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24/09/2021

One of the biggest challenges for the Estonian financial sector in the coming years will be to achieve climate goals through regulation of the sector said **Andre Nõmm**, member of the Finantsinspektsioon management board, in his opening speech at the Äripäev Accounting Conference. He further said that the financial sector has set very high expectations for resolving climate problems.

The European Green Deal calls for the European Union to have no net greenhouse gas emissions in 2050, and for economic growth to be separated from resource use. The European Union sees a key role for the financial sector in achieving these goals by channelling private capital investment into activities that reduce environmental pressures while also taking account of social and corporate governance objectives.

“Everyone understands the need for environmental protection in terms of major headlines, and also the desire to guide these goals through the financial sector. The bigger challenge is to ensure that the climate goals are achieved through the financial sector by following the science, so that environmental indicators are measured on a uniform basis and reporting by companies in the financial sector reflects decisions taken by investors on climate goals correctly and uniformly”, said Mr Nõmm. “This is quite a lot to expect from the financial sector, because if things go wrong, the impact on the investment climate will be immediate. From the investor’s point of view, this would be a case of mis-selling, or in the worst scenario an unfair redistribution of investments in the economic space”.

To raise awareness of the investment decisions taken, the sustainable finance strategy attaches great importance to full transparency in the disclosure of factors that may adversely affect the achievement of the climate goals. Larger institutions and financial service providers in the investment sector need to be able to measure the effects of their activities, present them publicly, and develop strategies to reduce the major negative effects.