

Asia 2030 Playbook: How Asian asset owners could deliver targets and capture climate opportunities

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Key takeaways

- Asian asset owners are converging around a 5/50/10 framework—targeting competitive returns, ~50% emissions reduction by 2030, and 5–10% allocation to climate aligned investments.
- Four strategic archetypes—risk integration, portfolio decarbonization, financing solutions, and whole of portfolio approaches—guide how asset owners embed climate into investment decisions.
- Leading asset owners have demonstrated that climate aligned strategies could enhance long term returns through climate indices, strategic asset allocation, and effective stewardship.

*The following is a summary of AIGCC-Invesco's collaborative report on **Asia 2030 Playbook: How Asian Asset Owners Can Deliver Targets and Capture Climate Opportunities**.*

1. The 2030 5/50/10 Opportunity

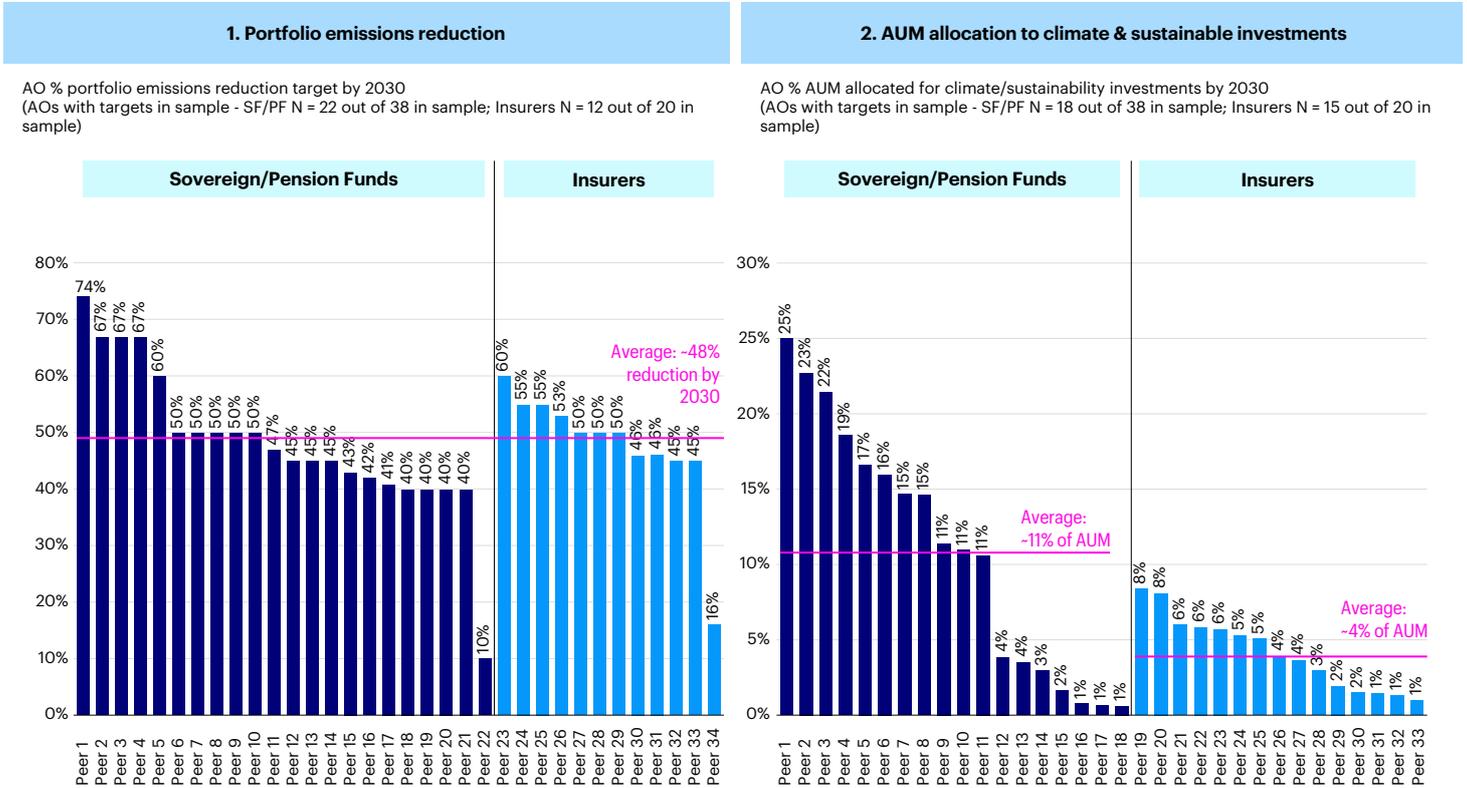
Asian asset owners setting 2030 climate commitments are increasingly considering two parallel strategic objectives. The first is meeting portfolio-level emissions-reduction targets—typically around 50% by 2030 relative to a 2019–2021 baseline—across listed equity, fixed income and, in some cases, real assets. The second is allocating 5 to 10% of assets under management (AUM) toward climate or sustainability-aligned investments to capture opportunities and support real-economy transition outcomes.

