Environmental, Social, and Governance: Government leadership as a catalyst for success

July 2022

Leading by example drives
government transformation

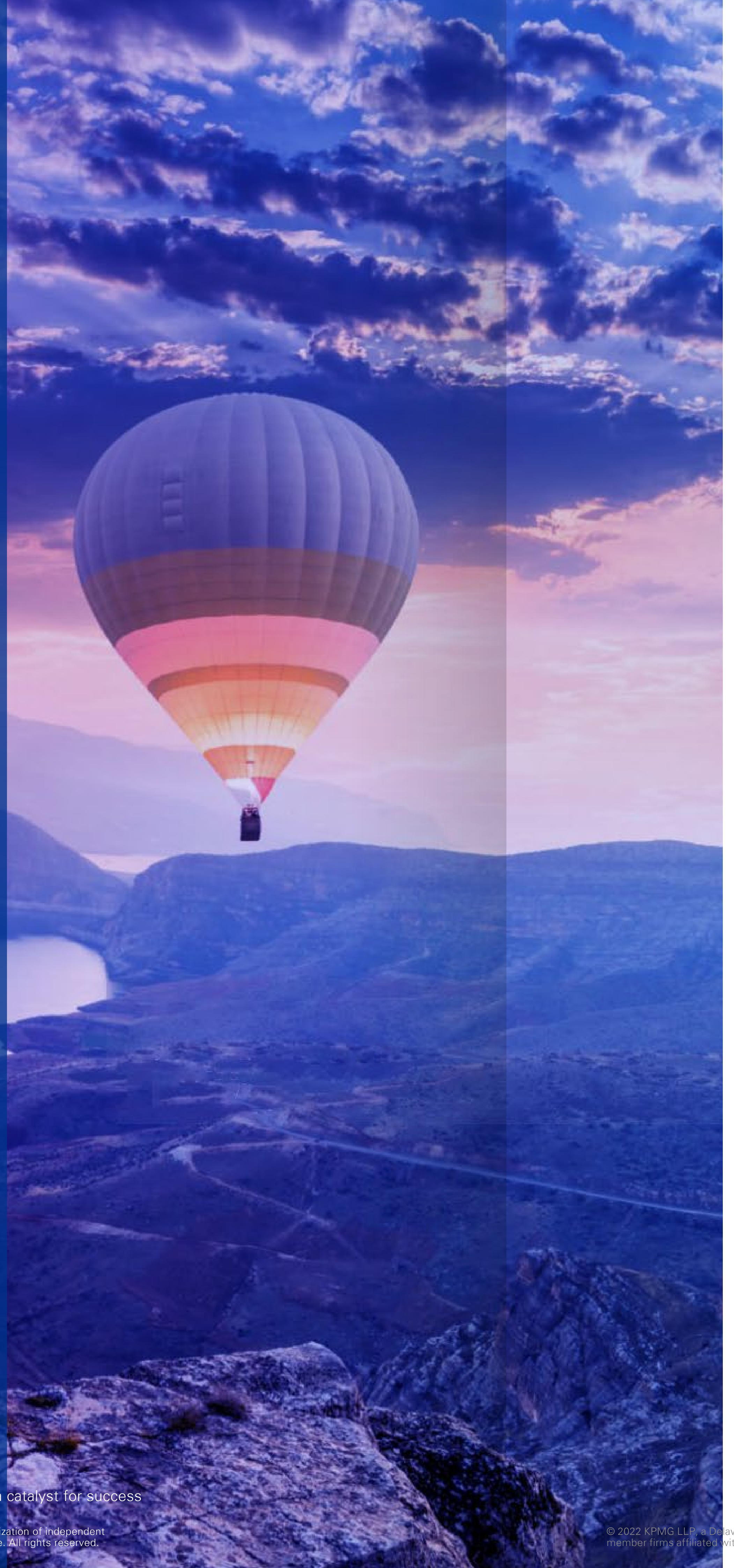
Defining ESG

ESG refers to a framework that integrates environmental, social, and governance risks and opportunities into an organization's strategy. The ESG movement has quickly evolved from socially responsible investing to a global imperative, affecting not only investment decisions and shareholders but also business strategy, the global economy, and people around the world.

For governments, the goal is to build long-term sustainability and achieve desired outcomes for constituents and other stakeholders. ESG includes a wide range of categories to assess the impact of a government agency's services and practices on the planet and society.

ESG factors include:

- **Environmental criteria** to examine how an agency performs as a steward of the natural environment
- **Social criteria** to examine how an agency treats people, including its employees and the communities in which it serves or operates
- **Governance criteria** to examine how an agency holds itself accountable and is governed.



