



Office of the City Clerk

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Legislation Text

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OFFICE OF THE MAYOR
CITY OF CHICAGO
LORI E. LIGHTFOOT MAYOR

February 23, 2022

TO THE HONORABLE, THE CITY COUNCIL OF THE CITY OF
CHICAGO

Ladies and Gentlemen:

At the request of the City Treasurer, I transmit an ordinance amending Section 2-32-515 of the Code regarding the City's Investment Policy.

Your favorable consideration of this ordinance will be appreciated.
ORDINANCE

WHEREAS, The global climate crisis caused by the burning of fossil fuels is an existential threat to current and future generations; and

WHEREAS, The United Nations Intergovernmental Panel on Climate Change (IPCC) report from October 2018 found "that limiting global warming to 1.5°C would require 'rapid and far-reaching' transitions in land, energy, industry, buildings, transport, and cities. Global net human-caused emissions of carbon dioxide (CO₂) would need to fall by about 45% from 2010 levels by 2030, reaching 'net zero' around 2050. This means that any remaining emissions would need to be balanced by removing CO₂ from the air"; and

WHEREAS, The City of Chicago has declared a state of Climate Emergency; and

WHEREAS, The consequences of climate change stand to make Chicago a less desirable place to live and work, negatively affecting the fiscal and social health of the City; and

WHEREAS, The 2008 Chicago Climate Action Plan found that, by the end of the century under current emissions trends, Chicago could experience; heat waves as strong as the deadly 1995 Chicago heat wave, which caused 739 deaths, several times per summer; an increased ambient and extreme heat which could lead to 10% to 50% higher ozone levels, decreasing air quality and increasing respiratory and related illnesses; annual precipitation increases by up to 25% in the form of heavier rain storms, leading to increased pollution of Lake Michigan, decreasing water quality, and causing urban flooding; and increased risk of Lyme Disease and West Nile Virus; and

WHEREAS, The City of Chicago has a responsibility to protect the lives and livelihoods of its inhabitants from the threat of climate change; and

WHEREAS, The City of Chicago has a unique opportunity to ensure its investments support a future where citizens can live healthy lives without the negative impacts of global warming, and the City of Chicago can become a leader in the fight against climate change by divesting city assets from fossil fuel companies; and

WHEREAS, Thirty-eight U.S. cities, including several fellow C40 members, have already divested from fossil fuels companies contributing significantly to the total \$11.48 trillion in institution funds committed to divestment worldwide; and

WHEREAS, In conjunction with its fiduciary obligation, the City of Chicago should consider the behavior of the companies it invests in, and seek to encourage practices that are environmentally-friendly, socially responsible, and which promote good governance (ESG); and

WHEREAS, The City of Chicago, through its investments seeks to create a more equitable, just corporate ecosystem and world by considering labor rights, employee diversity, corporate social responsibility, and human rights and ethics; and

WHEREAS, Through investing in companies with responsible corporate governance, the City of Chicago intends to promote sound and representative management practices by considering governance factors such as leadership structure, executive compensation, human capital management, transparency and disclosure, and shareholder rights; and

WHEREAS, The City of Chicago, through its investments in various industries and companies, is exposed to the risks incurred by companies through their corporate environmental practices; social responsibility; and governance policies, strategies, and behaviors that can potentially affect the sustainability of returns in its portfolio on behalf of its residents and taxpayers; now, therefore

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHICAGO:

SECTION 1. Section 2-32-515 of the Municipal Code of Chicago is hereby amended by adding the underscored language, as follows:

2-32-515 Investment Policy.

The Treasurer shall adopt a written investment policy which shall address the safety of the principal, liquidity of funds and return on investment. The policy shall be consistent with the provisions of this Code pertaining to investments. Subject to the requirements of this section, the Treasurer may amend the written policy from time to time. Copies of the written policy and any amendments thereto shall be kept on file with the City Clerk and the Comptroller, and shall be submitted annually, or if amended, no later than 30 days after such amendment, to the Chairman of the City Council Committee on Finance and the Chief Financial Officer.

The written investment policy shall include material, relevant, and decision-useful sustainability factors to be considered by the Treasurer in evaluating investment decisions, including, but 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, as provided under the Illinois Sustainable Investing Act, 30 ILCS 238/1, et seq.

The written investment policy shall include a list of the top companies that are coal, oil, and gas reserve owners, ranked by the potential carbon emissions embedded in their reserves, which shall be updated by the Treasurer, at least annually. The Treasurer shall annually report to the Committee on Finance any changes, or whether there have been no changes, to the list. The Treasurer shall not invest any City funds in securities or other obligations of the companies on the list and shall divest from all securities or other obligations of the companies on the list, as soon as practicable or in accordance with the written investment policy.

SECTION 2. This ordinance shall take effect upon passage and publication.

Alderman ■ ' * '***

(Ward)

(Signature)

Alderman

(Ward)

(Signature)

Date Filed:

Principal Sponsor:

(Signature)

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