



CORPORATE SOCIAL RESPONSIBILITY OVERVIEW

CSR in the ELCA

WHAT IS CORPORATE SOCIAL RESPONSIBILITY?

We believe God calls the church, both corporately and individually, to use everything committed to its care to steward God's creation (Genesis 1:26), pursue justice (Amos 5:24), care for people in need (Matthew 25:40) and seek peace (Luke 19:41-42). The ELCA's Corporate Social Responsibility (CSR) program is one way in which we respond to God's call to strive for justice and peace in all the earth.

CSR can be defined as the approaches investors can take together to encourage corporations to act in socially responsible ways.

CSR involves environmental, social and governance (ESG) principles that socially responsible investors use to guide their active ownership and screen potential investments. Ethics, economics and social principles are considered to ensure that people are treated fairly and with dignity, that the environment is cared for and that communities are sustainable.

HOW DOES THE ELCA APPROACH CSR?

From the urgings of the prophets in the Hebrew Bible to Luther's teachings in the Large Catechism, the Lutheran theological tradition emphasizes a biblical concern for the well-being of our neighbors — especially our most vulnerable neighbors. Our confessional writings call us to express that concern by participating in and shaping the structures of society. ELCA social teaching lays out our Christian responsibility for promoting justice in areas such as economic life, the environment, health care, human rights and peacemaking.

The ELCA's social statement on economic life, "Sufficient, Sustainable Livelihood for All," pulls together scriptural, confessional and theological traditions to describe Christian vocation in the world: "to seek what is good for people and the rest of creation in ways that glorify God and anticipate God's promised future." The statement specifically recognizes the economic power and political influence of transnational corporations and charges the global community with holding these corporations accountable.

CSR furthers the mission of the ELCA, as described in our constitution, to "serve in response to God's love to meet human needs, caring for the sick and the aged, advocating dignity and justice for all people, working for peace and reconciliation

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](https://www.elca.org/CSR).

among the nations, and standing with the poor and powerless and committing itself to their needs.” CSR advances the advocacy commitments of the church by influencing behavior in the private sector toward the principles of sustainability, justice and dignity found in ELCA social teachings.

CSR TOOLS

The CSR program addresses ESG factors with corporations through the tools of investment screens and issue papers, among others.

- **INVESTMENT SCREENS**

Screens discourage investing in certain kinds of companies, such as those producing or distributing tobacco and alcohol. The CSR program applies screens on: alcohol, community development, the environment, gambling, military weapons, political and civil human rights, pornography, private prisons and tobacco. Find these resources at elca.org/csr.

- **ISSUE PAPERS**

Issue papers interpret ELCA social teaching as it relates to investments. Issue papers outline how corporations and others might play a role in solving an issue, identify any screens the ELCA would implement, and set boundaries on the kinds of shareholder actions the ELCA might endorse. Issue papers are reviewed and updated regularly. The CSR program issue papers are: climate change, codes of conduct, domestic access to capital, domestic access to health care, environmental topics, extractive industries, genetics, human rights, international access to pharmaceuticals, nondiscrimination in business, sustainability and violence in our world. Find these resources at elca.org/csr.

- **SELECTIVE PURCHASING**

Selective purchasing assists consumers in making sound decisions about purchasing items or services that may have an environmental or social-justice impact. Selective purchasing guides developed by the CSR program currently address: anti-sweatshop, diversity, eco travel, environment, fair trade, Middle East strategy, and small business. The Selective Purchasing Policy Guide offers an overview of this practice. Find these resources at elca.org/csr.

- **BOYCOTT**

Boycotting has deep roots in corporate social responsibility, but as a means of advocacy, it should be treated as a last resort after other means have been exhausted including shareholder resolutions, conversation with corporate leaders and shareholder voting. ELCA Boycott Policy addresses the ethical, procedural and pastoral issues that advocates should consider before deciding to boycott. Find the ELCA Boycott Policy with other resources at elca.org/csr.

- **SHAREHOLDER ADVOCACY**

Owners of shares in publicly held corporations can cast ballots in favor of socially responsible shareholder resolutions, as well as engage in dialogue, roundtable discussions and shareholder resolutions such as those done with ELCA collaborators.

COLLABORATIVE RELATIONSHIPS

ELCA CSR collaborates with others in facilitating corporate dialogue and community investing. This includes working with Portico and the Interfaith Center on Corporate Responsibility (ICCR).

