

City of Toronto Environmental, Social, and Governance (ESG) Annual Performance Report

Date: February 24, 2026

To: Executive Committee

From: Chief Financial Officer and Treasurer

Wards: All

SUMMARY

The City of Toronto continued its positive Environmental, Social, and Governance (ESG) impact in 2025, as outlined in the ESG Performance Report in Attachment 1. The report demonstrates the City's commitment to transparency and thoughtful approach to identifying and managing ESG risks and opportunities. Its purpose is to communicate Toronto's ESG commitments, strategies, activities, outcomes, and progress across the areas of environmental sustainability, socioeconomic well-being, and good governance.

Toronto is steadily strengthening its integrated ESG approach by embedding responsible practices across the organization. This work supports a sustainable, transparent, and resilient foundation for municipal operations and promotes accountability, social responsibility, and effective management of ESG risks. Through this approach, the City continues to make meaningful progress on its ESG priorities and long-term commitments.

RECOMMENDATIONS

The Chief Financial Officer and Treasurer recommends the Executive Committee receive this report for information.

FINANCIAL IMPACT

The financial impacts of this report were embedded in the Council Approved 2025 Budget which include:

Embedded in the Council Approved 2025 Operating Budget:

- \$12.1 million for Transit Expansion, a major driver of GHG emissions reductions daily
- \$317.2 million for Road and Sidewalk management services, which includes the maintenance of 817 centerline kilometers of bikeway network
- \$159.9 million for solid waste collection and processing services such as solid waste recycling, organics recycling, leaf and yard waste, and safe disposal of durable goods and hazardous waste
- \$9.0 million for Waste education, enforcement, community outreach, and environment days
- \$260.6 million for wastewater collection and treatment and stormwater management that reduces likelihood of negative impact of water and floods on the ecosystem
- \$695.0 million to provide shelter, support, and housing to Torontonians, improving housing and health access equity
- \$14.9 million in total funding for the four accountability officers (Auditor General, Integrity Commissioner, Ombudsman Toronto, and Lobbyist Registrar) that help ensure Toronto remains open and transparent
- \$288.6 million for Health Services such as infectious Disease Control, Chronic Disease and Injury Prevention, and Family Health.

Embedded in the Council Approved 2025-2034 Capital Plan:

- \$48.8 million of additional investments that support Council-approved sustainability outcomes for projects that support Climate Resiliency and Greenhouse Gas (GHG) Reduction:
 - \$9.3 million increase in Residential Energy Retrofits;
 - \$6.8 million increase in New Development Sustainable Energy Plan Financing to invest in energy efficiency, renewable energy, and emission reduction projects, and;
 - \$20.0 million for Home Energy Loan Bulk Buy Program to support low to modest income homeowners in their efforts to decarbonize their homes;
 - \$10.0 million for Enhanced Home Energy Loan Program Streams to support program enhancements for retrofits in low-rise and multiunit residential buildings; and
 - \$2.7 million for Codes Acceleration funded by Federal Government to reduce greenhouse gas emissions and energy consumption to fight climate change while strengthening the economy.
- Moreover, a total of \$1.16 billion is embedded in the budget for social outcomes such as:
 - \$589.0 million for Social and Affordable housing initiatives
 - \$11.4 million for Children's Services
 - \$125.5 million for Shelter and Support Services

The impact of progress on ESG prioritization is reflected in the annual financial report. In addition, ESG factors such as a climate lens and an equity lens are embedded in the annual budget process.

DECISION HISTORY

At its meeting on January 28, 2025, Executive Committee received the City of Toronto Environmental, Social, and Governance (ESG) Annual Performance Report from the Chief Financial Officer and Treasurer for information.

<https://secure.toronto.ca/council/agenda-item.do?item=2025.EX20.8>

At its meeting on December 15, 16 and 17, 2021, in a report entitled TransformTO - Critical Steps for Net Zero by 2040, City Council further endorsed the City's TransformTO Net Zero Strategy and adopted several recommendations including one that directed the Chief Financial Officer and Treasurer and the Toronto Investment Board, when considering any changes to the Investment Policy, consider and incorporate internationally-recognized best practices for Environmental, Social and Governance.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.IE26.16>

At its meeting on May 11, 2021, City Council adopted the report "Accountability and Management Framework for the TransformTO Net Zero Strategy" that presented an accountability and management framework to guide implementation of the TransformTO Net Zero Strategy on climate, as requested by City Council. The report outlined the creation of two advisory groups and management processes that will guide the City's accountable and inclusive implementation of the Net Zero Strategy.

