committee<sup>7</sup> at the board level.
9. Reports on board-level expertise in civil and human rights as well as the presence of board-level infrastructure that ensures ongoing consultation with civil and human rights experts.
10. Development of policies and reports that ensure environmental standards, health and safety standards, and basic workers' rights standards. We support additional policies to protect worker health and safety in extraordinary situations such as a pandemic.
11. Due diligence processes to identify, assess, prevent, mitigate and address

4 <https://www.sec.gov/spotlight/investor-advisory-committee-2012/human-capital-disclosure-recommendation.pdf>

5 [https://corporatejustice.org/2018\\_good-business-report.pdf](https://corporatejustice.org/2018_good-business-report.pdf)

6 <http://www.ilo.org/public/english/standards/norm/whatare/fundam/>

7 <https://investorsforhumanrights.org/sites/default/files/attachments/2020-05/Full%20Report%20-%20Investor%20Toolkit%20on%20Human%20Rights%20-%20May%202020b.pdf>

human rights concerns.

12. Board review of ways to link executive compensation with a company's ethical and social performance in addition to current performance measurements.
13. Policies ensuring that a company does not use forced labor, including prison, indentured or bonded labor, and ensuring ethical recruitment.
14. Regular assessment reports to the board of directors and shareholders on any of the above items.
15. Development of policies and reports that promote network neutrality, ensuring that internet service providers do not degrade, prioritize or privilege online publications based on their source, ownership or information content.
16. Reports on policies and procedures to address the human-rights-related risks associated with business activities in conflict-affected areas, including occupied territories.

## **RESOLUTION GUIDELINES FOR THE ELCA - GENERAL**

We support practices of good governance, specifically:

- a company having an independent board chair or independent lead director
- reports on policies and transparency of procedures for political contributions and expenditures (both direct and indirect) made with corporate funds
- reports on any portion of any dues or similar payments made to any tax-exempt organization or trade association that are used for an expenditure or contribution that might be deemed political
- guidelines or policies governing a company's political contributions and expenditures
- reports on diversity for corporate boards and upper-level management

**APPROVED** by Church Council, November 2020  
[CC20.11.33h]