

---

**For Information**

**REPORT TITLE: International Organization for Standardization (ISO) 37125 Sustainable Cities and Communities – Environmental, Social and Governance Indicators for Cities**

**FROM: Davinder Valeri, Chief Financial Officer and Commissioner of Corporate Services**

---

**OBJECTIVE**

To inform Regional Council of Peel’s intention to pursue the International Organization for Standardization (ISO) 37125 Sustainable Cities and Communities - Environment, Social and Governance (ESG) certification. Peel’s ESG profile is fundamental in building a sustainable, inclusive, and resilient future for our residents now and into the future.

**REPORT HIGHLIGHTS**

- Peel Region was invited to be a part of the first cohort of municipalities that will seek to achieve ISO environment, social and governance certification.
  - This ISO Standard creates an ESG indicators framework, that is designed to support Municipal leaders to address risk, improve decision-making and enhance their ESG profile once equipped with high calibre data. Municipalities are increasingly on the frontline in delivering services that protect the environment, consider equity and social needs, and prioritize social responsibility. This certification (ISO 37125 ESG) will equip Peel with consistent data to support and validate ESG centered municipal commitments and investments, and their planning and management in the delivery of services.
  - Peel Region stands to benefit from ISO 37125 ESG certification in several ways, including equipping leaders with the data to support key strategic goals, establishing measurement baselines, supporting ongoing benchmarking of progress on these goals, and further strengthening Peel’s Triple A credit rating.
  - The annual certification process is scheduled to begin in Fall 2024 with the support of a consultant and is initially a two-year commitment.
- 

**DISCUSSION**

**1. Background**

Peel Region has been invited to be a part of the first group of Canadian municipalities to be certified by the ISO in ESG. ISO is a worldwide federation of national standards bodies. ISO facilitates the building of standardized datasets that help to support the work of municipal and city leaders in delivering services to its citizens, advancing quality of life, and building smart and resilient futures for their cities.

## **International Organization for Standardization (ISO) 37125 Sustainable Cities and Communities – Environmental, Social and Governance Indicators for Cities**

The ISO 37125 ESG certification was developed out of a recognition that the environment, social inclusion, and governance, are, and will increasingly be, key considerations in municipal and city planning and policy development. It was also in recognition that “cities are increasingly on the frontline in delivering services that improve quality of life for citizens, that protect the environment, consider equity and social needs, and prioritize social responsibility...”<sup>1</sup>

ISO 37125 ESG includes the development of a dataset of Key Performance Indicators (KPIs) that are made available to city leaders to help them to direct ESG-informed and ESG-driven municipal programming, planning and service delivery.

Peel Region will retain a consultant that will scope the Region’s data across relevant KPIs from the new ISO 37125 standard, ensuring that the indicators chosen are aligned with the Region’s unique context, data availability, and how the data will drive decisions on climate and sustainability planning and investment in Peel, and support the monitoring of progress and reporting of results. The data supporting the ISO 37125 ESG certification will be hosted on World Council on City Data’s (WCCD) platform. WCCD is a Canadian based organization that was founded in 2014 and developed the first ISO certification system for cities. WCCD helps cities and communities globally to embrace ISO standards in areas such as sustainability, and smart and resilient cities. They are a global leader in standardized city data that supports data driven decisions in management, planning and investment that enhances the goal to create smart, sustainable inclusive, and prosperous cities.

WCCD has worked with many Canadian municipalities to support their certification in other ISO standards. These municipalities include the City of Toronto, the City of Brampton, Town of Caledon and City of Markham that received platinum level certification for sustainable cities, the City of Mississauga that was awarded Early Adopter ISO Certification on Data for Smart Cities and the City of Vaughan that became the first Canadian municipality to receive triple certification (in sustainable, smart, and resilient cities).

### **a) Benefits of certification**

The KPIs required for the ISO37125 ESG certification include indicators on environmental protection, health and safety, community wellbeing, and financial stewardship. The KPIs developed during the certification process will support the work of municipalities in advancing key goals, including the following:

**A public demonstration of ESG commitments:** ESG certification showcases Peel’s commitment to the core values of sustainable environmental progress, social inclusion, and effective and transparent governance.