To illustrate the scale of this opportunity, the Playbook examines a sample of global, APAC and EMEA asset owners (AOs)—including high-performing sovereign funds, pension funds, and major insurers—assessing the extent to which they have set emissions-reduction and climate-allocation targets. The analysis identified the number of asset owners that have portfolio emissions reduction targets as well as AUM allocation targets.

This analysis highlights a growing convergence toward what the Playbook terms the 5/50/10 framing:

- **5%+ long-term annualized returns**
- **~50% portfolio-emissions reduction by 2030**
- **5–10% allocation to climate or sustainability investments**

Figure 1 – The 50/10 opportunity



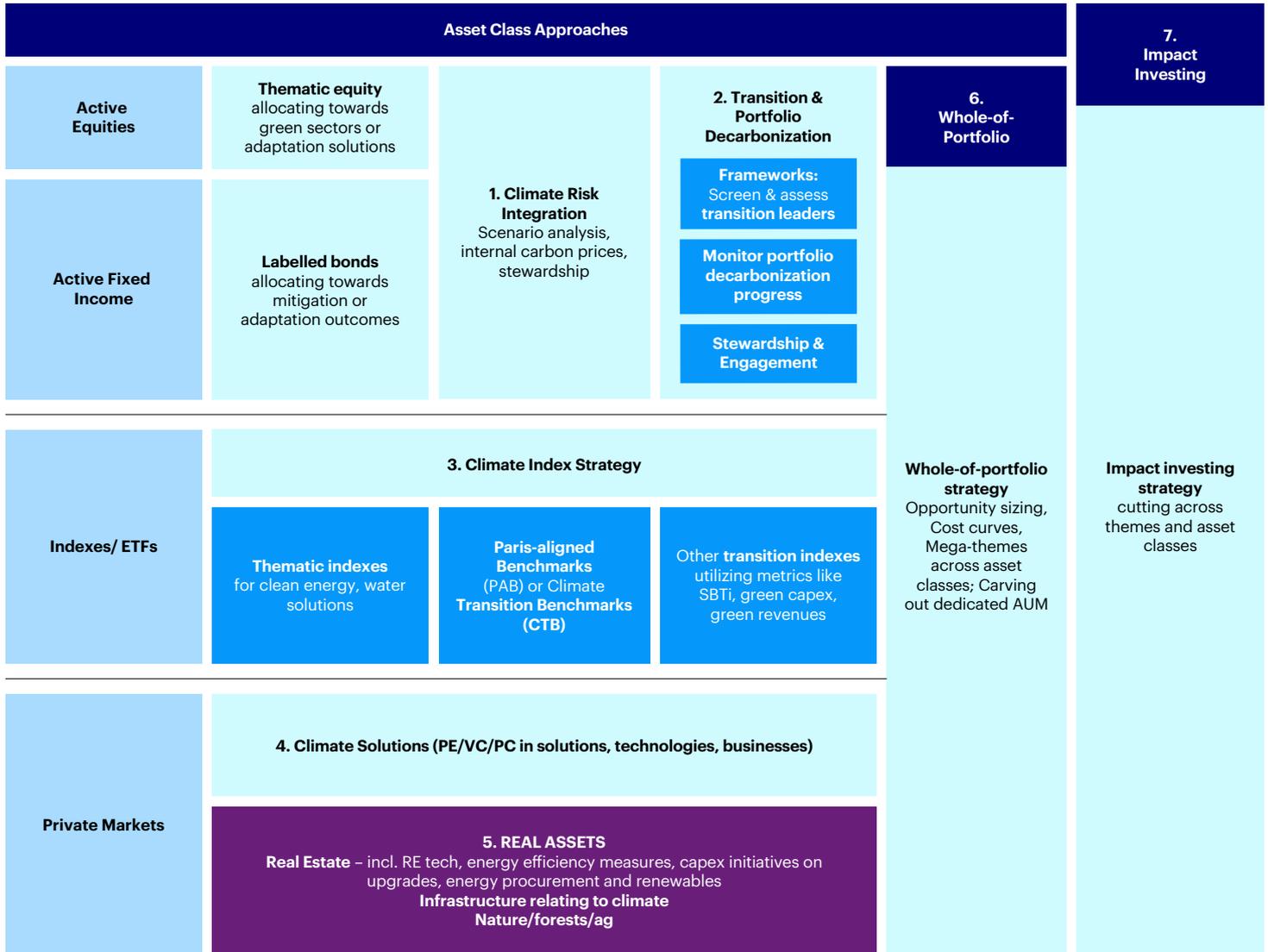
Source: Invesco Analysis, April 2025. Note: SF (Sovereign Funds)/PF (Pension Funds) sample is based on top performing SF/PF by annualized 10Y returns (Top 10 global, Top 10 APAC, Top 10 EMEA). Insurers sample based on top 20 largest insurers in APAC/EMEA.

