



SOCIAL CRITERIA INVESTMENT SCREEN

Policies and Procedures

BACKGROUND

The Evangelical Lutheran Church in America (ELCA) gives expression to this church's concern for corporate social responsibility — both in its internal activities and in its interaction in the broader society — through exercising its rights as a corporate shareholder on issues of social concern. This is accomplished through screening stock ownership, casting shareholder ballots, filing shareholder resolutions and dialogue with corporations to address these issues. For the churchwide organization and ELCA-related organizations,¹ the ELCA makes recommendations regarding shareholder action. Individual Lutherans are encouraged to apply these recommendations within their own portfolios.

In determining precise actions to take or recommend, the ELCA draws on the foundation of its social policy. This policy, consisting of social statements, social messages, and churchwide assembly and Church Council social policy resolutions, reflects an understanding of this church's social responsibility that includes theological, social and ethical considerations.

Within this context, the issues that are brought to the ELCA regarding corporate social responsibility are complex, and actions are multidimensional. This church is assisted in its decision-making through the development of social criteria investment screens that guide this church in evaluating the types of investments it wishes to hold. The original policy concerning these screens was developed in 1989 and revised in 2006.

Social criteria investment screens provide a guide for this church with regard to corporate social responsibility. They delineate areas in which the ELCA would like to invest or refrain from investing, and provide criteria to evaluate the scope of the work. The objective of social criteria investment screens is to identify the dimensions of a given problem area and, within those dimensions, focus on egregious problems

¹ For purposes of this policy, ELCA-related organizations include, but are not limited to, separately incorporated ministries (Portico Benefit Services, formerly known as the Board of Pensions of the Evangelical Lutheran Church in America; the Mission Investment Fund of the ELCA; Augsburg Fortress, the publishing house of the ELCA; Women of the ELCA; the Endowment Fund of the ELCA; and other related organizations and agencies (e.g., ELCA seminaries, ELCA colleges and universities, Lutheran Services in America, and Lutheran Immigration and Refugee Service).

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.

that are most critical to address. All social criteria investment screens have the overall objective of addressing the ELCA's concern that corporations practice social, environmental and economic sustainability, which includes particular concern for weighing the impacts on those who are poor or disenfranchised.²

Social criteria investment screens do not constitute binding mandates or provide, for example, specific lists of corporations. It is the responsibility of the ELCA, every ELCA-related organization and individual Lutherans to develop and manage a prudent and responsible investment portfolio. The ELCA social criteria investment screens offer a context for decision-making about socially responsible investments.

DEVELOPMENT AND REVIEW OF SOCIAL CRITERIA INVESTMENT SCREENS

The following process applies to the development and review of social criteria investment screens:

1. When a major issue in society exists that involves the business community, it may be appropriate for the ELCA to develop a social criteria investment screen on the issue. An initial review of the issue will be explored by the Corporate Social Responsibility review team. If the CSR team, with concurrence from the Administration team, deems it appropriate to develop a new screen, the team will oversee a study process. In order to ensure appropriate input, the following steps will be taken:
 - Assessing the social policy basis to support a screen.
 - Listening to the voices of those most vulnerable and negatively affected by the issue.
 - Receiving comments from all offices and units of the churchwide organization that relate to this issue in their ongoing work.
 - Encouraging participation by synods.
 - Receiving comments from experts on the issue.
 - Ensuring that minorities have opportunity to express their concerns.
 - Receiving input from Portico Benefit Services (formerly known as the Board of Pensions of the ELCA), the Endowment Fund of the ELCA, the Conference of Bishops and other appropriate organizations concerning specific fiduciary responsibility that might impact this social criteria investment screen.
 - Hearing the concerns of other churches from around the world on the issue.
 - Ensuring that voices of those most affected by the issue are invited to comment throughout the study process.

It should be noted that when the new screen is the result of a new social statement, the process may be abbreviated.

2. The results of this study process will be received by the executive director of

² Sustainability is not just financial sustainability but includes social and environmental sustainability. See www.iccr.org/publications/2011SSRG.pdf and www.unpri.org/pri/about-the-pri.

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APPROVED by Church Council, November 2006

APPROVED by Church Council, April 2012 (CC12.04.09)

APPROVED by the ELCA Church Council, November 2016 [CC16.11.46n]

CONGRUENCY REVIEW
APPROVED by CSR Review Team, Sept. 21, 2021

the Service and Justice unit of the churchwide organization for review and discussion. If the results indicate a need for this church to develop a social criteria investment screen on this issue, the Corporate Social Responsibility review team will develop a writing process to ensure that the social criteria investment screen is consistent with the social policy of this church and can be implemented by fiduciaries within this church and the offices and units of the churchwide organization. To ensure that appropriate input at this level occurs, the following steps could be taken:

- Assess the social policy basis to support a screen.
- Listen to the voices of those most vulnerable and negatively affected by the issue.
- Receive comments from all offices and units of the churchwide organization that relate to this issue in their ongoing work.
- Encourage participation by synods.
- Receive comments from experts on the issue.
- Ensure that minorities have opportunity to express their concerns.
- Receive input from Portico Benefit Services, the Endowment Fund of the ELCA, the Conference of Bishops and other appropriate organizations concerning specific fiduciary responsibility that might impact this social criteria investment screen.
- Hear the concerns of other churches from around the world on the issue.
- Ensure that the voices of those most affected by the issue are present at the table.

3. A proposed social criteria investment screen will include:

- Authority: A section that relates the issue to ELCA social policy.
- Wording: A clear, succinct statement of the position of this church on the issue.
- Definition: A section that places the issue in relation to the broader society and indicates the scope, extent or depth that this church deems necessary to implement the criteria.

4. Additional documents may be developed, including an implementation plan for informing this church of the screen and suggestions about how to implement it. These would not be part of the actual social criteria investment screen document.

5. The proposed social criteria investment screen will be considered by the Corporate Social Responsibility review team for review and recommendation to the executive director of the Service and Justice unit. Upon authorization by the executive director, the proposed social criteria investment screen will be recommended to the Conference of Bishops for advice and the ELCA Church Council for approval. The Church Council's action may include recommendations concerning implementation. Any approved screen with accompanying recommendations will be posted on the ELCA website, and hard copies will be circulated to: the presiding bishop; synodical bishops; Portico Benefit Services; the Endowment Fund of the ELCA; the Mission Investment Fund; ELCA seminaries, colleges, universities and social ministry organizations; and separately incorporated ministries. It may be provided to others.

6. Annually, at least one social criteria investment screen will be reviewed by the Corporate Social Responsibility review team. This cycle will ensure that the language is timely and the issues inclusive. Should the review process lead to a recommendation for a total revision of the social criteria investment screen, a more abbreviated form of the writing process would proceed. The Corporate Social Responsibility review team will report on the review process, whether or not a revision is recommended, in an annual report submitted to the executive director of the Service and Justice unit and to the Conference of Bishops and the ELCA Church Council. The report will be distributed to: Portico Benefit Services, staff of the churchwide organization working with the issue, and others as appropriate.
7. The Corporate Social Responsibility review team also may initiate an earlier review of a social criteria investment screen in consultation with the executive director of the Service and Justice unit, utilizing the abbreviated writing process.