



Sen. Bill Cunningham

Filed: 3/22/2023

10300SB2152sam002

LRB103 30754 RPS 59693 a

1 AMENDMENT TO SENATE BILL 2152

2 AMENDMENT NO. _____. Amend Senate Bill 2152 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Pension Code is amended by
5 changing Section 22A-106 and by adding Sections 15-177.5,
6 15-177.6, 16-188, 16-189, 22A-113.4, and 22A-113.5 as follows:

7 (40 ILCS 5/15-177.5 new)

8 Sec. 15-177.5. Proxy voting.

9 (a) In this Section, "fiduciary" has the meaning given to
10 that term in Section 1-101.2.

11 (b) Notwithstanding the Board's investment authority, the
12 State Treasurer, upon the request of the Board, shall manage
13 the domestic and international proxy voting activity for
14 shares held directly by the System and execute required
15 ballots on behalf of the System. The State Treasurer shall
16 provide the Board with comprehensive proxy voting reports on a

1 quarterly basis and as requested by the Board.

2 (c) The State Treasurer shall act as a fiduciary to the
3 System with regard to all aspects of the State Treasurer's
4 management of the proxy voting activity as provided under
5 subsection (b).

6 (d) With respect to this Section, and with respect to the
7 State Treasurer's management of the proxy voting activity as
8 provided for under subsection (b), the Board is exempt from
9 any conflicting statutory or common law obligations, including
10 any fiduciary or co-fiduciary duties under this Article and
11 Article 1.

12 (e) With respect to this Section and with respect to the
13 State Treasurer's management of the proxy voting activity as
14 provided for under subsection (b), the Board, its staff, and
15 the trustees of the Board shall not be liable for any damage or
16 suits where damages are sought for negligent or wrongful acts
17 alleged to have been committed in connection with the
18 management of proxy voting activity as provided for under this
19 Section.

20 (f) All costs associated with the State Treasurer's
21 management of proxy voting activity under subsection (b) shall
22 be borne exclusively by the State Treasurer, including, but
23 not limited to, any payments to a third-party service provider
24 to provide proxy voting services.

25 (g) This Section is repealed on January 1, 2027.

1 (40 ILCS 5/15-177.6 new)

2 Sec. 15-177.6. Fiduciary report. On or before January 1,
3 2025, and annually thereafter, the Board shall publish its
4 guidelines for voting proxy ballots and a detailed report on
5 its website describing how the Board is considering
6 sustainability factors as defined in the Illinois Sustainable
7 Investing Act. The report shall:

8 (1) describe the Board's strategy as it relates to the
9 consideration of sustainable investment factors;

10 (2) outline the process for regular assessment across
11 the total portfolio of potential effects from systemic and
12 regulatory risks and opportunities, including, but not
13 limited to, environmental factors on the assets of the
14 plan;

15 (3) disclose how each investment manager serving as a
16 fiduciary to the Board integrates sustainability factors
17 into the investment manager's investment decision-making
18 process;

19 (4) provide a comprehensive proxy voting report;

20 (5) provide an overview of all corporate engagement
21 and stewardship activities; and

22 (6) include any other information the Board deems
23 necessary.

24 (40 ILCS 5/16-188 new)

25 Sec. 16-188. Proxy voting.

1 (a) In this Section, "fiduciary" has the meaning given to
2 that term in Section 1-101.2.

3 (b) Notwithstanding the Board's investment authority, the
4 State Treasurer, upon the request of the Board, shall manage
5 the domestic and international proxy voting activity for
6 shares held directly by the System and execute required
7 ballots on behalf of the System. The State Treasurer shall
8 provide the Board with comprehensive proxy voting reports on a
9 quarterly basis and as requested by the Board.

10 (c) The State Treasurer shall act as a fiduciary to the
11 System with regard to all aspects of the State Treasurer's
12 management of the proxy voting activity as provided under
13 subsection (b).

14 (d) With respect to this Section and with respect to the
15 State Treasurer's management of the proxy voting activity as
16 provided for under subsection (b), the Board is exempt from
17 any conflicting statutory or common law obligations, including
18 any fiduciary or co-fiduciary duties under this Article and
19 Article 1.

20 (e) With respect to this Section and with respect to the
21 State Treasurer's management of the proxy voting activity as
22 provided for under subsection (b), the Board, its staff, and
23 the trustees of the Board shall not be liable for any damage or
24 suits where damages are sought for negligent or wrongful acts
25 alleged to have been committed in connection with the
26 management of proxy voting activity as provided for under this

1 Section.

2 (f) All costs associated with the State Treasurer's
3 management of proxy voting activity under subsection (b) shall
4 be borne exclusively by the State Treasurer, including, but
5 not limited to, any payments to a third-party service provider
6 to provide proxy voting services.