Delivering these targets requires asset owners to determine which investment approaches, tools and organizational capabilities best align with their mandates and market environments.

The Playbook identifies seven investment approaches that asset owners globally are using to integrate climate considerations across asset classes. While not exhaustive, they serve as a practical toolkit for asset owners at different stages of their climate-investing journey.

2. Seven approaches and four strategic archetypes

Figure 2 - AOs have undertaken various approaches to climate investing



Source: Invesco Analysis. For illustrative purposes only

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From these seven approaches, **four common strategic archetypes emerge:**

Figure 3 - Four most common strategies based on approaches

	Risk Integration	Decarbonize Portfolios	Financing solutions & transition	Whole-of-portfolio
Investment Objective	Managing sustainability risks for long-term investment returns	Investment portfolio emissions reduction while maintaining investment returns	Channel and catalyze capital to support scaling climate solutions and financing transition	Holistic climate investment strategy in pursuit of both sustainability and return objectives
Approaches	<p>1. Climate risk integration Scenario analysis, internal carbon prices, stewardship</p>	<p>2. Transition & Portfolio decarbonization Frameworks, monitoring, stewardship</p> <p>3. Climate Index strategy</p> <p>5. Real assets strategy</p>	<p>4. Climate Solutions (PE/VC/PC)</p> <p>5. Real assets strategy</p> <p>7. Impact investing</p>	<p>6. Whole-of-portfolio strategy Opportunity sizing, Cost curves, Mega-themes across asset classes; Carving out dedicated AUM</p>
Core Components	<p>Risk assessment approach Sector/region materiality</p> <p>→</p> <p>Stewardship approach Issuer/theme prioritization & monitoring</p> <p>↓</p> <p>Portfolio adjustments Linkage of sustainability risks to financial implications and evaluation</p>	<p>Transition framework Assessment of decarbonization drivers</p> <p>→</p> <p>Stewardship & portfolio weights</p> <p>→</p> <p>Index/benchmark construction & ETF strategies</p> <p>→</p> <p>Real assets decarbonization initiatives</p>	<p>Map of themes/ technologies/assets Incl. analysis of tech maturity, cost curves, market & business model, return profiles</p> <p>→</p> <p>Alignment/ Taxonomy to define green & transition</p> <p>→</p> <p>Outcomes and impact monitoring and evaluation</p> <p>→</p> <p>Capital stack incl. blended finance</p>	<p>Risk integration Carbon pricing, stewardship</p> <p>→</p> <p>Capture thematic opportunities Opportunities across mitigation/transition/adaptation by asset classes</p> <p>→</p> <p>Broader firm strategy – core vs satellite Implications on team setup, investment objectives/returns</p>
Notable examples	<ul style="list-style-type: none"> • APAC Pension^{5,6}: universal owner, sustainability risks integration, sustainability indexes mandates, evaluate financial implications • EMEA Sovereign⁷: universal owner, integration of risks by theme, stewardship and policy advocacy 	<ul style="list-style-type: none"> • EMEA pension⁴¹: adopting NZIF for assessment with targets to move % of holdings to aligned/ aligning by certain timeframe; also adjust benchmarks to include decarbonization goals • EMEA pension¹¹: fixed income mandate with net zero considerations 	<ul style="list-style-type: none"> • NA pension²⁰: 2030 climate solutions allocation target across mitigation, adaptation, transition 	<ul style="list-style-type: none"> • APAC insurer³¹: Financing transition framework looking across themes and asset classes • APAC sovereign³²: Investing thematically across decarbonization solutions, transition, adaptation
Key considerations ahead	Linkage of sustainability risks to financial outcomes on portfolio	Framework impact on returns; Index implications on returns/EM	Suitable taxonomy & assessment map; capital stack considerations	Thematic mapping to asset classes; returns, EM opportunities

