

## SUSTAINABLE INVESTMENT ACT



1/3/20

The Sustainable Investment Act ([Public Act 101-473](#)) was signed into law by Governor JB Pritzker on August 23, 2019. Effective January 1, 2020, the Act was an initiative of Illinois State Treasurer Michael Frerichs and it strongly encourages public agencies and governmental units to develop a sustainable investment policy **but does not mandate them to do so.**

Cities, villages and towns are encouraged to consider sustainability factors in their analyses and decision making but the development, publication and implementation of sustainability factors is not required. A sustainable investment policy may be incorporated into existing investment policies.

If a municipality chooses to develop a sustainable investment policy, the policy should include relevant sustainability factors to be considered by the municipality as one component of its overall evaluation of investment decisions. Such factors may include, but are not be limited to:

- (1) corporate governance and leadership factors;
- (2) environmental factors;
- (3) social capital factors;
- (4) human capital factors; and/or
- (5) business model and innovation factors

According to the Treasurer's office, many fund managers already integrate sustainability factors into their investment practices and no changes will be required, as it is common among many asset managers.

Considering sustainability factors might lead your municipality to adjust its overall investment strategies, which you should pursue at your discretion.

The Illinois Municipal League encourages municipalities to speak with their investment managers to integrate sustainable investment policies as appropriate.

More information is available concerning the Sustainable Investment Act at [https://illinoistreasurer.gov/Local\\_Governments/Sustainable\\_Investing\\_Act](https://illinoistreasurer.gov/Local_Governments/Sustainable_Investing_Act).

