Evangelical Lutheran Church in America

CORPORATE SOCIAL RESPONSIBILITY

CARING FOR CREATION: CLIMATE RISK

Issue Paper

BACKGROUND

"From a standpoint of faith, it is reasonable to conclude that the climate crisis is, indeed, a kairos moment" ("Earth's Climate Crisis," p. 7).

"Scripture witnesses to God as creator of the earth and all that dwells therein (Psalm 24:1). The creeds, which guide our reading of Scripture, proclaim God the Father of Jesus Christ as 'maker of heaven and earth,' Jesus Christ as the one 'through [whom] all things were made,' and the Holy Spirit as 'the Lord, the giver of life' (Nicene Creed). … The earth is a planet of beauty and abundance; the earth system is wonderfully intricate and incredibly complex. But today living creatures, and the air, soil and water that support them, face unprecedented threats. Many threats are global; most stem directly from human activity" (*Caring for Creation*, pp. 2, 4).

As Christians, we understand human beings as fundamentally responsible before God. With the reach of our contemporary human knowledge and the power we employ in new technologies, this responsibility in terms of caring for creation now includes the global future itself. Over a decade ago, the United Nations Framework Convention on Climate Change members adopted a global agreement that went into force in November 2016 — the Paris Agreement.[1] The countries agreed to reduce greenhouse gas emissions and agreed to a just transition of the workforce and the creation of decent work and quality jobs.

Intergovernmental Panel on Climate Change (IPCC)[2,3,4] and National Aeronautics and Space Administration (NASA)[5] scientists documented the realities of climate change. Climate change results in the earth experiencing more frequent severe and intensified weather patterns and temperature extremes. These extreme weather patterns result in floods, droughts, wildfires and rising sea levels that lead to the degradation of the earth. All this negatively impacts the earth's inhabitants at unprecedented rates. Some global consequences include forced migration, exacerbation of poverty, national security concerns, negative impacts on agriculture resulting in food insecurity, and threats to ecosystems that could lead to the extinction of some species.

The marginalized and vulnerable are most affected by climate change impacts. This failure to protect God's creation ultimately mirrors and deepens existing racial, gender and economic inequalities. The ELCA message on climate change focuses on justice that distributes fairly among current and future generations. Caring for

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.

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creation means respecting environmental limits while pursuing economic growth that provides sufficient and sustainable lifestyles for all people.

Investors have a significant role and responsibility in addressing climate change. For example, Ceres — a network of investors, environmental organizations and other public-interest groups working with companies to integrate sustainability into capital markets for the health of the planet and its people — publishes reports calling for the corporate world to address issues of climate change and sustainability.[6] "Investor strategies to tackle the growing threat of climate change must include a just transition by incorporating the full range of environmental, social and governance (ESG) dimensions of responsible investment."[7] Global climate investors such as Climate Action 100+ are driving business transition via such mechanisms as the Net Zero Benchmark.

The first few months of 2025 have been extraordinarily challenging in every way to combating climate change. As promised, the current presidential administration exited the Paris Accord, refusing to engage in the reporting of the mandated probationary period. The administration has radically scaled back staff on the National Oceanic and Atmospheric Administration (NOAA), which tracks climate change and forecasts extreme weather, as well as any research relating to climate change. Environmental protections have also been targeted by the current administration, which has been working on minimizing the influence of the Environmental Protection Agency (EPA) and sunsetting environmental regulations that relate to air quality and carbon emissions, among other actions. The Intergovernmental Panel on Climate Change, which aggregates research, has found its U.S. funding withdrawn and the U.S. refusing to participate.

ELCA SOCIAL POLICY

The social message "Earth's Climate Crisis" calls for immediate action to address climate change through intergenerational, intragenerational and intersectional justice. It makes specific requests of corporations, that they not deny the scientific evidence of climate change and that they work toward a just transition away from fossil fuels. Principles of participation, solidarity, sufficiency and sustainability drawn from *Caring for Creation: Vision, Hope, and Justice* (1993) offer the means of discernment. The social statement calls the church to gather information and engage in dialogue with corporations on how to promote justice for creation (5.E.1-1). Dialogues include implementing comprehensive environmental principles, promoting healthy environments, and cooperation between the public and private sectors regarding sustainability. In both the ELCA's social teachings on the environment is enshrined the principle that all people are entitled to be heard and to have their interests considered when decisions are made. The role of the church is to urge decision-makers to consider the interests of nonhuman creation and the most vulnerable humans.

