



Sen. Bill Cunningham

Filed: 3/29/2023

10300SB2152sam003

LRB103 30754 RPS 60123 a

1 AMENDMENT TO SENATE BILL 2152

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

5 "Section 5. The Illinois Pension Code is amended by
6 changing Section 22A-106 and by adding Sections 15-177.5,
7 15-177.6, 16-188, 16-189, 22A-113.4, and 22A-113.5 as follows:

8 (40 ILCS 5/15-177.5 new)

9 Sec. 15-177.5. Proxy voting.

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

12 (b) Notwithstanding the Board's investment authority, and
13 upon the affirmative vote of at least three-fifths of the
14 members of the Board, the State Treasurer shall be authorized
15 to manage the domestic and international proxy voting activity
16 for shares held directly by the System and execute required

1 ballots on behalf of the System. The Board's consent granted
2 under this Section may be revoked at any time upon the
3 affirmative vote of a majority of the members of the Board.

4 (c) When the State Treasurer is managing any proxy voting
5 activity in accordance with subsection (b), the following
6 shall apply: (1) the State Treasurer shall provide the Board
7 with (i) comprehensive proxy voting reports on a quarterly
8 basis and as requested by the Board and (ii) access to
9 communications with its third-party proxy voting service, if
10 any, used in preparing the comprehensive proxy voting reports
11 requested by the Board; and (2) the Board may provide the State
12 Treasurer with guidance for proxy voting, which, if provided,
13 the State Treasurer shall consider when voting.

14 (d) The State Treasurer shall act as a fiduciary to the
15 System with regard to all aspects of the State Treasurer's
16 management of the proxy voting activity as provided under
17 subsection (b).

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 is exempt from
21 any conflicting statutory or common law obligations, including
22 any fiduciary or co-fiduciary duties under this Article and
23 Article 1.

24 (f) With respect to this Section and with respect to the
25 State Treasurer's management of the proxy voting activity as
26 provided for under subsection (b), the Board, its staff, and

1 the trustees of the Board shall not be liable for any damage or
2 suits where damages are sought for negligent or wrongful acts
3 alleged to have been committed in connection with the
4 management of proxy voting activity as provided for under this
5 Section.

6 (g) In order to facilitate the State Treasurer's proxy
7 voting activities under this Section and before the State
8 Treasurer begins proxy voting activities, the State Treasurer
9 and the Board shall enter into an intergovernmental agreement
10 concerning costs, proxy voting guidance, reports and other
11 documents, and other issues.

12 (h) This Section is repealed on January 1, 2027.

13 (40 ILCS 5/15-177.6 new)

14 Sec. 15-177.6. Fiduciary report. On or before September 1,
15 2023, and annually thereafter, the Board shall publish its
16 guidelines for voting proxy ballots and a detailed report on
17 its website describing how the Board is considering
18 sustainability factors as defined in the Illinois Sustainable
19 Investing Act. The report shall:

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

22 (2) outline the process for regular assessment across
23 the total portfolio of potential effects from systemic and
24 regulatory risks and opportunities, including, but not
25 limited to, sustainability factors on the assets of the

1 plan;

2 (3) disclose how each investment manager serving as a
3 fiduciary to the Board integrates sustainability factors
4 into the investment manager's investment decision-making
5 process;

6 (4) provide a comprehensive proxy voting report;

7 (5) provide an overview of all corporate engagement
8 and stewardship activities; and

9 (6) include any other information the Board deems
10 necessary.

11 (40 ILCS 5/16-188 new)

12 Sec. 16-188. Proxy voting.

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

15 (b) Notwithstanding the Board's investment authority, and
16 upon the affirmative vote of at least three-fifths of the
17 members of the Board, the State Treasurer shall be authorized
18 to manage the domestic and international proxy voting activity
19 for shares held directly by the System and execute required
20 ballots on behalf of the System. The Board's consent granted
21 under this Section may be revoked at any time upon the
22 affirmative vote of a majority of the members of the Board.

23 (c) When the State Treasurer is managing any proxy voting
24 activity in accordance with subsection (b), the following
25 shall apply: (1) the State Treasurer shall provide the Board

1 with (i) comprehensive proxy voting reports on a quarterly
2 basis and as requested by the Board and (ii) access to
3 communications with its third-party proxy voting service, if
4 any, used in preparing the comprehensive proxy voting reports
5 requested by the Board; and (2) the Board may provide the State
6 Treasurer with guidance for proxy voting, which, if provided,
7 the State Treasurer shall consider when voting.

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

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 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 (f) 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 (g) In order to facilitate the State Treasurer's proxy

1 voting activities under this Section and before the State
2 Treasurer begins proxy voting activities, the State Treasurer
3 and the Board shall enter into an intergovernmental agreement
4 concerning costs, proxy voting guidance, reports and other
5 documents, and other issues.

