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NATIXIS INVESTMENT MANAGERS

Talking Transition Newsletter

Your monthly sustainability digest – May 2026

"The climate debate is finally beginning to tackle its toughest question: fossil fuels. Last month, in the midst of a global energy crisis, over 50 countries gathered in Santa Marta, (Colombia), for the first intergovernmental conference focused explicitly on transitioning away from fossil fuels. This marks a notable shift. For years, climate discussions have centered on emissions, often sidestepping coal, oil and gas themselves. But what has not been addressed within the COP framework does not mean it cannot be tackled elsewhere. In Santa Marta, the conversation moved upstream — towards phase-out pathways, subsidy transparency and long-term energy dependence. Yes, there were no binding commitments, and several major emitters were absent. Yet, while the ideas discussed are no more binding than a COP final text, they keep alive the prospect of a multilateralism that, although weakened, continues to evolve. On that front, Santa Marta is a clear step forward!"

Laura Kaliszewski

Global Head of Client Sustainable Investing

In the news this month

1 Over 50 Countries Launch Trade Push to Curb Fossil Fuels

More than 50 countries at a new "beyond fossil fuels" conference agreed to develop trade measures, subsidy transparency and national road maps to reduce fossil fuel production and use, including buyer–seller arrangements for green energy and technology. The talks, held outside the UN process and without major emitters, aim to feed into future UN climate agendas and efforts to phase out fossil fuel subsidies.

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2 US vs EU: Pricing ESG Risk differently across markets

While both US and EU markets favour low ESG risk, they do through different mechanisms – US investors actively reward ESG leaders with superior risk-adjusted returns, whereas EU investors penalise laggards,driven by regulatory frameworks, such as SFDR and EU Taxonomy.

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3 Trump's Anti-Green Agenda Is Accelerating the Shift to Renewable Energy

Trump's anti-green policies, combined with the Iran war's impact on oil and gas prices, have unintentionally strengthened the case for renewables by underscoring their cost, security and speed advantages. Despite cuts to US clean energy incentives, renewables remain the cheapest new power source and are being deployed rapidly to meet AI-driven electricity demand, also increasingly seen as hedge against volatile fossil fuel prices.

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4 Asian Markets Drive Sustainable Infrastructure Momentum

Blended finance and transition infrastructure are gaining significant traction in Asia, with major platforms closing hundreds of millions in new commitments as development finance institutions and private capital increasingly work together to advance climate outcomes across the region.

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5 US Pension Giant Threatens to Dump TotalEnergies Over Wind Exit

The $298bn New York State Common Retirement Fund is threatening to divest its $1.6mn stake in TotalEnergies after the company accepted a $928mn payment from the Trump administration to cancel two US offshore wind leases and redirect the money into fossil fuels, warning this "backtracking" on its transition strategy raises strategic, financial and legal risks.

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6 Iran War Drives Investors Rush into Clean Energy

The Iran war and resulting spike in oil and gas prices have triggered the strongest inflows into clean power ETFs in five years — over $3bn in April, lifting assets to $43bn — as investors reframe renewables as an energy security play rather than just a climate one. Clean energy indices and stocks have surged, with Europe driven by sovereignty and autonomy concerns and the US by soaring power demand from AI data centres.

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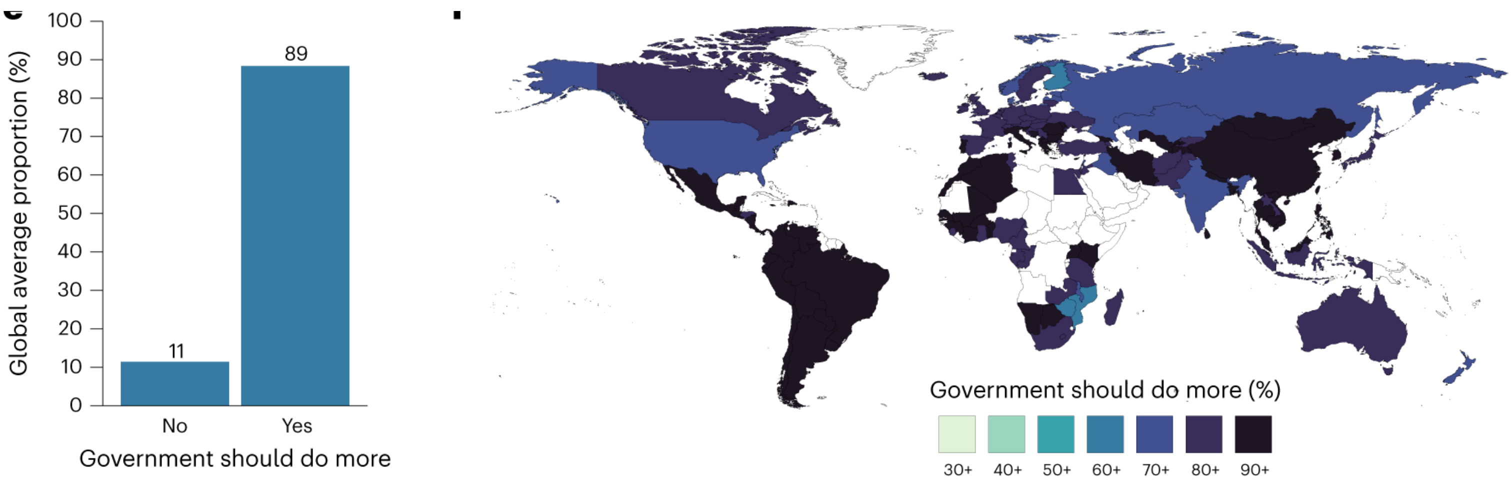
Chart of the month

Widespread Global Support for Climate Action



Source: Nature Climate Change

What does this chart show?

