



The Sustainable Investing Act ([PA 101-473](#)) (the “Act”) was spearheaded by Illinois Treasurer Frerichs and signed into law by Illinois Governor Pritzker in 2019 with an effective date of January 1, 2020. It provides that all state and local government entities that hold and manage public funds should integrate material, relevant, and decision-useful sustainability factors into their policies, processes, and decision-making.

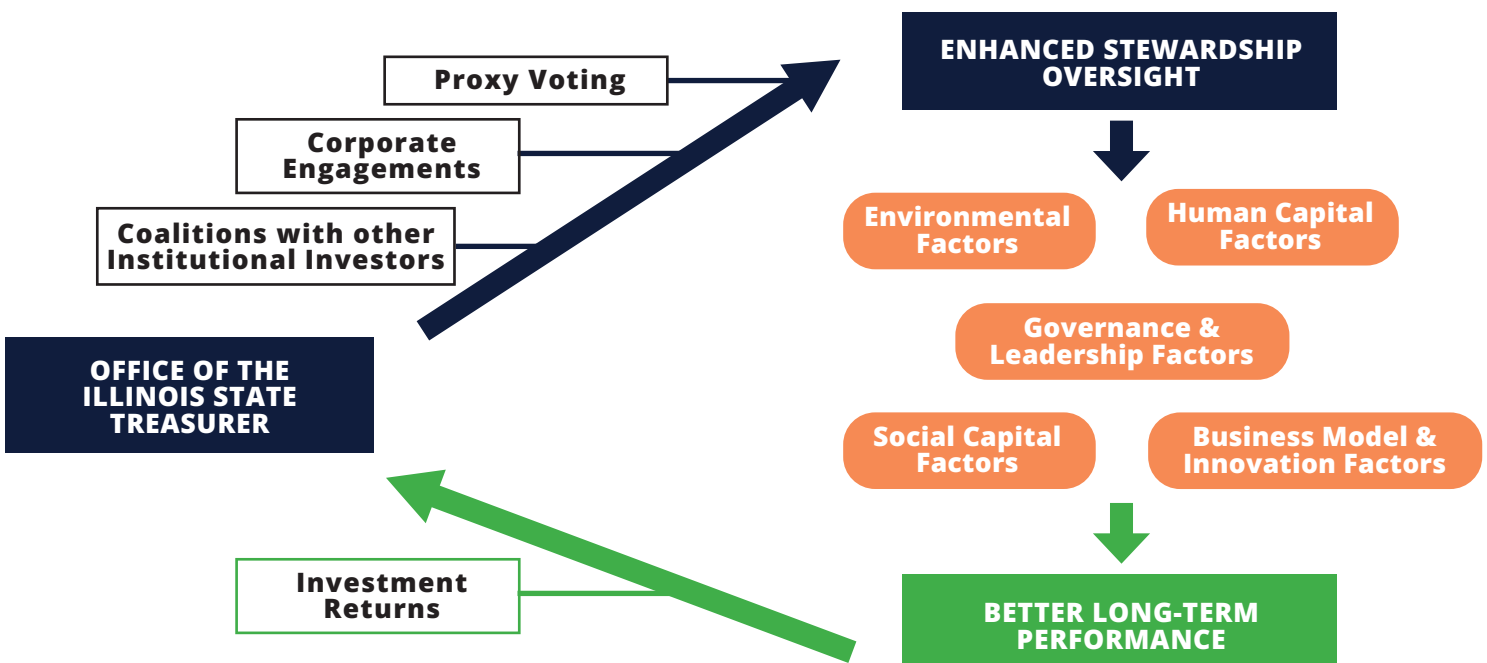
An amended version of the Act ([PA 103-0324](#)) was signed into law on July 28, 2023. The amendment requires that effective January 1, 2024, investment managers disclose their sustainability integration process prior to the award of a contract when seeking to serve as a fiduciary for a public agency, pension fund, retirement system, or governmental unit in the State.

What is Sustainable Investing? Why is it important?

Sustainability factors are used to more effectively analyze an investment’s comprehensive risk profile and return potential. This complements traditional financial and technical analysis and is considered a best practice in the investment industry. Integrating such factors helps public funds better fulfill their fiduciary duty by utilizing additional data that can be used to make investment decisions which minimize risks and maximize returns.

The Act defines sustainability factors to include, but is not limited to: (1) corporate governance and leadership factors; (2) environmental factors; (3) social capital factors; (4) human capital factors; and (5) business model and innovation factors.

Sustainability factors provide a more complete view of an investment, its past performance, and its future potential. Sustainability factors have a material impact on business performance and long-term shareholder value, and as such, investors have an interest in integrating these factors into their investment decision-making processes.



How do I implement and comply with the act?

1. Update your investment policy to include the consideration of sustainability factors. Adapting your policy could be as simple as inserting a few new sentences, or as complex as developing a stand-alone policy on sustainability. These are accessible on our website on our [Investment and Financial Policies](#) page.

You should work with your investment management team to decide on the most appropriate changes for your organization.

2. Talk to your fund managers. The overwhelming majority of fund managers integrate sustainability factors into their investment processes. Having direct dialogue with fund managers is a way to utilize each firm as a resource to help understand their unique process around the consideration of sustainability factors.

The 2023 amendment to the Sustainable Investing Act further requires investment managers to disclose their sustainability integration processes prior to the award of a contract. Refer below for sustainability due diligence questionnaires that may be helpful to utilize in order to assess managers' sustainability practices.

- [Sample Sustainability Due Diligence Questionnaire for Public Markets](#) – This document provides a sample framework and set of questions for the evaluation of investment managers regarding sustainability integration for investments in public markets.
- [Sample Sustainability Due Diligence Questionnaire for Alternative Investments](#) – This document provides a sample framework and set of questions for the evaluation of investment managers regarding sustainability integration for investments in alternative/private markets.

Resources

The State Treasurer's Office strives to continue being a leader in the Sustainable Investment space. Refer to the [Raising the Bar](#) website for actions taken by the Office and helpful resources available to public funds regarding sustainability integration into the investment decision making process. **If you have any questions, send an email to the Office at investments@illinoistreasurer.gov.**



Michael W. Frerichs
ILLINOIS STATE TREASURER