6 (h) This Section is repealed on January 1, 2027.

7 (40 ILCS 5/16-189 new)

8 Sec. 16-189. Fiduciary report. On or before September 1,
9 2023, and annually thereafter, the Board shall publish its
10 guidelines for voting proxy ballots and a detailed report on
11 its website describing how the Board is considering
12 sustainability factors as defined in the Illinois Sustainable
13 Investing Act. The report shall:

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

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

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

25 (4) provide a comprehensive proxy voting report;

1 (5) provide an overview of all corporate engagement
2 and stewardship activities; and

3 (6) include any other information the Board deems
4 necessary.

5 (40 ILCS 5/22A-106) (from Ch. 108 1/2, par. 22A-106)

6 Sec. 22A-106. "Manage": To invest, reinvest, exchange and
7 to perform all investment functions with regard to reserves,
8 funds, assets, securities and moneys which the board is
9 authorized to invest, and to preserve and protect such
10 reserves, funds, assets, securities and moneys, including, but
11 not limited to, authority to vote any stocks, bonds or other
12 securities and to give general or special proxies or powers of
13 attorney with or without power of substitution, except that
14 the authority to vote proxies is subject to Section 22A-113.4.

15 This term shall not include any functions, duties and
16 responsibilities incident to the operation and administration
17 of pension funds or education fund other than that of
18 investments.

19 (Source: P.A. 84-1127.)

20 (40 ILCS 5/22A-113.4 new)

21 Sec. 22A-113.4. Proxy voting.

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

24 (b) Notwithstanding the Board's investment authority, and

1 upon the affirmative vote of at least three-fifths of the
2 members of the Board, the State Treasurer shall be authorized
3 to manage the domestic and international proxy voting activity
4 for shares held directly by the Board and execute required
5 ballots on behalf of the Board. The Board's consent granted
6 under this Section may be revoked at any time upon the
7 affirmative vote of a majority of the members of the Board.

8 (c) When the State Treasurer is managing any proxy voting
9 activity in accordance with subsection (b), the following
10 shall apply: (1) the State Treasurer shall provide the Board
11 with (i) comprehensive proxy voting reports on a quarterly
12 basis and as requested by the Board and (ii) access to
13 communications with its third-party proxy voting service, if
14 any, used in preparing the comprehensive proxy voting reports
15 requested by the Board; and (2) the Board may provide the State
16 Treasurer with guidance for proxy voting, which, if provided,
17 the State Treasurer shall consider when voting.

18 (d) The State Treasurer shall act as a fiduciary to the
19 Illinois State Board of Investment with regard to all aspects
20 of the State Treasurer's management of the proxy voting
21 activity as provided under subsection (b).

22 (e) With respect to this Section, and with respect to the
23 State Treasurer's management of the proxy voting activity as
24 provided for under subsection (b), the Board is exempt from
25 any conflicting statutory or common law obligations, including
26 any fiduciary or co-fiduciary duties under this Article and

1 Article 1.

2 (f) With respect to this Section and with respect to the
3 State Treasurer's management of the proxy voting activity as
4 provided for under subsection (b), the Board, its staff, and
5 the trustees of the Board shall not be liable for any damage or
6 suits where damages are sought for negligent or wrongful acts
7 alleged to have been committed in connection with the
8 management of proxy voting activity as provided for under this
9 Section.

10 (g) In order to facilitate the State Treasurer's proxy
11 voting activities under this Section and before the State
12 Treasurer begins proxy voting activities, the State Treasurer
13 and the Board shall enter into an intergovernmental agreement
14 concerning costs, proxy voting guidance, reports and other
15 documents, and other issues.

16 (h) This Section is repealed on January 1, 2027.

17 (40 ILCS 5/22A-113.5 new)

18 Sec. 22A-113.5. Fiduciary report. On or before September
19 1, 2023, and annually thereafter, the Board shall publish its
20 guidelines for voting proxy ballots and a detailed report on
21 its website describing how the Board is considering
22 sustainability factors as defined in the Illinois Sustainable
23 Investing Act. The report shall:

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

1 (2) outline the process for regular assessment across
2 the total portfolio of potential effects from systemic and
3 regulatory risks and opportunities, including, but not
4 limited to, sustainability factors on the assets of the
5 plan;

6 (3) disclose how each investment manager serving as a
7 fiduciary to the Board integrates sustainability factors
8 into the investment manager's investment decision-making
9 process;

10 (4) provide a comprehensive proxy voting report;

11 (5) provide an overview of all corporate engagement
12 and stewardship activities; and

13 (6) include any other information the Board deems
14 necessary.

15 Section 99. Effective date. This Act takes effect upon
16 becoming law.".