

March 13, 2025

House Committee on Emergency Management,  
General Government, and Veterans  
Oregon State Legislature  
900 Court St. NE, HR C  
Salem, OR 97301

### **HB 2200 Testimony – Private Equity Stakeholder Project**

Dear Chair Tran, Vice-Chairs Grayber and Lewis, and Members of the Committee,

The Private Equity Stakeholder Project (PESP) is a non-profit financial watchdog organization that seeks to bring transparency and accountability to the private equity industry for the benefit of impacted communities and investors.

We appreciate this opportunity to testify in support of HB 2200, as amended. This legislation presents an important opportunity to incorporate sustainability into Oregon’s investment policies, including as part of the Oregon Investment Council’s fiduciary duty to mitigate risks while pursuing returns for beneficiaries.

The climate crisis is accelerating, shows no signs of abating, and projections of economic damages are skyrocketing – yet the capital markets are still lagging on an energy transition. Since 2021, the US alone experienced climate-related weather disasters costing over \$460 billion that caused over 1,800 deaths.<sup>1</sup> For fiduciaries with a long-term investment horizon, the forecasts are even more alarming. Climate change damages are projected to cost \$38 trillion a year by 2049, cutting nearly 20% of global income.<sup>2</sup>

The Oregon Public Employees Retirement System (OPERF) is a major investor in private markets, with \$35 billion of the pension system’s \$95 billion total fund invested in Private Equity and Real

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<sup>1</sup> National Oceanic Atmospheric Administration, annual data from 2021-2023 and 2024 YTD January - Sept 10. <https://www.ncei.noaa.gov/access/billions/>.

<sup>2</sup> AP, “New study calculates climate changes’ economic bite will hit about \$38 trillion a year by 2049,” April 17, 2024, <https://apnews.com/article/climate-change-damage-economy-income-costly-3e21addee3fe328f38b771645e237ff9>.

Assets.<sup>3</sup> As private markets have grown to nearly \$15 trillion, private equity, private infrastructure, and real assets firms have sunk tens of billions of dollars into energy – with the significant majority in fossil fuel assets dedicated to drilling oil, fracking gas, and burning coal, in addition to refineries, pipelines, and gas export terminals.

Research by the Private Equity Climate Risks consortium reveals alarming new details about the extent of private equity investment and the environmental impacts. The October 2024 Private Equity Climate Risks Scorecard report revealed that just 21 private equity and private infrastructure firms are responsible for over 1.17 gigatons of annual emissions.<sup>4</sup> This research provides valuable insights for institutional investors with private equity, private infrastructure or real assets allocations, and should be integrated into climate risk assessments, due diligence protocols, and sustainability policies.

OPERF’s portfolio has substantial exposure to carbon intensive assets, including investments with 11 of the private equity firms in the Climate Risks scorecard. The Oregon Treasury’s Pathway to Net Zero report analyzed the Fund’s emissions<sup>5</sup>, and found that private markets asset classes like Real Assets and Private Equity contribute disproportionately to OPERF’s overall emissions footprint. At the time of the study, Private Equity and Real Assets comprised 38 percent of the portfolio but contributed over 45 percent of the emissions.<sup>6</sup>

The shift of substantial capital into private markets has meant a growing segment of the economy is “going dark” without the safeguards of disclosure or regulation. The lack of transparency in private equity impedes climate progress, with private companies lagging far behind in reporting emissions and climate commitments.<sup>7</sup> The Net Zero Asset Owner Alliance noted the risk that “publicly traded companies may push some actors to sell brown assets into the less transparent private market,” requiring “increased focus on private assets and on asset managers investing in them” to ensure effective decarbonization.<sup>8</sup>

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<sup>3</sup> As of Dec. 31, 2024 per the March 5, 2025 OPERF 2024 Review <https://www.oregon.gov/treasury/invested-for-oregon/Documents/Invested-for-OR-47OIC-Agenda-and-Minutes/2025/3-05-2025-Public-Book.pdf>

<sup>4</sup> [www.PEClimateRisks.org](http://www.PEClimateRisks.org)

<sup>5</sup> Oregon Treasury, Pathway to Net Zero, February 2024 <https://www.oregon.gov/treasury/Documents/Site-Documentation/Landing-Page-Documents/Sustainable-Investing/OST-Net-Zero-Plan.pdf>

<sup>6</sup> Oregon Treasury, Pathway to Net Zero, February 2024. The outsize footprint of Private Equity and Real Assets was true both when measured by emissions intensity and when measured by absolute emissions as of 12/31/23; see pages 16 (asset allocation) & 33 (baseline emissions) <https://www.oregon.gov/treasury/Documents/Site-Documentation/Landing-Page-Documents/Sustainable-Investing/OST-Net-Zero-Plan.pdf>

<sup>7</sup> *Climate Standards for Private Markets*, p. 2, Private Equity Stakeholder Project, Dec. 2024, [pestakeholder.org/wp-content/uploads/2024/11/PESP\\_ClimateStandards\\_2024.pdf](https://pestakeholder.org/wp-content/uploads/2024/11/PESP_ClimateStandards_2024.pdf).

<sup>8</sup> *Net-Zero Asset Owner Alliance’s Target-Setting Protocol Fourth Edition Affirms 1.5oC Ambition for 2030 Portfolios Ahead of Real Economy Progress*, UN Environment Programme, 18 Apr. 2024, [www.unepfi.org/industries/net-zero-](http://www.unepfi.org/industries/net-zero-)

It is therefore crucial that state pension systems implement policies that transition away from carbon emitting investments in their portfolios (including those facilitated by private fund managers) and require asset managers to adopt Climate Action Plans to reduce the emissions in their portfolio before investing with them. A growing number of institutional investors have adopted similar policies.<sup>9</sup>

By passing HB 2200, Oregon can lead the way in mitigating climate risks to its pension system.

Best,

A handwritten signature in black ink, appearing to read "C. Noble". The signature is fluid and cursive, with a large initial "C" and a stylized "Noble".

Chris Noble, Esq.  
Policy Director  
Private Equity Stakeholder Project

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asset-owner-alliances-target-setting-protocol-fourth-edition-affirms-1-5oc-ambition-for-2030-portfolios-ahead-of-real-economy-progress/.

<sup>9</sup> *Investor Climate Policy Comparison*, Private Equity Stakeholder Project, Dec. 2024, [https://pestakeholder.org/wp-content/uploads/2024/11/PESP\\_Climate-Policy-Comparison\\_2024.pdf](https://pestakeholder.org/wp-content/uploads/2024/11/PESP_Climate-Policy-Comparison_2024.pdf).