



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 its 1999 social statement *For Peace in God's World* and in its 2017 social message "[Human Rights](#)," supports and calls for respect and dignity for each person, assurance of opportunity, and provision for participating 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. A [study](#) by the Federal Reserve Bank of St. Louis found that the Black-white wage gap for women has begun rising again after improving in the early 2000s. The same gap for men has stabilized but remains high, at around 35%. [Research](#) by the U.S. Department of Labor demonstrated that Black and Hispanic women were paid tens of billions in wages less than white men, a phenomenon driven by the reality that Black and Hispanic women are concentrated disproportionately in jobs that, on average, pay lower wages than those held by white men.

Women are paid less than men at every education level and at every salary level.¹ McKinsey & Company's 2023 [report](#) on women in the workplace shows a modest increase in the percentage of women overall at upper levels of management in the past five years. At nearly every step on the way to that upper level, however, the number of women of color relative to white women and men of the same race and ethnicity declines. Women of color are reasonably well-represented in the entry level of the corporate world, but as they near the top of the pyramid, their numbers decline.

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

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).

¹ Elise Gould, "Gender Wage Gap Persists in 2023," Economic Policy Institute, March 8, 2024, www.epi.org/blog/gender-wage-gap-persists-in-2023-women-are-paid-roughly-22-less-than-men-on-average/.

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: In 2022, Albertsons Companies, Inc. was subject to a \$70 million verdict over the issue of employment discrimination (Yarbrough v. Glow Networks, Inc.). Google recently agreed to pay \$118 million to settle a gender discrimination lawsuit (Ellis v. Google, LLC).

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 first social statement of the ELCA, [*The Church in Society: A Lutheran Perspective*](#) (1991), 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 and commits the church 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."²

In 1999, the ELCA social statement [*Sufficient, Sustainable Livelihood for All*](#) continued this call by committing the church to "hire without discriminating on the basis of race, ethnicity, gender, age, disabilities, sexual orientation, or genetic factors,"³ and further calls for 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 their life and work. The 2009 statement [*Human Sexuality: Gift and Trust*](#) laid out the church's support for legislation that prohibits discrimination on the basis of sexual orientation in housing, employment and public services. The 2013 social statement [*The Church and Criminal Justice: Hearing the Cries*](#) 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 non-discrimination in employment and to call for other employers to engage in similar practices," and affirmed ongoing

2 *Freed in Christ: Race, Ethnicity, and Culture* (ELCA social statement, 1993), 7.

3 *Sufficient, Sustainable Livelihood for All* (ELCA social statement, 1999), 10.

RECOMMENDED by Advisory Committee on Corporate Social Responsibility, January 22, 2004

ENDORSED by Division for Church in Society Board, February 27, 2004

APPROVED by Church Council, April 16-18, 2004

UPDATED by Advisory Committee on Corporate Social Responsibility, September 5, 2008

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

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

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

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

UPDATED by Corporate Social Responsibility Review Team, October 2024

APPROVED by Church Council, November 2024 [CC 21.11.201]

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. [Faith, Sexism, and Justice: A Call to Action](#) noted the wage gap and its relationship to other societal ills such as domestic violence, and committed the ELCA to work for equitable pay and benefits within its own institutions.

CORPORATE RESPONSE

Legislation in this country has been passed to address many areas of discrimination. The Equal Employment Opportunity Commission has addressed many individual 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. The number of S&P 500 companies releasing full EEO-1 data, which is a mandatory annual filing with the Equal Employment Opportunity Commission, has risen dramatically, from about 5% in 2019 to about 75% in 2023.⁴ Most corporations have developed policies and programs to encourage diversity, though some activists and lawmakers have targeted DEI programs for challenge.

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](#). These were developed through a partnership initiative of UN 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 reporting on diversity in sustainability reports. Research has begun to show that attention to diversity is important to a company's success.⁵

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 EEO-1 report.
4. We support requests that the board of directors appoint a committee to review and report on the overall EEO-1 diversity policies and practices.
5. We support requests for the company to expand diversity on the board of

4 See diversiq.com/free-tools/eo1-insights/.

5 For example, see www.mckinsey.com/featured-insights/diversity-and-inclusion/diversity-wins-how-inclusion-matters or txsw.com/pdf/board_brief.pdf.

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 discrimination.
 8. 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.
 9. We support requests for reports on policies concerning accommodation for people with disabilities.
 10. We support requests for reports on accessibility guidelines for people with disabilities.
 11. We support reports on gender equality across all company working conditions and the supply chain, including reports on the global median gender pay gap.
 12. We support reports on DEI policies and programs to improve performance where diversity is undervalued.
 13. We support reports detailing the risks and costs to the company caused by any enacted or proposed government policies supporting discrimination against people based on their sexual orientation.
 14. We support requests for reports on the use of criminal background checks in hiring and employment decisions for the company's employees, independent contractors and subcontracted workers, including evaluation of the resultant risk of racial bias.
 15. We support reports on median pay gaps across race and gender, including risks and benefits related to recruiting and retaining diverse talent.
 16. We support reports using quantitative metrics for workforce diversity, hiring, promotion and retention of employees, including data by gender, race and ethnicity.
 17. We support reports describing and quantifying the effectiveness of a company's efforts to prevent harassment and discrimination against its protected classes of employees.
 18. We support racial equity audits, as well as reports analyzing the racial and

ethnic disparities in a company's business, and the effect of those disparities.

19. We support reports assessing the potential risks to a company associated with its use of concealment clauses in the context of harassment, discrimination and other unlawful acts. We support reports on the impact of mandatory arbitration on the prevalence of harassment and discrimination in its workplace, and on employees' ability to seek redress.

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 is used for an expenditure or contribution that might be deemed political.
- Guidelines or policies governing the company's political contributions and expenditures.
- Reports on diversity for corporate boards and upper-level management.