<https://secure.toronto.ca/council/agenda-item.do?item=2022.IE29.10>

At its meeting on January 27, 2021, Executive Committee received the City of Toronto Environmental, Social, and Governance (ESG) Annual Performance Report from the Chief Financial Officer and Treasurer for information.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.EX20.3>

At its meetings on June 29 and June 30, 2020, City Council approved the amendments to the City Council-approved Investment Policy related to ESG and requested the Toronto Investment Board and the Chief Financial Officer and Treasurer to develop an ESG process, to incorporate ESG factors into its investment decision making, and to consider and incorporate internationally-recognized best practices for ESG when considering any changes to the Investment Policy.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.EX14.2>

At its meeting of December 17 and 18, 2019, City Council adopted, with amendments, report PH11.5 – HousingTO 2020-2030 Action Plan and its recommended actions as a strategic framework to guide the City's efforts on housing and homelessness needs over the next 10 years and directed the City Manager to establish the role or function of Housing Commissioner in 2020 in consultation with human rights experts and other

groups and individuals with an interest in the establishment of the position.
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.PH11.5>

At its meeting of October 2 and 3, 2019, the City Council declared a Climate Emergency and endorsed a net zero greenhouse gas emissions target that is in line with keeping global average temperature rise below 1.5 degrees Celsius by adopting MM10.3 entitled "Declaring a Climate Emergency and Accelerating Toronto's Climate Action Plan". The declaration of the Climate Emergency immediately strengthened the goal of making Toronto net zero before 2050. At the meeting City Council committed to looking for opportunities to invest in and accelerate timelines for high priority greenhouse gas emission reduction areas outlined in TransformTO, including the building sector.
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.MM10.3>

City Council at its meeting of July 4, 5, 6 and 7, 2017, endorsed item PE19.4 entitled "TransformTO: Climate Action for a Healthy, Equitable and Prosperous Toronto – Report 2 – The Pathway to a Low Carbon Future" (TransformTO). TransformTO identified a pathway for Toronto to reduce city-wide greenhouse gas emissions by 80% by 2050. At the meeting City Council adopted three acceleration campaigns for reaching the City's greenhouse gas reduction targets, including the 'Building Energy Performance and Comfort' campaign which focuses on increasing the energy performance of existing buildings and ensuring new ones are built to high energy performance targets.
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.PE19.4>

At its meeting of July 16, 17, 18, and 19, 2007, City Council unanimously endorsed item EX10.3 entitled "Climate Change, Clean Air and Sustainable Action Plan" which included the adoption of 64 recommended actions to reduce GHG emissions and included a commitment to reduce Toronto-wide GHG emissions by: 6% from 1990 levels by 2012; 30% from 1990 levels by 2020; and 80% from levels by 2050.
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2007.EX10.3>

COMMENTS

Attachment 1 presents the sixth annual Environment, Social, and Governance (ESG) Performance Report ("ESG Report"). The report provides stakeholders with information on the City's most significant environmental, social, and governance priorities. It reflects the City's commitment to accountability and transparency regarding material ESG factors.

The ESG Report details the City's ESG commitments, strategies, activities, defines targeted outcomes, and highlights progress toward environmental sustainability, positive socioeconomic results, and strong governance practices.

The City's performance disclosure is supported by third-party ISO certification through the World Council on City Data (WCCD). Toronto has achieved 'triple certification' for ISO 37120 (Sustainable Cities), ISO 37122 (Smart Cities), and ISO 37123 (Resilient Cities) and has maintained Platinum certification for ISO 37120 over multiple years. This external validation strengthens transparency and comparability of City performance metrics and supports confidence in the City's ESG performance.

About the ESG Report

The City of Toronto is proud to be the first Canadian government and first municipality in North America to issue this type of report. The ESG Report is developed in collaboration and consultation with several City Divisions, demonstrating progress in ESG priorities and commitments, taking a "whole of government" approach. It is published for all Toronto stakeholders including, but not limited to, current and prospective residents, investors, employees, suppliers, other levels of governments, peer municipalities, regulators, and community organizations. With accountability being a core belief, the City provides relevant ESG performance disclosure to stakeholders where it is available.

The ESG Report contains information about the City of Toronto excluding its agencies and corporations. It provides an overview of strategic priorities, key performance indicators, and highlights during 2025 (where unavailable, latest available data is presented) on relevant ESG factors. The ESG report complements the annual financial report's climate-related financial disclosures.

The City's ESG reporting framework has been developed using the following standards, methodologies, and international frameworks, based on relevance and applicability. Although most industry sectors are covered under these frameworks, municipalities are not. The development of international ESG reporting standards, along with the expectations of City stakeholders, will be continuously monitored. Where applicable, the following frameworks were referenced:

- Sustainability Accounting Standards Board standards ("SASB");
- MSCI ESG Government Ratings Methodology;
- Moody's ESG Scoring Framework,
- Global Reporting Initiative ("GRI");
- International Integrated Reporting Council ("IIRC") Integrated Reporting Framework; and
- United Nations Sustainable Development Goals ("SDGs").

The City is also committed to International Organization for Standardization's sustainable cities and communities data and outcomes standard ("ISO 37120") and has received Platinum certification for the past ten consecutive years. The World Council on City Data ("WCCD") implements ISO 37120 in more than 100 cities across 40 countries. ISO 37120 includes over 100 globally standardized, comparable and third-party verified KPIs across 19 themes, including, for example, education, energy, climate change and housing. There are over 30 Canadian municipalities in the WCCD Global Network. ISO

data is globally standardized, regularly reported, and independently or third-party verified.