7 (g) This Section is repealed on January 1, 2027.

8 (40 ILCS 5/16-189 new)

9 Sec. 16-189. Fiduciary report. On or before January 1,
10 2025, and annually thereafter, the Board shall publish its
11 guidelines for voting proxy ballots and a detailed report on
12 its website describing how the Board is considering
13 sustainability factors as defined in the Illinois Sustainable
14 Investing Act. The report shall:

15 (1) describe the Board's strategy as it relates to the
16 consideration of sustainable investment factors;

17 (2) outline the process for regular assessment across
18 the total portfolio of potential effects from systemic and
19 regulatory risks and opportunities, including, but not
20 limited to, environmental factors on the assets of the
21 plan;

22 (3) disclose how each investment manager serving as a
23 fiduciary to the Board integrates sustainability factors
24 into the investment manager's investment decision-making
25 process;

- 1 (4) provide a comprehensive proxy voting report;
2 (5) provide an overview of all corporate engagement
3 and stewardship activities; and
4 (6) include any other information the Board deems
5 necessary.

6 (40 ILCS 5/22A-106) (from Ch. 108 1/2, par. 22A-106)
7 Sec. 22A-106. "Manage": To invest, reinvest, exchange and
8 to perform all investment functions with regard to reserves,
9 funds, assets, securities and moneys which the board is
10 authorized to invest, and to preserve and protect such
11 reserves, funds, assets, securities and moneys, including, but
12 not limited to, authority to vote any stocks, bonds or other
13 securities and to give general or special proxies or powers of
14 attorney with or without power of substitution, except that
15 the authority to vote proxies is subject to Section 22A-113.4.
16 This term shall not include any functions, duties and
17 responsibilities incident to the operation and administration
18 of pension funds or education fund other than that of
19 investments.
20 (Source: P.A. 84-1127.)

21 (40 ILCS 5/22A-113.4 new)

22 Sec. 22A-113.4. Proxy voting.

23 (a) In this Section, "fiduciary" has the meaning given to
24 that term in Section 1-101.2.

1 (b) Notwithstanding the Board's investment authority, the
2 State Treasurer, upon the request of the Board, shall manage
3 the domestic and international proxy voting activity for
4 shares held directly by the Board and execute required ballots
5 on behalf of the Board. The State Treasurer shall provide the
6 Board with comprehensive proxy voting reports on a quarterly
7 basis and as requested.

8 (c) The State Treasurer shall act as a fiduciary to the
9 Illinois State Board of Investment with regard to all aspects
10 of the State Treasurer's management of the proxy voting
11 activity as provided under subsection (b).

12 (d) With respect to this Section, and with respect to the
13 State Treasurer's management of the proxy voting activity as
14 provided for under subsection (b), the Board is exempt from
15 any conflicting statutory or common law obligations, including
16 any fiduciary or co-fiduciary duties under this Article and
17 Article 1.

18 (e) With respect to this Section and with respect to the
19 State Treasurer's management of the proxy voting activity as
20 provided for under subsection (b), the Board, its staff, and
21 the trustees of the Board shall not be liable for any damage or
22 suits where damages are sought for negligent or wrongful acts
23 alleged to have been committed in connection with the
24 management of proxy voting activity as provided for under this
25 Section.

26 (f) All costs associated with the State Treasurer's

1 management of proxy voting activity under subsection (b) shall
2 be borne exclusively by the State Treasurer, including, but
3 not limited to, any payments to a third-party service provider
4 to provide proxy voting services.

5 (g) This Section is repealed on January 1, 2027.

6 (40 ILCS 5/22A-113.5 new)

7 Sec. 22A-113.5. Fiduciary report. On or before January 1,
8 2025, and annually thereafter, the Board shall publish its
9 guidelines for voting proxy ballots and a detailed report on
10 its website describing how the Board is considering
11 sustainability factors as defined in the Illinois Sustainable
12 Investing Act. The report shall:

13 (1) describe the Board's strategy as it relates to the
14 consideration of sustainable investment factors;

15 (2) outline the process for regular assessment across
16 the total portfolio of potential effects from systemic and
17 regulatory risks and opportunities, including, but not
18 limited to, environmental factors on the assets of the
19 plan;

20 (3) disclose how each investment manager serving as a
21 fiduciary to the Board integrates sustainability factors
22 into the investment manager's investment decision-making
23 process;

24 (4) provide a comprehensive proxy voting report;

25 (5) provide an overview of all corporate engagement

1 and stewardship activities; and
2 (6) include any other information the Board deems
3 necessary.

4 Section 99. Effective date. This Act takes effect January
5 1, 2024.".