Source: Invesco Analysis. For illustrative purposes only. Sources: 1. GPIF, Sustainability Investment Policy, Mar 2025; 2. GPIF, ESG Report, Sep 2024, 3. NBIM, Responsible Investment 2024 Report, Feb 2025; 4. AP7, Annual Sustainability Report, Mar 2024, 5. TPP, Press Release; 6. CALPERS, Sustainable Investments Annual Program Review, Nov 2024; 7. Prudential, Financing the Transition Framework, 8. GIC, Sustainability Report 2024/25.

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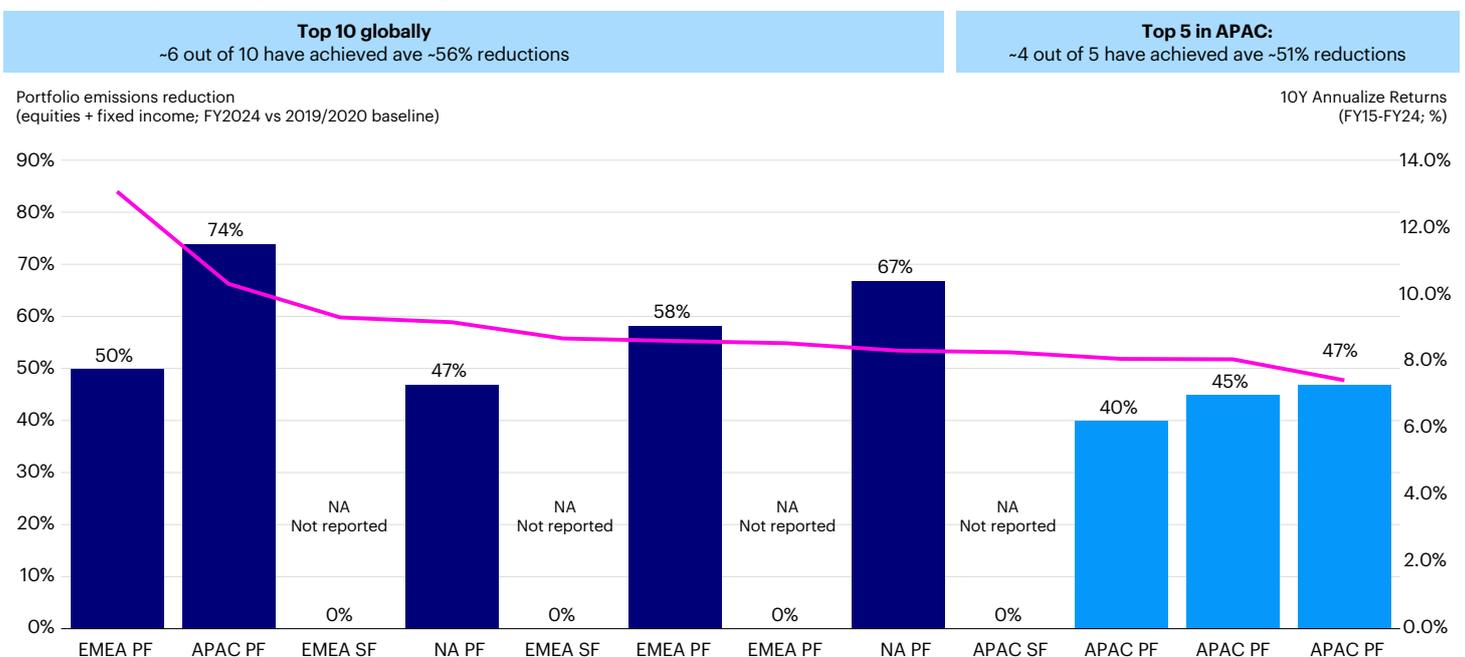
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- a. Risk integration:** For universal owners and those focused on financially material risks, the priority is embedding climate and sustainability risk assessment into public equities and fixed income. Proprietary frameworks are used to link climate risks to financial outcomes, supported by systematic stewardship and portfolio adjustments where warranted.
- b. Portfolio decarbonization:** Asset owners with explicit portfolio-emissions targets integrate decarbonization objectives into investment decision-making across listed and private markets. This includes transition-assessment frameworks, forward-looking indicators (e.g., capex alignment), and the increasing use of climate-aligned indices and ETFs to rebalance exposures while managing tracking error and performance considerations.
- c. Financing solutions and transition:** Asset owners seeking to scale investments in climate solutions and transition opportunities often do so through private markets—venture, private equity, infrastructure, real assets, and private credit. This approach requires robust taxonomies, market maps, and the ability to assess technology readiness, enabling capital allocation toward green and transition assets. Partnerships and blended-finance mechanisms also play an expanding role.
- d. Whole-of-portfolio approach:** Asset owners with longer time horizons and fewer investment constraints may adopt an enterprise-wide approach, treating climate as a structural, cross-portfolio factor. This often combines a core model—embedding climate into all asset-class teams—with satellite allocations dedicated to high-conviction climate or sustainability themes.

