

# Every Sector Plays a Role Towards Net Zero

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## The Structural Challenge

Reaching a low-carbon economy is both an opportunity and a defining challenge to drive structural transformation in the real economy, supported by capital allocation, transition financing and active stewardship across all sectors. While Energy and Utilities account for a large share of direct emissions, a value-chain perspective shows that the key decarbonization levers are distributed throughout the economy. For investors, the central question is therefore not which sectors emit the most today, but how each sector can contribute to reducing real economy emissions over time.

A narrow focus on operational emissions (Scope 1 and 2) provides an incomplete picture (Figure 1). In many industries, most emissions occur upstream in supply chains or downstream in the use of products and services. This is particularly true in sectors such as Consumer Staples, Consumer Discretionary and Information Technology. In Financials, financed and downstream emissions can significantly exceed operational emissions, underscoring the importance of capital allocation and engagement in supporting credible transition pathways.

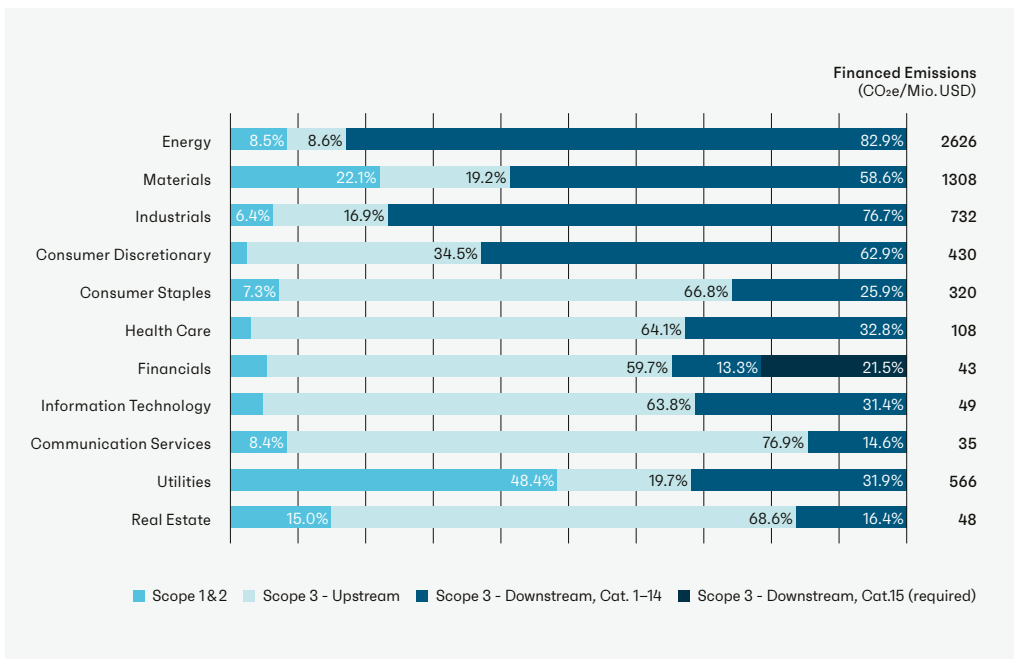
## The Sectoral Emissions Paradox

The ratio between operational and value-chain emissions differs markedly across sectors, implying that decarbonization strategies must be sector-specific rather than based on uniform metrics. For instance, Information Technology typically exhibits low direct emissions but can carry substantial upstream footprints and rising downstream energy demand from digital infrastructure and AI. At the same time, technological innovation enables economywide emissions reductions through efficiency gains, smart grids and optimization tools.

## Credible Climate Leaders in Each Sector

Every company occupies a distinct place in its value chain. For investors, assessing climate leaders means weighing their role in the low-carbon transition, the ambition and delivery of their emissions-reduction targets, and the credibility of their decarbonization pathway. Such an encompassing analysis enables them to allocate capital to leading companies and engage with those that are not yet on track.

**Sectoral Distribution of Financed Emissions Along the Value Chain**  
Most sectors' financed emissions are concentrated in Scope 3, highlighting the importance of value-chain decarbonization.



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