



## FREED IN CHRIST: NONDISCRIMINATION IN BUSINESS ACTIVITIES

### Issue Paper

#### BACKGROUND

Historically the Lutheran church—the Evangelical Lutheran Church in America (ELCA) and its predecessor church bodies—have been committed to the support of human rights and the struggle against injustice. The ELCA, in the social statement [For Peace in God's World](#) and its social message on [human rights](#), supports and calls for respect and dignity for each person, assurance of opportunity, and provision for participation in society nationally and internationally as provided for in the [United Nations Declaration of Human Rights](#).

Situations and obstacles detracting from this commitment to human rights are apparent in U.S. society. Discrimination occurs in many forms, including but not limited to gender, race, ethnicity, age, sexual orientation or gender identity and disability. The wage gap demonstrates the inequity. According to the Pew Research Center, “Large racial and gender wage gaps in the U.S. remain, even as they have narrowed in some cases over the years. Among full- and part-time workers in the U.S., blacks in 2015 earned just 75% as much as whites in median hourly earnings and women earned 83% as much as men.”<sup>i</sup>

A [report](#) by the Department of Labor in the mid-1990s describes the situation where equal access to executive-level positions does not occur in the U.S. corporate sector for women and minorities. This phenomenon is called the “glass ceiling.” Women and people of color are still [underrepresented](#) in management positions.

Racial, ethnic and other discrimination in the workplace and in everything from access to housing and service in a restaurant continues to be an ever-present reality. Disability discrimination issues pertain to employment, accommodation and customer service, to name a few.

Workplace discrimination is not only an obstacle to be faced, but also results in significant shareholder burden due to the high cost of litigation and potential loss of contracts. For example: [Ford Motor Co. was ordered to pay](#) one of its former employees over \$16 million for racial discrimination. Gender issues brought about a \$47 million [settlement at Rent-A-Center](#) and a \$31 million [settlement at American Express](#). Racial and ethnic issues can bring about boycotts and major

**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](#).**

i “Racial, gender wage gaps persist in U.S. despite some progress” at [pewresearch.org/fact-tank/2016/07/01/racial-gender-wage-gaps-persist-in-u-s-despite-some-progress](#).

public relations concerns such as in the [Denny's case](#), which resulted in a consent decree based on patterns of racial discrimination.

Despite laws to counter the problem, discrimination of all kinds still exists in the workforce. The American workforce continues to become more diverse, thus increasing the urgency that the injustices be addressed.

## ELCA SOCIAL POLICY

The ELCA's first social statement, in 1991, [Church in Society: A Lutheran Perspective](#), set forth affirmations and commitments to guide this church's participation in society. This document develops the church's role to participate in social structures critically, to minister to human need with compassion and imagination, and to be a prophetic presence. In addition to advocating for justice and mercy in situations of brokenness, the church commits itself to removing obstacles of discrimination and indifference. The 1993 ELCA social statement [Freed in Christ: Race, Ethnicity, and Culture](#) further develops the role of the church, committing it to "support legislation, ordinances, and resolutions that guarantee to all persons equally ... opportunity for employment with fair compensation and possibilities for job training and education, apprenticeship, promotion, and union membership [as well as the] opportunity for business ownership [and] access to ... insurance services ...."<sup>ii</sup>

In 1999, the ELCA social statement [Sufficient, Sustainable Livelihood for All](#) continued this call by committing the church to hire without discrimination and to encourage similar practices for secular employers. In addition, the 1989 Churchwide Assembly declared racism a sin and called on the church's members to address the destructive results of racism in all aspects of its life and work. The 2009 social statement [Human Sexuality: Gift and Trust](#) laid out the church's support for legislation that prohibits discrimination in housing, employment and public services on the basis of sexual orientation. [The Church and Criminal Justice: Hearing the Cries](#) social statement touches on the topic of collateral sanctions of the criminal justice system, which include making it difficult to find employment and housing. In 2013, in response to a number of synodical memorials, the Churchwide Assembly adopted a memorial addressing workplace discrimination based on categories of sexual identity and gender identity. The assembly recommitted this church "to principles of nondiscrimination in employment and to call for other employers to engage in similar practices," and affirmed ongoing support of employment nondiscrimination legislation and opposition to workplace discrimination ([CA13.03.07a](#)). Disability issues also have been addressed by the church in a Churchwide Assembly action calling for awareness education.