3. Implications on investment returns

Across the sample of top-performing global and APAC asset owners, many achieved strong 10-year annualized returns while simultaneously reducing portfolio emissions—on average by 30–40%.

Figure 4 - Top performing AOs achieved significant reductions as of FY24



Source: Invesco Analysis. For illustrative purposes only. Global SWF, GSR 2025 Report. Note: PF = Pension Fund, SF = Sovereign Fund.

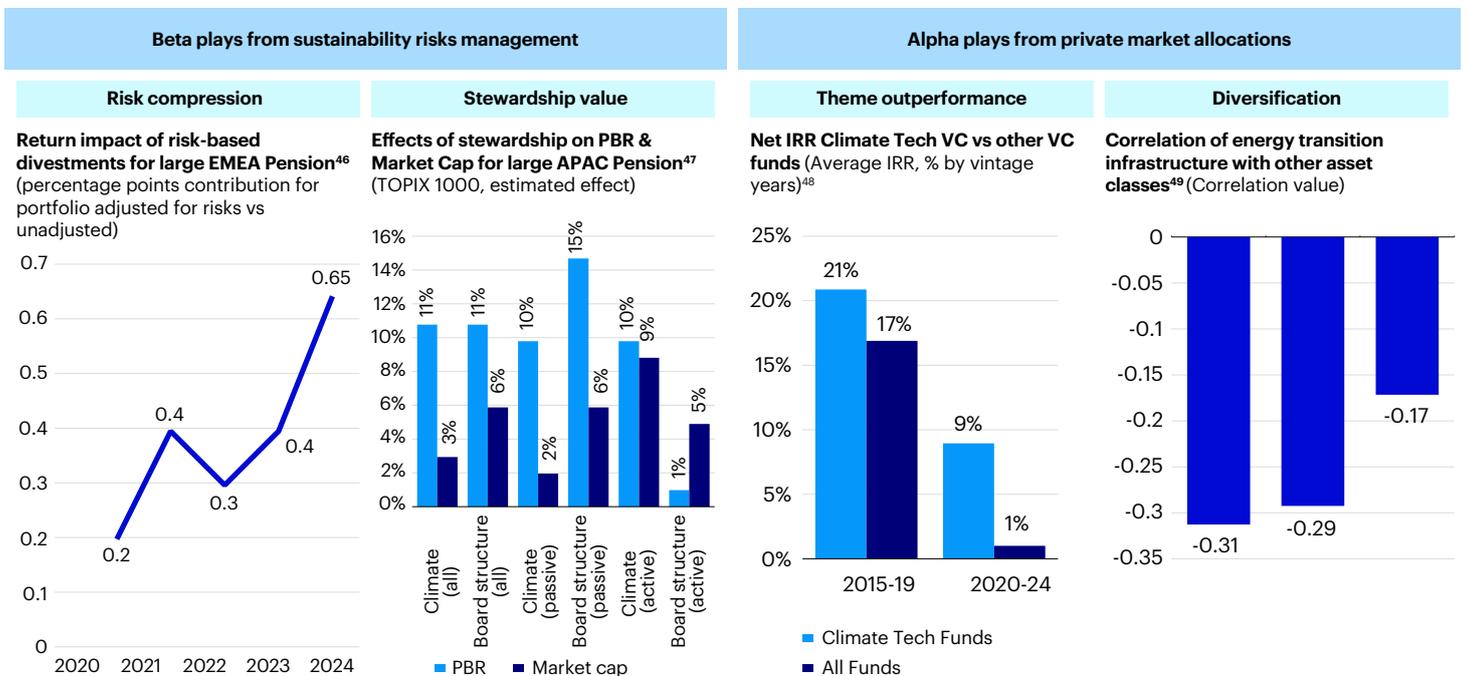
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Several drivers of this performance stand out:

