



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

HB2427

Introduced 2/15/2023, by Rep. Camille Y. Lilly

SYNOPSIS AS INTRODUCED:

40 ILCS 5/1-113.65 new
30 ILCS 805/8.47 new

Amends the General Provisions Article of the Illinois Pension Code. By no later than December 31, 2023, requires every pension fund, except for a Downstate Police or Downstate Firefighter fund, to develop a climate change risk minimization policy. Provides that the policy shall consider the financial risk to the investments held by the pension fund in the event of different levels of climate change, as defined by the United Nations Framework Convention on Climate Change. Requires the policy to explain what sources of data, which must include specified sources, were used to make certain projections. Requires the policy to consider the scope of the financial risk of climate-related events. Authorizes the pension fund to determine a policy for all corporate equities held by the pension fund on voting for shareholder resolutions and directors to advance corporate policies that minimize the long-term risk to the pension fund's assets from increased climate change. Requires the policy to be updated annually and published on the pension fund's website. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB103 28881 RPS 55267 b

STATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT

1 AN ACT concerning public employee benefits.

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

4 Section 5. The Illinois Pension Code is amended by adding
5 Section 1-113.65 as follows:

6 (40 ILCS 5/1-113.65 new)

7 Sec. 1-113.65. Climate change risk minimization policy.

8 (a) As used in this Section, "pension fund" means a
9 pension fund or retirement system established under this Code,
10 except for a pension fund established under Article 3 or 4 of
11 this Code.

12 (b) No later than December 31, 2023, every pension fund
13 shall develop a climate change risk minimization policy. This
14 policy shall consider the financial risk to the investments
15 held by the pension fund in the event of different levels of
16 climate change, as defined by the United Nations Framework
17 Convention on Climate Change. The initial development of this
18 policy shall use the National Association of Insurance
19 Commissioners' Insurer Climate Risk Disclosure Survey as a
20 model. The policy shall consider the scope of the financial
21 risk and the financial impact of these climate-related events,
22 including, but not limited to, severe drought, coastal
23 flooding, and more intense hurricanes, on the holdings of the

1 pension fund. The policy shall explain what sources of data,
2 which shall include, but not be limited to, insurance company
3 projections, the United Nations Framework Convention on
4 Climate Change, and the United States Environmental Protection
5 Agency, were used in making long-term projections on the
6 climate and the potential long-term financial impact to the
7 holdings of the pension fund from increased climate change.

8 (c) To the extent the pension fund determines, based on
9 insurance company projections and other official sources of
10 data, that increasing climate change is a significant
11 financial risk to the long-term value of the pension fund, the
12 pension fund may determine a policy for all corporate equities
13 held by the pension fund on voting for shareholder resolutions
14 and directors to advance corporate policies that minimize the
15 long-term risk to the pension fund's assets from increased
16 climate change, including, but not limited to, voting for
17 shareholder resolutions that commit companies to internal
18 policies that reduce the company's carbon emissions.

19 (d) The policy shall be updated annually and published on
20 the pension fund's website. Previous versions of the policy
21 shall be kept on the pension fund's website for a period of 5
22 years.

23 Section 90. The State Mandates Act is amended by adding
24 Section 8.47 as follows:

1 (30 ILCS 805/8.47 new)

2 Sec. 8.47. Exempt mandate. Notwithstanding Sections 6 and
3 8 of this Act, no reimbursement by the State is required for
4 the implementation of any mandate created by this amendatory
5 Act of the 103rd General Assembly.

6 Section 99. Effective date. This Act takes effect upon
7 becoming law.