

1 AN ACT concerning State government.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Sustainable Investing Act is
5 amended by changing Sections 5 and 10 and by adding Sections
6 25, 30, and 35 as follows:

7 (30 ILCS 238/5)

8 Sec. 5. Findings and purpose.

9 (a) The General Assembly finds that consideration of
10 factors relevant to the environmental impact, social impact,
11 and governance of investments is vital for maximizing the
12 safety and performance of public funds. Such sustainability
13 factors are indicative of the overall performance of an
14 investment and are strong indicators of its long-term value.
15 Public agencies and governments have a duty to recognize and
16 evaluate these materially relevant factors.

17 (b) It is the purpose of this Act to prudently integrate
18 sustainability factors into the investment decision-making,
19 investment analysis, portfolio construction, due diligence,
20 and investment ownership of public funds to maximize
21 anticipated financial returns, minimize projected risks, more
22 effectively execute fiduciary duties, and contribute to a more
23 just, accountable, and sustainable State of Illinois.

1 (c) The General Assembly reaffirms its prior findings that
2 factors relevant to the environmental impact, social impact,
3 and governance of investments are indicative of the overall
4 performance of an investment and that agencies and governments
5 have a duty to recognize and evaluate these materially
6 relevant factors.

7 (d) The General Assembly finds that other states have
8 taken actions that may impede the ability of Illinois persons
9 to take actions under sustainable investment policies
10 consistent with the principles of this Act.

11 (e) It is the intent of the State of Illinois to foster an
12 environment where not only agencies and governments but
13 private entities can prudently consider materially relevant
14 environmental, social, and governance factors in their
15 investment decision-making, investment analysis, portfolio
16 construction, due diligence, and investment ownership
17 activities.

18 (f) It is the purpose of this Act to make it clear that
19 State resources should not be used to advance efforts by any
20 individual or government to impede Illinois persons' lawful
21 sustainable investment activity as described in this Act and
22 to provide recourse for Illinois persons who may be subject to
23 such actions.

24 (Source: P.A. 101-473, eff. 1-1-20.)

1 Sec. 10. Definitions. As used in this Act:

2 "Company proposal" means a proposal made by a company's
3 shareholder that is included in the company's proxy statement,
4 including the nomination of a director.

5 "Financial institution" means a bank, savings bank, or
6 credit union established under the laws of the State of
7 Illinois, another state, or the United States of America.

8 "Governmental unit" has the same meaning as in the Local
9 Government Debt Reform Act.

10 "Investment manager" means a fiduciary who:

11 (1) is ~~a fiduciary~~ selected by a public agency,
12 pension fund, retirement system, or governmental unit who
13 has the power to manage, acquire, or dispose of any asset
14 of a public agency, pension fund, retirement system or
15 governmental unit;

16 (2) has acknowledged in writing that he or she is a
17 fiduciary with respect to the public fund, retirement
18 system, or pension fund; and

19 (3) is at least one of the following: (i) registered
20 as an investment adviser under the federal Investment
21 Advisers Act of 1940; (ii) registered as an investment
22 adviser under the Illinois Securities Law of 1953; (iii) a
23 bank, as defined in the Investment Advisers Act of 1940;
24 or (iv) an insurance company authorized to transact
25 business in this State.

26 "Investment policy" means a written investment policy

1 adopted by a public agency or governmental unit which
2 addresses safety of principal, liquidity of funds, and return
3 on investment and which requires the investment portfolio be
4 structured in such a manner as to provide sufficient liquidity
5 to pay obligations as they come due.

6 "Lawful sustainable investment activity" means:

7 (1) any activity that is not unlawful under the laws
8 of this State or under the laws of the United States taken
9 to carry out a sustainable investment policy as described
10 in this Act, regardless of whether the sustainable
11 investment policy was adopted by a public agency,
12 governmental unit, or any other entity doing business in
13 Illinois;

14 (2) any action taken in furtherance of providing the
15 following services that is not unlawful under the laws of
16 this State or the United States:

17 (A) advice or recommendations on how to vote on a
18 proxy proposal or company proposal;

19 (B) proxy statement research and analysis
20 regarding a proxy proposal or company proposal;

21 (C) rating or research regarding corporate
22 governance; or

23 (D) the development of proxy voting
24 recommendations or policies, including establishing
25 default recommendations or policies.