The 1995 Churchwide Assembly passed the resolution "Environment — Energy Audits" (CA95.05.26b). The 1999 Churchwide Assembly (CA99.06.30) expressed great concern about the destructive practice of mountaintop-removal coal mining and urged our church to advocate ending it. In 2005, the churchwide assembly passed the resolution "Caring for Creation" (CA05.07.39), encouraging our church

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to renew the commitment to caring for creation. This was followed in 2007 by the churchwide assembly memorial "Energy Efficiency" (CA07.06.33g) and in 2009 by the Genesis Covenant (CA09.03.09).

In 2013, the Churchwide Assembly passed a resolution on hydraulic fracking and fossil fuels,[8] encouraging all ELCA synods, congregations and members to inform and educate themselves through the lens of the social statements — *Caring for Creation* (1993), *Sufficient, Sustainable Livelihood for All* (1999) and *Genetics, Faith and Responsibility*(2011) — about the issues pertaining to hydraulic fracturing by engaging in (1) grassroots conversation, (2) the sharing of pertinent stories and (3) workshops and study. The Corporate Social Responsibility team was asked to evaluate the feasibility of developing revised or additional investment screens. The team determined that no additional investment screens were needed but recommended revision to the Environment Social Criteria Investment Screen. The environment screen was revised and approved by the ELCA Church Council in November 2017 (CC17.11.33k).[9]

In 2016, the Churchwide Assembly passed the resolution "Toward a Responsible Energy Future," calling upon the ELCA churchwide organization to review ELCA social teachings and applicable Corporate Social Responsibility policies and procedures with the goal of not investing in, and removing from its portfolio, the largest fossil fuel companies, as identified by Carbon Tracker, and investing in corporations that are taking a positive step toward a sustainable environment.

In 2019, the Churchwide Assembly[10] passed a resolution to develop a plan that promotes educational resources on the carbon fee and dividend, to assist in forming the basis for any potential advocacy strategy.

In 2019, the Churchwide Assembly endorsed the Earth Charter.

CORPORATE RESPONSE

It has become accepted practice for a company to begin this work by evaluating and reporting on greenhouse gas emissions and its total "footprint." Corporate reporting includes the amount of greenhouse gases from production and use of the corporation's products, the delivery process for its products, and their suppliers' emissions. Setting targets for decreasing their emissions and moving toward renewable technologies is often included in reports. In addition, the company can review its probable risk exposure to the financial and competitive consequences of climate change, ensure that it has sufficient expertise to make informed and responsible decisions, and set benchmarks. Climate change strategies and strategic alliances can be built into an overall business plan.

Recent actions by the federal government that are meant to remove environmental restrictions are antithetical to ELCA social teaching and concurrently present a complex and unwelcome environment for corporations. Immediately after the 2024 election, the chair of ExxonMobil publicly requested the new administration not to withdraw from the Paris Agreement. For an oil company executive to make this request so publicly reveals the difficulty posed by the chaos of withdrawing so many environmental guidelines at once. The environment of policy uncertainty,

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combined with the need on the part of fossil-fuel-based corporations to transition to renewable energy, means that fossil fuel companies are not entirely onboard with the changes,[11] which hinders long-term planning and transition options.

Corporations know that climate change and extreme weather present risks to employees and resources. By reducing information about climate change, the current administration makes climate risk more difficult to assess. Insurance companies find it more difficult to set premiums without data.[12] Financial institutions that had previously been very willing to publicly commit to net-zero emissions in their investing plans[13] withdrew after being the target of legal inquiries from public officials.[14]

SOCIAL CRITERIA INVESTMENT SCREENS

A screen is a framework of principles, specific to an issue, by which a company's activities are evaluated. The Environment Social Criteria Investment Screen, approved by the ELCA in 1990 and updated in 2007, 2014, 2017 and 2024, responds to this issue.