- a. Climate index approaches:** Using climate aligned or transition aware benchmarks allows asset owners to systematically reweight portfolios toward transition leaders and reduce exposure to laggards, while maintaining broad market exposure and mitigating alpha loss risk.
- b. Asset allocation:** Most asset owners have a developed market bias, which has simultaneously been a key driver of returns over the past 10-year timeframe. Additionally, some asset owners have increased allocation to green bonds within their fixed income portfolios.
- c. Stewardship and engagement:** Leading asset owners apply structured, prioritized engagement—focusing on high emitting issuers and using escalation frameworks—helping drive improvements in governance, target setting and transition progress.

Figure 5 – Driver of returns: Various drivers of portfolio returns from beta and alpha



Source: Invesco Analysis. For illustrative purposes only. Sources: 1. NBIM, Responsible investment Government Pension Fund Global 2024, 2025; 2. GPIF, Evaluation Project on effects of engagement, May 2024; 3. SVB, Climate Tech Report 2025, Apr 2025; 4. New Private Markets, Case for concentrating portfolio allocation to energy transition infrastructure, Jan 2025.

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Understanding the return drivers from sustainable investing is critical. Two key drivers stand out from an assessment of asset owners' strategies. First, some asset owners have quantified the enhancement of portfolio value from better management of sustainability risks, referred to as "beta play". This includes demonstrating how risk-based divestments contribute to enhanced portfolio returns, as well as research stewardship's positive impact on price-to-book ratio and market capitalization.

The second key big driver relates to asset owners with dedicated climate allocation investment targets. For example, in venture assets, climate-themed venture investments in private markets have outperformed broader generalist strategies. Additionally, these private market assets often provide portfolio diversification benefits, such as the notably lower correlation between energy transition infrastructure with other asset classes.

Understanding how sustainability drivers impact financial performance and investment returns will continue to be a focus area for asset owners in the future.

Looking ahead

The leadup to 2030 represents a pivotal window for asset owners to progress toward the 5/50/10 framing: achieving competitive returns, decarbonizing portfolios and scaling climate-aligned investment. Amidst this backdrop, asset owners can consider various underlying investment tools and approaches as they formulate a strategy relevant to their investment mandates and objectives. Many of the leaders in achieving competitive investment returns have been able to complement their strategies with sustainability considerations.

To position for 2030 and beyond, four capabilities stand out:

- **Financial linkage:** Developing frameworks to demonstrate linkages of sustainability risks and opportunities with financial implications on investment portfolios
- **Climate-index adoption:** Index approaches selecting most financially material metrics, those with emerging market considerations as well as those considering innovations in fixed income indexes
- **Stewardship:** Leading practices in portfolio analysis, prioritization and assessment
- **Financing:** Best practices in market mapping and the role of blended finance and partnerships

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