**Global comparability:** Greater consistency in data definitions and collection across jurisdictions which will enhance comparisons with other peer cities and municipalities worldwide, showcasing leadership and opportunities for improvement.

**Strengthen Peel Triple A Credit rating:** ISO certification could bolster Peel’s long-standing Triple A credit rating of its finances through an independent verification of its strength in achieving environmental goals and in governance.

---

<sup>1</sup> ISO/DIS 37125(en), Sustainable cities and communities – Environmental, social, and governance (ESG) indicators for cities

## **International Organization for Standardization (ISO) 37125 Sustainable Cities and Communities – Environmental, Social and Governance Indicators for Cities**

**Provide better data to support Peel’s updated Climate Change Master Plan (CCMP):** ISO 37125 ESG data will be leveraged to achieve key aspects of Peel Region’s updated CCMP. These include updating indicators or metrics of reporting progress and increase accountability, and update actions to leverage the intersection with sustainability goals and social impacts.

**Internal Benchmarking for Efficiency and Performance:** Adopting these standards and tracking the progress of and scope of the Region’s service based KPIs over time can lead to more efficient operations and resource management, thereby improving service delivery.

**Streamline prioritization with broadly accepted tool:** KPIs can also be used as a prioritization tool to guide decision making and support Peel’s upcoming Sustainability Strategy.

**Strengthen internal and external partnerships:** This ISO certification will allow Peel to leverage an opportunity to re-anchor in its Strategic Plan, build and strengthen relationships within our organization, and with external partners and stakeholders.

**Infrastructure Investment:** Peel can utilize the KPIs to make data-informed funding decisions to achieve the goals outlined in the Climate Change Master Plan, as well as other funding requests to other levels of government and monitor the impact of these investments for data-informed progress reports.

**Development of reports:** Peel will be required to develop strong data informed Annual ESG Profile reports. This will reaffirm the Region’s commitment to transparency in its core values of sustainable environmental progress, social inclusion, and effective and transparent governance.

### **RISK CONSIDERATIONS**

Peel Region will be among the first cohort of municipalities seeking the ISO 37125 ESG certification so the full extent of resource and data requirements to support certification is not fully known at this time. The availability and timely delivery of the required data can delay or hinder certification.

The Region has retained the services of a consultant to help in acquiring ISO standard data to support certification. The Region is committed to working with the consultant and data custodians and providers to minimize data risks and mitigate delays or failure in achieving certification in a timely manner.

### **FINANCIAL IMPLICATIONS**

The estimated cost of the ISO 37125 ESG certification is \$300,000 annually. This includes the costs for certification, registration and the retention of a consultant. This cost has been included in the proposed 2025 Operating Budget and Forecast.

### **NEXT STEPS – GLOBAL LAUNCH**

The certification process is scheduled to begin in Fall 2024. There will be a launch of the initiative with a global announcement of the municipalities that have agreed to be the first to start the certification process. The launch date for the ISO 37125 ESG certification is scheduled

**International Organization for Standardization (ISO) 37125 Sustainable Cities and Communities – Environmental, Social and Governance Indicators for Cities**

for November 1, 2024 in the City of Toronto’s Council Chambers. Annual certification under ISO 37125 ESG will be in effect and valid for one year from the date of registration.

**CONCLUSION**

Peel Region has a record of strong leadership. Becoming a part of a global community that will help in creating measurable benchmarks for achieving goals on the environment, social inclusion, and governance, will strengthen Peel’s position as a municipal leader. It will also solidify its leadership in planning and service delivery that will contribute to the achievement of its vision, which is to build a community for life, where its residents can enjoy a sense of belonging, and has access to services and opportunities they need to thrive throughout each stage of their lives.

---



---

Davinder Valeri, Chief Financial Officer and Commissioner of Corporate Services

*Authored By: Judith McWhinney, Regional Economist*