RESOLUTION GUIDELINES FOR ELCA — ISSUE SPECIFIC[15]

1. We support reports on greenhouse gas footprints as well as the establishment of targets (such as science-based targets) for their reduction, including requests that a company complete the CDP[16] reporting process and adhere to the Global Reporting Initiatives standards.
2. We support disclosure of the economic risks associated with past, present and future emissions and/or impacts on climate change.
3. We support reports on the economic benefits of committing to a substantial reduction of greenhouse gas emissions and a reduction of product emissions.
4. We support reports on public policies that enable and assist with the achievement of emission targets, including policies and procedures for political contributions and expenditures. We support adoption of public policy principles on climate change and reports on how these principles are implemented. Principles may include reduction of greenhouse gas emissions, promoting energy efficiency, investing in clean energy and supporting international action on the issue. We support reports on the plan for just transition, which may include potential risks and opportunities related to the social impacts of a corporation's transition finance efforts.
5. We support reports on economic risks associated with a company's exposure to the myriad of pending and adopted legislation from state, regional and international bodies as those risks relate to reduction of greenhouse gases, attainment of net-zero carbon emissions by 2050, and the adequacy of such legislation to protect human health, the environment and the company's reputation.

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6. We support reports on goals and benchmarks achieved to increase usage of renewable energy and adopt other measures to take practical steps for a corporation to reduce its contribution to climate change, including increasing energy efficiency and conservation.

7. We support requests to adopt quantitative goals to reduce future emissions of carbon dioxide, sulfur dioxide, nitrogen oxide and heavy metals such as mercury.

8. We support reports and assessments of steps a company is taking to meet new fuel-economy and greenhouse gas emissions standards for its transportation fleet.

9. We support adoption of policies for safe, low-carbon energy research, development and production.

10. We support reports on strategic plans, reviewing the scenario of demand for significantly lowering fossil fuel use in the future. Scenarios might include pricing of carbon, preparation for physical impacts of climate change and strategies for reducing the risk of unburnable carbon or stranded assets.[17]

11. We support amendments to a company's greenhouse gas emissions policies to observe a moratorium on and/or cease all financing, investment and further involvement in activities that support mountaintop-removal coal mining or the construction of new coal-burning power plants that emit carbon dioxide.

12. We support reports on a company's exposure to climate-change-related costs and risks from the use or production of coal, and steps taken to reduce those risks.

13. We support reports that publicly disclose a company's current and projected water withdrawals at each thermoelectric power plant.

14. We support requests to measure, mitigate, disclose and adopt quantitative goals to reduce methane emissions and flaring, and reports on such efforts. We support reports on the reliability of a corporation's methane emission disclosures.

15. We support requests to reduce all forms of pollution in operations, productions and use of a corporation's primary product, including reducing refrigerant-related emissions from its operations.

16. We support resolutions calling for board candidates with environmental expertise relevant to hydrocarbon exploration and production to be recommended by the nominations committee.

17. We support requests that the board's compensation committee include metrics for reduction of carbon emissions as part of the company's incentive plan for senior executives.

18. We support reports assessing a financial institution's programs to address greenhouse gas emissions from its lending portfolio, which includes how it intends to reduce emissions associated with its financing activities in alignment

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with the Paris Agreement and goal of limiting temperature rise to 1.5 degrees Centigrade, requiring net-zero emissions, and its exposure to climate-change risk in its lending, investing and financing activities.

19. We support requests to financial institutions to adopt company-wide, quantitative, time-bound targets for reducing greenhouse gas emissions associated with the company's underwriting and lending activities, and to issue annual reports discussing its plans and progress toward achieving these targets. The report will include how the company will measure and disclose, across its banking and investment portfolios, the greenhouse gas footprint of its financing activities, as well as its efforts to reduce negative impacts and enhance positive impacts on natural ecosystems and biodiversity.

20. We support reports on lobbying activities (direct and through trade and other associations) regarding alignment with the goal of limiting average global warming to well below 2 degrees Celsius per the Paris Agreement and the Intergovernmental Panel on Climate Change reports, and other expressed goals in stockholders' best interests.

21. We support requests for corporations to adopt corporate-wide targets to achieve net-zero greenhouse gas emissions associated with their lending and investment activities, as defined by best-practice carbon-accounting standards, by 2050.

