



# **Green Horizon Summit: The Pivotal Role of Finance**

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It is a disappointment for all of us that COP26 cannot take place this year. I'm therefore grateful to the City of London Corporation, the Green Finance Institute and the World Economic Forum for organising this Green Horizons event. I hope that it will prove to be an important landmark on the road to COP26, which is shaping up to be one of the most important summits of the century so far. COP26 will of course be held in my home city of Glasgow, and in so many ways Glasgow is a perfect host.

As many of you know, in the 18th and 19th centuries, Glasgow was a cradle of the Industrial Revolution. For example, it is where James Watt began his improvements to the steam engine. And so nothing would please us more in the 21st century than to be one of the creators of the net zero revolution. I hope that the decisions taken at Glasgow next year will be decisive in creating a net zero world. For Scotland, and I know that this applies to many other countries, the move to that world is both an overwhelming moral imperative, and also a huge economic and environmental opportunity. The moral imperative is increasingly obvious, people around the world can see that the climate crisis is increasing the risk of wildfires, flooding and severe weather, and in some cases of drought and severe famine. Very often, the poorest nations are paying the heaviest price for a problem that they did not create. But all people and all nations are being affected.

At the same time, the economic and social opportunities of a netzero world are becoming more and more evident. It gives us an opportunity to develop

new technologies, create new jobs, restore our environment and live healthier lives. Governments around the world right now, quite rightly, are focused on tackling COVID. But we also must ensure that our recovery from the pandemic is compatible with a netzero future. In that, Scotland is trying to lead by example. We've already committed to having net zero emissions by 2045. By 2030, we will have reduced emissions by 75%, from a 1990 baseline. These targets are supported by a comprehensive plan to decarbonize all parts of our economy. For example, 90% of our electricity demand is already supplied by renewable sources. And we're now investing 1.6 billion pounds to decarbonize heat, and we're making major investments in sustainable transport.

We're also working hard to ensure that this shift, this transition is just one. In Scotland, we remember how badly some parts of our country suffered from deindustrialization in the 1970s and 1980s. We want to ensure that decarbonisation brings benefits for everyone, including for parts of the country, such as the northeast of Scotland, where our oil and gas sector is a major employer. We have appointed an independent just transition commission to advise us on this point. But although government has to take a lead, we cannot achieve this just transition on our own, we can only do it in partnership. In Scotland, we're already working closely on our climate change plans with business with the financial sector and with our world class university research base. And as part of that, we are encouraging and are open for investment from around the world.

I want to highlight two initiatives in particular today which are relevant to a global financial audience. The first is the establishment of the Scottish National Investment Bank. The bank will be launched later this year, with the aim of becoming a cornerstone of the Scottish economy. Its primary mission will be to support Scotland's transition to net zero. The bank will operate commercially, but will be a publicly owned institution. And so it will be able to provide patient, long term investment for projects which may otherwise be overlooked. And to

maximise the impact of its investments, it will invest alongside other organisations whenever possible. It is therefore a potential partner for the future. The second important initiative is Scotland's green investment portfolio. That sets out low carbon initiatives which can deliver returns for investors while helping Scotland to move to net zero. The first projects, worth more than a billion pounds in total, were launched in September. They include opportunities to invest in heating, hydrogen, battery storage, carbon capture and green transport. We're identifying further projects over the next two years worth an additional 2 billion pounds, with a particular focus on property, energy and green technology. The green investment portfolio demonstrates not simply that Scotland is open for business, but that we are intensifying our efforts to attract investment even during the COVID pandemic.

In fact, the next 12 months need to see all of us everywhere intensify our efforts to move to a net zero world. Scotland as I hope I have demonstrated intends to play our full part. We are determined that at COP26, we will be seen not just as a good host, but as a good example. And we know that to set a good example we must work closely with the global investment community. You are essential to creating a netzero future for Scotland and a netzero world and the decisions you take over the next 12 months and indeed in the years after that will help to shape the future for all of us. For that reason, I am delighted to contribute to this summit. I really hope that it makes a major contribution towards galvanising governments and financial institutions in the year ahead, and I hope that it will play an important part in making COP26 the success the whole world needs it to be. Thank you very much