PORTICO

Portico Benefit Services, the ELCA’s separately incorporated benefit ministry, offers members the choice of target date funds — with social purpose investing and without — as well as build-your-own funds. Social purpose funds align

with the social teachings of the ELCA. About one-third of Portico retirement plan members invest some or all of their retirement savings in a social purpose fund.

In addition to providing financial returns, social purpose funds screen out companies and make positive social investments with guidance from the church's social policies and teachings. Positive investments seek to create measurable positive social impact, such as safeguarding the environment and creating and supporting sustainable communities. Fourteen of Portico's 15 social purpose funds engage in social impact first (SIF) investment, accepting a somewhat lower projected return and/or somewhat higher projected risk on 10% of the fund's assets to create measurable positive impact such as new affordable housing units or reductions in greenhouse gas emissions.

Across all its investment funds, Portico engages in shareholder advocacy to influence the companies in which it invests toward behaviors that support the long-term financial interests of shareholders and align with ELCA social teachings and policies. For more detailed information about Portico's socially responsible investing, visit <https://porticobenefits.org/elca-together/social-purpose-investing/>.

Before investing in any fund, you should carefully consider its target asset allocations, investment objectives, risks, charge and expenses. All funds, including the Portico funds, are subject to risk and uncertainty. Past performance is no guarantee of future performance. Funds managed by Portico Benefit Services, including the Portico funds and ELCA Participating Annuity Investment Fund, are not insured or guaranteed by the Federal Deposit Insurance Corporation, any other government agency or the ELCA. Fund assets are invested in multiple sectors of the market. Sectors, like funds, may perform below expectations and lose money over short or extended periods. Review the Portico Investment Fund Descriptions and the Investment Memorandum for more information about the Portico funds.

Neither Portico Benefit Services nor the Portico funds are subject to registration, regulation or reporting under the Investment Company Act of 1940, the Securities Act of 1933, the Employee Retirement Income Security Act of 1974 (ERISA), the Securities Exchange Act of 1934, the Investment Advisers Act of 1940 or state securities laws. Members, therefore, will not be afforded the protections of the provisions of those laws and related regulations.

INTERFAITH CENTER ON CORPORATE RESPONSIBILITY

The ELCA is a member of the ICCR, a coalition of 300 global institutional investors who leverage their stock ownership to encourage and challenge corporations to act justly and safeguard the environment. Working with corporations, the ICCR has made significant progress in areas of social responsibility, through:

- Engaging in dialogue with corporations. ICCR regularly holds formal meetings with corporations and their executives to form lasting, mutually respectful relationships.
- Convening roundtable discussions around issues that affect whole sectors. Roundtables bring together peer companies, investors and experts from government agencies, NGOs and civil society to develop solutions to such complex issues as childhood obesity or the move to renewable energy.
- Filing shareholder resolutions. ICCR members file close to 200 shareholder resolutions in a typical year, and these are published at iccr.org.

HOW DOES CSR WORK IN THE ELCA?

The CSR program is guided by staff in the ELCA's Service and Justice unit and a team of advisors with experience in CSR or

expertise in the topic at hand. The team meets regularly to discuss drafts of documents and possible topics for CSR work. CSR directives can also be influenced by memorials adopted by churchwide assemblies, which are often initiated at the synod level.

The ELCA Constitution places CSR oversight with the Church Council, which “may direct the churchwide organization to exercise the corporate social responsibility of this church by filing shareholder resolutions, casting proxy ballots, and taking other actions as it deems appropriate” (14.21.14).

Members of the ELCA can influence CSR activity through consideration of resolutions and memorials by synod and churchwide assemblies.

TAKING ACTION

Corporate and individual investors who want to invest in a responsible and sustainable manner have many avenues for action.

- Review investment screens and issue papers developed by the CSR program to guide your decisions.
- Consider investment social purpose funds.
- Consider selective purchasing, using the Selective Purchasing Policy Guide and resources developed by the CSR program.
- Leverage your role as a shareholder.
- When other means of advocacy are exhausted, refer to the ELCA Boycott Policy if considering that action.

Investment decisions can include investing positively to promote a sustainable environment, social justice and human dignity. They can also include refraining from certain investments that degrade the environment or violate human dignity. The ELCA CSR program offers guidance for those who wish to invest in socially responsible ways.