22. We support reports exploring options as to whether and how the company could reduce its total contribution to climate change by encouraging electrification in its operations.

23. We support reports assessing the public health risks of expanding petrochemical operations and investments in areas increasingly prone to climate-change-induced storms, flooding and sea level rise.

24. We support reports disclosing if and how the company is protecting retirement plan beneficiaries — especially those with a longer investment time horizon — from increased future portfolio risk created by present-day investments in high-carbon companies.

25. We support reporting on the expected impact of climate-related pricing and coverage decisions on the sustainability of its homeowners' insurance customer base under a range of climate scenarios in the near, medium and long term.

26. We support reports assessing a range of climate transition scenarios on the assumptions, costs, estimates and valuations underlying a corporation's financial statements, including those related to long-term commodity and carbon prices, remaining asset lives, future asset retirement obligations, capital expenditures, and impairments.

27. We support reports assessing the risks and opportunity costs of continued capital investment in high-carbon energy products as compared to renewable energy products.

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RESOLUTION GUIDELINES FOR ELCA — GENERAL

We support practices of good governance, specifically:

- A company having an independent chair or independent lead director.
- Reports on policies and 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 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.
- Policies around conflict of interest for executives.[18]

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ENDNOTES

1. "The Paris Agreement," United Nations Climate Change, unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement.

2. "Special Report: Global Warming of 1.5 ºC," Intergovernmental Panel on Climate Change, www.ipcc.ch/sr15/.

3. "Special Report: Climate Change and Land," Intergovernmental Panel on Climate Change, www.ipcc.ch/srccl/download/.

4. "Special Report on the Ocean and Cryosphere in a Changing Climate," Intergovernmental Panel on Climate Change, www.ipcc.ch/srocc/.

5. "Climate Change: How Do We Know?," National Aeronautics and Space Administration, climate.nasa.gov/evidence/.

6. See "Nature's Price Tag: The Economic Cost of Nature Loss," Ceres, September 10, 2025, www.ceres.org/resources/reports.

7. "Climate Change and the Just Transition: A Guide for Investor Action," Grantham Research Institute on Climate Change and the Environment, December 2018, https://public.unpri.org/climate-change-and-the-just-transition-a-guide-for-investor-action/3202.article

8. "Section VII: Report of the Memorials Committee," Evangelical Lutheran Church in America, https://resources.elca.org/churchwide-assembly/section-vii-report-of-memorials-committee/.

9. 2019 ELCA Churchwide Assembly, https://resources.elca.org/churchwide-assembly/section-vii-report-of-memorials-committee/.

10. ELCA Churchwide Assembly, download.elca.org/ELCA%20Resource%20Repository/Section_VII-Report_of_Memorials_Committee.pdf.

11. "ExxonMobil and Shell Lead an Industry Divide on Trump Climate Rollback," Environmental Defense Fund, January 29, 2019, business.edf.org/insights/exxonmobil-and-shell-lead-an-industry-divide-on-trump-climate-rollback/.

12. Lauren Rosenthal and Brian K. Sullivan, "Why Trump's Plan to Stop Tallying Weather Losses Matters to the Insurance Industry," Insurance Journal, May 9, 2025, www.insurancejournal.com/news/national/2025/05/09/823177.htm.

13. www.blackrock.com/corporate/sustainability/2030-net-zero-statement

14. Martina Igini, “Black Rock Quits Major Net Zero Alliance Ahead of Trump Inauguration As Number of Wall Street Lenders Shying Away From Sustainability Efforts Grows,” Earth.org, January 13, 2025, earth.org/blackrock-quits-major-net-zero-alliance-ahead-of-trump-inauguration-as-number-of-wall-street-lenders-shying-away-from-sustainability-efforts-grows/.

15. These guidelines may be used in proxy voting as well as to help determine resolutions to file and dialogues to support. Each resolution guideline should be looked at within the context of the entire resolution language and specific company situation.

16. Formerly the Carbon Disclosure Project, now known as CDP; see www.cdp.net/en.

17. See carbontracker.org/resources/.

18. See “Non-discrimination in Business Activities” issue paper, Evangelical Lutheran Church in America.

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