Sector Transition Plans: A bridge between national ambition and company transition plans

ITPN International Transition Plan Network

TPI Global Climate Transition Centre
Research and Data at LSE

This discussion paper explores the emerging topic of Sector Transition Plans (STPs) as a key tool to link national ambition and company transition planning. It focuses on three contributions STPs can make for policymakers, companies, and financial institutions.

This report follows extensive engagement across ITPN's network of over 40 public sector organisations across 24 jurisdictions. It explores four case studies from France, Australia, Hebei, and Japan.

Sector Transition Plans contributions explored:

1 STPs help policymakers communicate the direction of the transition:

STPs provide clear signals about the direction of the transition, helping companies and financial institutions to make decisions about where to allocate capital. Co-creating STPs with business, financial institutions, and others will increase stakeholder buy-in and generate insights to inform policymaking.

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The French Agency for Ecological Transition (ADEME) developed STPs for energy-intensive industries. ADEME notes that one of the major benefits of STP lies in the process of consultation and bringing together all the players to construct a coherent and robust roadmap.

2 STPs help companies navigate external dependencies:

STPs can provide the information companies need in order to better understand the geographically-specific dependencies and feasible transition levers in a jurisdiction.

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The Australian Treasury's draft guidance on transition planning sets expectations that organisations should consider Australia's sector plans when developing their transition plan's ambition and implementation strategy.

3 STPs can facilitate transition finance and localise transition plan assessments

STPs can enable more nuanced corporate transition plan assessments by providing localised benchmarks and context on geographically- specific dependencies. This will support transition finance issuance and climate-related stewardship and engagement.

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Japan's Technology Roadmaps for Transition Finance are expected to be used by companies raising transition finance and have supported Japan's market for private, labelled transition finance to exceed USD 17 billion (as of June 2025).

Next steps to harness the potential of Sector Transition Plans:

1. Governments could benefit from co-creating STPs with corporates, financial institutions, civil society, trade unions, Indigenous peoples, and local communities.

2. The private sector can use STPs to identify, disclose, and act on external dependencies, including by taking a more proactive and pro-climate stance in their policy advocacy.

3. Financial institutions and data providers can use STPs to bring more local nuance to transition plan assessments, which may support flows of transition finance to emerging markets.

4. Policymakers and regulators can use information from companies' transition plans to support the achievement of their climate goals.

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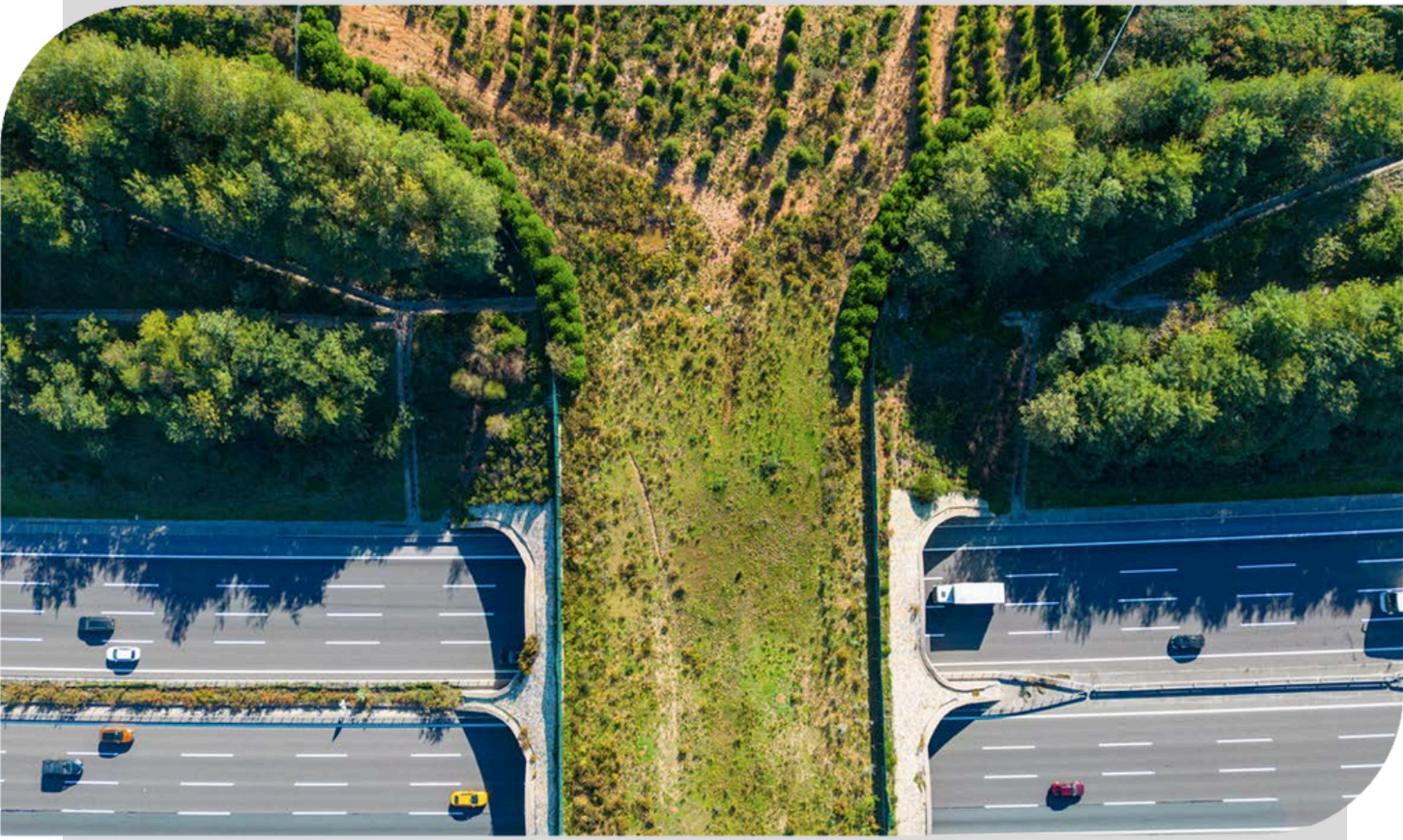

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