## CORPORATE RESPONSE

Legislation in this country has been passed to address many areas of discrimination. The Equal Employment Opportunity Commission has addressed many individual

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**APPROVED** by the Church Council, November 2008 [CC08.11.57a].

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

**UPDATED** by Corporate Social Responsibility Review Team, October 4, 2019.

**APPROVED** by Church Council, November 10, 2019 [CC19.11.47j].

ii [Freed in Christ: Race, Ethnicity, and Culture](#) (ELCA social statement, 1993) pg. 7

employee concerns in this area. The Federal Glass Ceiling Commission Report recommended that both the public and private sectors work toward increased disclosure of diversity data. Most corporations have developed policies and programs to encourage diversity. Some reporting is occurring, mainly through Equal Employment Opportunity (EEO1) reports. In 2017, only 3.2 percent of the Fortune 500 corporations released their full data sets included in the EEO1.<sup>iii</sup> The legal system continues to address [complaints](#) in this area, while dealing with a backlog of cases. At the global level, the United Nations General Assembly in 2011 endorsed the [Women's Empowerment Principles](#), which were developed through a partnership initiative of U.N. Women and the U.N. Global Compact Office and call for the advancement of equality between men and women across the globe. At the corporate level, movement has been seen in endorsing principles such as those above, changing governance charters to move toward board diversity and report on diversity in sustainability reports. Research has begun to show that attention to diversity is important to a company's success.<sup>iv</sup>

## RESOLUTION GUIDELINES FOR ELCA

1. We support requests of corporations to report on progress concerning the Federal Glass Ceiling Commission's business recommendations.
2. We support requests of corporations to prepare a report on diversity and plans to increase diversity.
3. We support requests to disclose a corporation's EEO1 report.
4. We support requests that board of directors appoint a committee to review and report on the overall EEO1 diversity policies and practices.
5. We support requests for companies to expand diversity on their board of directors through:
  - a. Specific efforts to search for women and minority candidates.
  - b. Issuance of a public statement on board inclusiveness.
  - c. Reports on efforts to encourage diversified representation on the board.
  - d. Nomination committee charters revised to reflect diversity assessments and efforts
6. We support requests for a corporation to implement the U.S. Department of Labor's voluntary pay equity audit and to report on such audit.
7. We support requests for a corporation's EEO policy to be amended explicitly to bar discrimination based on sexual orientation and/or gender identity

<sup>iii</sup> "Only 3% Of Fortune 500 Companies Share Full Diversity Data" at [fortune.com/2017/06/07/fortune-500-diversity](https://fortune.com/2017/06/07/fortune-500-diversity).

<sup>iv</sup> For example: "Diversity Matters" at [assets.mckinsey.com/~/\\_/media/857F440109AA4D13A54D9C496D86ED58.ashx](https://assets.mckinsey.com/~/_/media/857F440109AA4D13A54D9C496D86ED58.ashx) or "Board Brief: Why Gender Diversity Matters" at [txsw.com/pdf/board\\_brief.pdf](https://txsw.com/pdf/board_brief.pdf).

discrimination.

8. We support reports that address the possible negative effects of any policies that may preclude due process on harassment and discrimination of any employee
9. We support requests for a corporation to identify and disassociate from any form of offensive imagery to ethnic-specific communities in products, advertising, endorsements, sponsorships and promotions.
10. We support requests for reports on policies concerning accommodation for people with disabilities.
11. We support requests for reports on accessibility guidelines for people with disabilities.
12. We support reports on gender equality across all company working conditions and the supply chain, including reports on the global median gender pay gap.
13. We support reports on affirmative action policies and programs to improve performance where diversity is undervalued.
14. We support reports detailing the risks and costs to a company caused by any enacted or proposed government policies supporting discrimination against people based on their sexual orientation.
15. We support requests for reports on the use of criminal background checks in hiring and employment decisions for a company's employees, independent contractors and subcontracted workers, including evaluation of the resultant risk of racial bias.

## **RESOLUTION GUIDELINES FOR 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 is used for an expenditure or contribution which 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.

## **RESOLUTIONS ON RELATED TOPICS FROM OTHER ISSUE PAPERS**

**Access to Capital:** Fair lending practices.

**Domestic Access to Health Care:** Access to pharmaceuticals and to health care.

**Human Rights:** Criminal background checks in hiring and employment.