



## 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 a general framework of 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 Co-operation and Development](#), of which the United States is a member, as well as due diligence guidance organized by sector.

ELCA social teaching acknowledges that we have fallen short of our responsibilities to each other in this world but asserts that we live in light of God’s promises that ultimately there will be no hunger or injustice, and that we must work toward the realization of those promises in the present. The ELCA’s social statement [Sufficient, Sustainable Livelihood for All](#) (1999) commits to holding corporations accountable

**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.

for their effects on workers, 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* (1999), 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](#)," 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).

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 work for safe and healthy working conditions (p. 10). It calls for companies to compensate for 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.

Compliance with human rights principles has been found to yield positive financial results.<sup>4</sup> Over time, corporations with good social and sustainability track records weather market downturns better than poor performers in the ESG category. Information on corporate human rights practices is publicly available through the

<sup>3</sup> [icar.ngo/wp-content/uploads/2020/01/GoodBusinessReport\\_Dec18-2018.pdf](http://icar.ngo/wp-content/uploads/2020/01/GoodBusinessReport_Dec18-2018.pdf) AND [mneguidelines.oecd.org/Quantifying-the-Cost-Benefits-Risks-of-Due-Diligence-for-RBC.pdf](https://mneguidelines.oecd.org/Quantifying-the-Cost-Benefits-Risks-of-Due-Diligence-for-RBC.pdf)

<sup>4</sup> <https://www.blackrock.com/uk/about-us/sustainability-resilience-research>

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[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 to choose members with human rights expertise in order to strengthen accountability to codes of conduct.

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## RESOLUTION GUIDELINES FOR THE ELCA

The Evangelical Lutheran Church in America supports:

1. 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. 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 that reflect the International Labor Organization's standards.<sup>5</sup>
5. Implementation of independent monitoring processes for both the company and its vendors and suppliers. We support publishing an annual summary of the results of supplier audits.
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>6</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 and mitigate actual and potential human rights impacts and to address human rights concerns; also, reports assessing the effectiveness of due diligence processes in preventing forced, child and prison labor.
12. Board review of ways to link executive compensation with a company's ethical and social performance in addition to current performance measurements.

<sup>5</sup> <https://www.ilo.org/public/english/standards/norm/whatare/fundam/>

<sup>6</sup> [investorsforhumanrights.org/sites/default/files/attachments/2020-05/Full%20Report%20-%20Investor%20Toolkit%20on%20Human%20Rights%20-%20May%202020b.pdf](https://investorsforhumanrights.org/sites/default/files/attachments/2020-05/Full%20Report%20-%20Investor%20Toolkit%20on%20Human%20Rights%20-%20May%202020b.pdf)

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; also, reports on whether customers' use of the company's products or services is linked to violations of international law.
17. Reports evaluating the feasibility of adopting a policy of not doing business with governments that are complicit in genocide and/or crimes against humanity as defined in international law.
18. Adopting a comprehensive human rights policy that states the company's commitment to respect human rights throughout its operations and value chain, and that describes steps to identify, assess, prevent, mitigate and remedy adverse human rights impacts connected to the business.
19. Independent reviews analyzing the effectiveness of a company's whistleblower policies in protecting human rights.
20. Human Rights Impact Assessments examining the actual and potential human rights impact of a company's operations and policies.

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

We support practices of good corporate governance, specifically:

- 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.