Are individuals around the globe really willing to make efforts to fight climate change? To answer this question, Nature surveyed nearly 130,000 people from 124 countries. It is the largest survey of its kind ever conducted on individual action on climate change. Overall, the results point to strong support for climate action. Notably, 69% of the global population expresses a willingness to contribute 1% of their personal income, 86% endorse pro-climate social norms and 89% demand intensified political action from their national government.

Why is this important?

There is often a disconnect between media coverage, the political agenda of decision-makers and the priorities of individuals. Using environment as a political theme does not pay off. Whilst expectations may vary from one country to another, the overwhelming majority of people are nevertheless in favor of more climate action, demanding in particular that governments do more in terms of public policy and environmental standards, such as a carbon tax on fossil fuels, regulatory limits on the CO2 emissions of coal-fired plants, or funding for research on renewable energy.

The approval of pro-climate social norms and the demand for intensified political action is substantial in almost all countries. The impetus provided by governments, whether through regulation, tax credits or subsidies, is sometimes essential to kick-start a transition, such as the shift to renewable energy. Money remains the linchpin in the battle against global warming.

However, the severely deteriorated state of public finances in most developed countries – weakened by the Great Financial Crisis, the pandemic and the consequences of the wars in Ukraine and Iran – is placing an increasing burden of financing the transition on the private sector. When it comes to the success of the transition, individuals rely just as much on the state as the state relies on the private sector.

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The Big Picture

How Individual Investors Are Approaching Sustainable Investing in 2026

Based on a survey of over 2,200 investors across North America, Europe, Asia Pacific and MENA (separately), the report examines current attitudes to sustainable investing.

- 92% are interested in sustainable investing; sustainable assets are about one-third of portfolios (31%).
- Financial returns are the main driver: 80%+ cite performance; 64% plan to increase sustainable exposure.
- 25% prioritize combined environmental and social goals, but sustainable products still influence advisor choice.
- Around two-thirds see better sustainable/impact opportunities in private markets.

Source: Morgan Stanley

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Global Sustainable Fund Flows: Q1 2026 in Review

Global sustainable funds returned to net inflows in Q1 2026 (USD 3.5bn) after outflows in Q4 2025.

- Europe drove the recovery with USD 9.1bn of inflows (first positive quarter since Q2 2024) while US sustainable funds had a 14th consecutive quarter of outflows (USD 4.3bn) and most other regions also saw redemptions.
- Anti-ESG politics (especially in the US), mixed performance and renewed market volatility continued to weigh on sustainable fund flows.
- Global sustainable fund assets fell about 10% in Q1 2026 to USD 3.51tn, and new product launches dropped to just 17 funds worldwide.

Source: Morningstar

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What can Investors Do about Climate Change?

Based on a 2025 series of workshops with over 60 major asset owners and managers (USD 40–50 trillion AUM), the report's key points are:

- Climate change is treated as a material long-term financial risk, but investor action is constrained by fiduciary duties, tools and technology.
- Government policy and technology drive decarbonization: without strong, stable climate policy, investors cannot sustainably push companies to act against economics.
- The report calls for more pragmatic, policy-aligned climate targets and stewardship, to avoid performative actions and loss of credibility.

Source: Financial Markets Group

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What's next for SFDR 2.0?

Source: Responsible Investing

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Key insights from our investment managers

Effectiveness of Sustainable Investing

Natixis IM x Loomis x AEW x Mirova

A recent study by Finance Ideas, based on in-depth interviews with Dutch pension funds (over €775 billion AuM) and insights from international asset managers identified the following four key findings:

1. **No ESG Backlash:** Sustainability is financially material and a fiduciary duty. Funds plan to increase efforts.
2. **Enhanced Effectiveness:** Focus on stewardship, impact investing, European innovation, participant communication, and inter-fund cooperation.
3. **Clearer Impact Goals:** Specificity needed on why, how, and what impact is targeted in investments.
4. **Stronger Governance & Manager Partnership:** Critical for implementing and actively promoting sustainability policies.

Source: Finance Ideas

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Additional publications from our investment managers

> Sustainability Newsletter
(Flexstone Partners)

> Mirova continues its support to Imperative with Phase 2 of its large-scale ecosystem restoration project in South Africa
(Mirova)

> Creating Sustainable Value
(Mirova)

> MySustainableCorner
(Ostrum)

> Ecofy Secures USD 15 Million from Mirova to Scale Rooftop Solar and E-Mobility Financing
(Mirova)

Quote of the month :

"We need three transitions: out of fossil fuels, into renewable energy for all, and into a world that cares for nature. All must be grounded in justice."

- Mary Robinson, The Former President of Ireland

Sustainable Investing at Natixis Investment Managers.

One goal. Many ways to sustainable growth.

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