ESG Report Key Highlights:

Toronto's leadership in global ESG standards:

Toronto is one of the first cities globally to adopt ISO 37125 – Environmental, Social and Governance (ESG) Indicators for Cities, complementing its ongoing participation in the ISO 37120 series. In 2024, the City achieved triple certification under the ISO 37120 framework, encompassing indicators for Sustainable Cities (ISO 37120), Smart Cities (ISO 37122), and Resilient Cities (ISO 37123) through the World Council on City Data (WCCD).

Together, these internationally recognized, third-party certifications provide independent validation of the City's performance data, strengthen transparency and comparability, and reinforce confidence in Toronto's ESG disclosure and sustainable finance activities. Background information on the City's ISO reporting framework is included in Attachment 1, with a summary of 2024 certification outcomes provided in Attachment 2 to this report.

Expansion of the City's Sustainable Debenture Program:

Sustainable financing continues to be a critical funding source for the City's 10-year capital plan. Since 2018, Toronto has issued more than \$2.63 billion in Green and Social Bonds, supporting clean transportation, climate resilience, renewable energy, affordable housing, and essential community services. Sustainable issuance is now embedded within the broader corporate strategy and is supported by our third-party ISO certifications.

Strengthening climate accountability and climate-informed financial decision-making

Full implementation of the Carbon Budget and the Climate Lens across the organization in 2024 to 2025 represents a significant governance milestone. These tools ensure that major financial decisions incorporate emissions impacts and long-term climate risks.

Continued progress toward TransformTO's Net Zero 2040 goal:

- Deep retrofits, updated green development standards, and net-zero new City buildings
- Renewable energy expansion, including renewable energy conservation and production and Deep Lake Water Cooling
- Transportation initiatives such as cycling network expansion and Electric Vehicle (EV) charging infrastructure
- Waste reduction, circular economy initiatives, and biodiversity enhancements

Equity, inclusion, and community investment:

The City continues to embed equity considerations into budgeting and program design, reflecting the principle that social inclusion and climate action are mutually reinforcing. The report highlights progress in affordable housing, accessibility, emergency and social services, and workforce diversity.

Intergovernmental partnerships and long-term financial sustainability

As in previous years, it remains important to underscore that achieving outcomes in climate action, infrastructure renewal, and social inclusion requires collaboration with the Governments of Ontario and Canada. Initiatives such as the Ontario–Toronto New Deal and other partnerships are essential to delivering the services and infrastructure that benefit Torontonians and the broader region.

Diversity, Equity and Inclusion

Toronto is one of the most diverse cities in the world. An equity lens is applied to activities to identify and remove barriers and to support best practices in planning, budgeting, implementation and evaluation of its programs and services. The Equity Lens Tool defines equity as “understanding, acknowledging and removing barriers that prevent the participation of any individual or group, making fair treatment, access, opportunity, advancement and outcomes possible for all individuals.”

The ESG Report summarizes data and information from numerous City sources into a single convenient document, which provides better access for residents and stakeholders of Toronto, including information about City programs, initiatives, and achievements that proliferate Equity, Diversity, and Inclusion in Toronto. Bringing these items to the forefront through the ESG report creates a forum for discussion about social success factors and bottlenecks, such that they can be subsequently improved, creating a better Toronto where all people can thrive and prosper.

Alignment with Toronto's Vision and Strategic Priorities

The ESG Report supports Toronto’s vision of being a clean, green and sustainable city. It also reflects the City’s corporate priorities, including financial sustainability and the effective administration of a well-run government. In addition, the report explains how City activities align with broader strategic priorities such as housing, transportation, social and economic wellbeing and inclusion and climate change. The ESG Report in Attachment 1 highlights these achievements, risks, and opportunities in further detail.

Conclusion

The ESG Report is an annual publication that presents key environmental, social and governance topics related to the City’s corporate and strategic priorities. It provides both forward-looking targets and past accomplishments, offering both internal and external stakeholders information they can use for decision-making and learning why Toronto continues to be a good place to live, work, play, thrive and invest. Through ongoing measurement, reporting and reflection on plans, actions and results, the City can continue to track and refine its progress and approach to achieving ESG targets.

Toronto was the first Canadian municipality to publish an annual ESG Report, the attached document marking the sixth publication, demonstrating leadership and commitment to ESG integration in financial and policy decisions. The City will continue to strengthen transparency and disclosure in line with industry best practices, showing how municipal services can protect the environment, address equity and social needs and promote social responsibility.

CONTACT

Randy LeClair, Director, Capital Markets and Treasury
Tel: 416-397-4054; Email: Randy.LeClair@toronto.ca

Flaminio Carelli, Senior Manager, Capital Markets
Tel: 416-392-6302; E-mail: Flaminio.Carelli@toronto.ca

Philip Ng, Senior Investment Advisor, Capital Markets
Tel: 416-392-8072; E-mail: Philip.Ng2@toronto.ca

SIGNATURE

Stephen Conforti
Chief Financial Officer and Treasurer

ATTACHMENTS

Attachment 1 – City of Toronto Environmental, Social, and Governance Performance Report

Attachment 2 – The City of Toronto Receives 2024 Triple Certification from the World Council on City Data on the ISO 37120 Series