26 "Proxy proposal" means a proposal made by a company's

1 shareholder that is included in the company's proxy statement,
2 including the nomination of a director.

3 "Public agency" means the State of Illinois, the various
4 counties, townships, cities, towns, villages, school
5 districts, educational service regions, special road
6 districts, public water supply districts, fire protection
7 districts, drainage districts, levee districts, sewer
8 districts, housing authorities, the Illinois Bank Examiners'
9 Education Foundation, the Chicago Park District, and all other
10 political corporations or subdivisions of the State of
11 Illinois, now or hereafter created, whether herein
12 specifically mentioned or not.

13 "Public funds" means current operating funds, special
14 funds, interest and sinking funds, and funds of any kind or
15 character belonging to or in the custody of any public agency.

16 "Sustainability factors" means factors that may have a
17 material and relevant financial impact on the safety or
18 performance of an investment and which are complementary to
19 financial factors and financial accounting.

20 (Source: P.A. 103-324, eff. 1-1-24; revised 7-1-25.)

21 (30 ILCS 238/25 new)

22 Sec. 25. Conflict of law. Notwithstanding any general or
23 special law or common law conflict of law rule to the contrary,
24 the laws of this State shall govern in any case or controversy
25 heard in this State related to lawful sustainable investment

1 activity.

2 (30 ILCS 238/30 new)

3 Sec. 30. Prohibited State actions.

4 (a) Unless such a refusal is expressly prohibited by
5 Illinois or federal law, the State may decline to provide any
6 information to or expend or use any time, money, facilities,
7 property, equipment, personnel, or other resources to assist
8 any individual, or out-of-state officer, official, agency,
9 entity, or department seeking to impose civil or criminal
10 liability upon a person or entity for lawful sustainable
11 investment activity.

12 (b) This Section does not apply if an individual or
13 out-of-state officer, official, agency, entity, or department
14 is investigating conduct that would be subject to civil or
15 criminal liability under the laws of Illinois or the laws of
16 the United States.

17 (30 ILCS 238/35 new)

18 Sec. 35. Right of action.

19 (a) If judgment is entered in any other state against any
20 person residing or domiciled in Illinois, and if the judgment
21 is based, in whole or in part, on the alleged provision,
22 receipt, assistance in receipt or provision, material support
23 for, or any theory of vicarious, joint, several, or conspiracy
24 liability derived therefrom, for lawful sustainable investment

1 activity that is permitted under the laws of this State, that
2 person may recover damages from any party that brought the
3 action leading to that judgment or has sought to enforce that
4 judgment.

5 (b) Any person aggrieved by conduct in subsection (a)
6 shall have a right of action in a State circuit court or as a
7 supplemental claim in federal district court against any party
8 that brought the action leading to that judgment or has sought
9 to enforce that judgment. This lawsuit must be brought not
10 later than 2 years after the violation of subsection (a).

11 (c) If the court finds that a violation of subsection (a)
12 has occurred, the court may award to the plaintiff:

13 (1) actual damages created by the action that led to
14 that judgment, including, but not limited to, money
15 damages in the amount of the judgment in that other state
16 and costs, expenses, and reasonable attorney's fees,
17 including expert witness fees and other litigation
18 expenses, spent in defending the action that resulted in
19 the entry of the judgment in another state; and

20 (2) costs, expenses, and reasonable attorney's fees,
21 including expert witness fees and other litigation
22 expenses, incurred in bringing an action under this Act as
23 may be allowed by the court.

24 (d) The provisions of this Act shall not apply to a
25 judgment entered in another state that is based on:

26 (1) an action founded in contract, and for which a

1 similar claim would exist under the laws of this State,
2 brought or sought to be enforced by a party with a
3 contractual relationship with the person that is the
4 subject of the judgment entered in another state; or

5 (2) an action where no part of the acts that formed the
6 basis for liability occurred in this State.