Content

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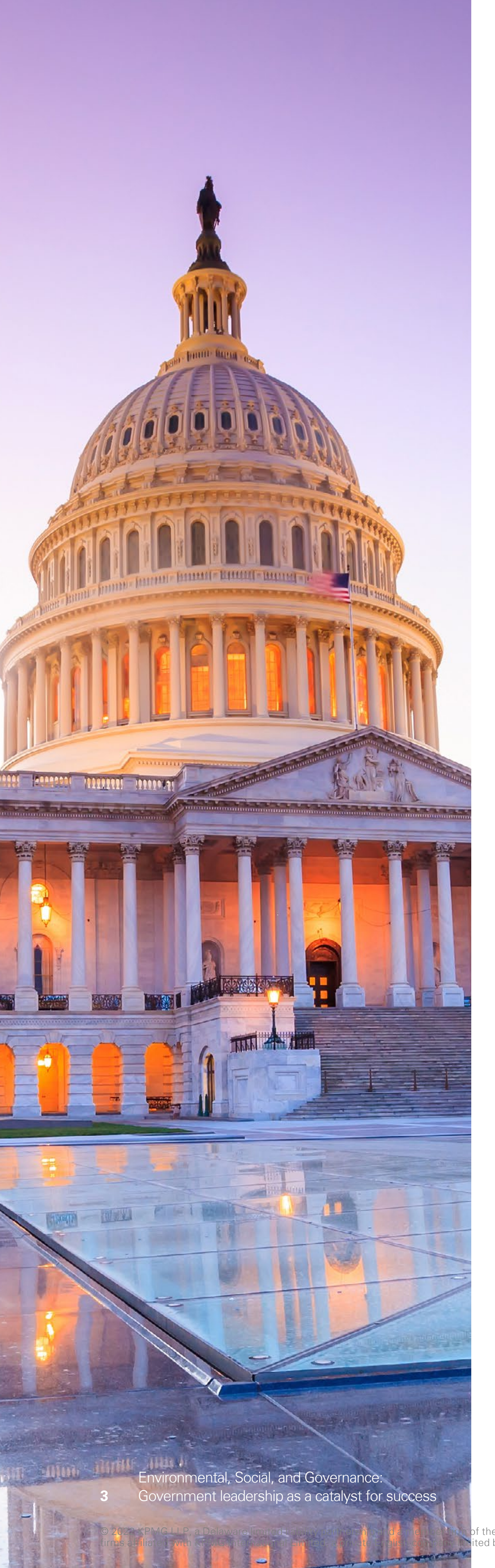


A legacy of leadership

Governments have a long history of leading efforts to improve what we now call ESG issues—setting green standards, defining supplier diversity programs to combat social injustice, and establishing supply chain reporting and metrics, among other achievements.

For more than 50 years, the federal government's immense purchasing power and role in procurement has created and accelerated new markets for sustainable products and services. When the goal is set to convert 600,000 vehicles to a 100 percent zero-emission electric fleet—per the executive order issued by the White House in 2021—it sends a clear signal for market demand.[1]

As the modern ESG movement evolves, governments now have an opportunity to build on a foundation of leadership and answer a broader call, with an observable shift in the way they have typically led on ESG issues.

[1] Fact Sheet: President Biden Signs Executive Order Catalyzing America's Clean Energy Economy Through Federal Sustainability

What's new?

Key forces are driving the need for all levels of government—federal, state, regional, local, and tribal—to focus on ESG now. COVID-19, social and economic pressures, and other disruptions have reinvigorated broad-based discussions of diversity, equity, and inclusion (DEI). Governments are being held accountable by employees, constituents, and society generally, to urgently address heightened climate events, advance equity for all, and drive positive social change.

Increasing risks—from extreme weather to infectious diseases to social cohesion strains—can have compounding consequences and a profound impact on mission achievement at all levels of government. Additionally, the mounting costs of such risks—including natural disasters, cyber-attacks, excess medical care expenses, and health disparities—drive greater urgency for action on ESG.

Juxtaposed against these urgent needs is the reality that public trust in government as an institution is declining in the U.S. and in many countries across the globe. According to the 2022 Edelman Trust Barometer, the U.S. trust index—the average percent trust—in governments in 2022 was just 42 points, down 10 points since 2017.[2]

Importantly, the U.S. public generally values and expects governments' involvement and action related to ESG issues—and wants governments to take more action. In February 2022, KPMG LLP (KPMG) conducted a survey of the U.S. public to examine individuals' sentiments on governments' approach to ESG. **While about 7 in 10 individuals indicate that governments should play a leading role in solving environmental and social issues, only 35% agree or strongly agree that the governments are taking the appropriate amount of action to solve these issues.**[3]

In fact, constituents regard governments as most responsible for addressing ESG concerns—more so than corporations or individuals. **In our rank-order poll on who individuals regard as primarily responsible for addressing environment and social issues, 54 percent of respondents say the federal government, followed by state government at 48 percent, individuals (31 percent), local governments (29 percent), corporations (23 percent), and international organizations (15 percent).**[4]

On the whole, governments' engagement with environmental and social issues affects people's approval of governments and their representatives—**only 8% of respondents say it does not affect their approval at all**. Respondents ranked data privacy and security as the most important ESG issue to them (72 percent), followed by affordability and accessibility (70 percent), yet the majority (60 percent and 61 percent, respectively) indicated they are less than satisfied with how government is addressing the issues.[5]

In addition to those of constituents and employees, the heightened expectations of credit rating agencies make ESG a business imperative that cannot be ignored. In March 2022, credit rating agency S&P Global Ratings (S&P) published its first ESG Credit Indicator Report Card for U.S. states and territories, which reflects S&P's opinion of the influence that ESG factors have on their credit rating analysis.[6]

Recent landmark federal funding programs include ESG-related investments, as well as incentives to spur ESG-related action by state and local governments. For example, the Infrastructure Investment and Jobs Act (IIJA), enacted in November 2021, includes significant investments in carbon reduction, electric vehicle charging infrastructure, broadband infrastructure, and supply chains for clean energy technologies. To position for competitive grant opportunities that are part of the program, state and local governments will need to demonstrate that they will be good stewards of the funding from an ESG perspective.

Governments have the opportunity to seize this moment to reestablish their role with respect to driving gains on major ESG issues.

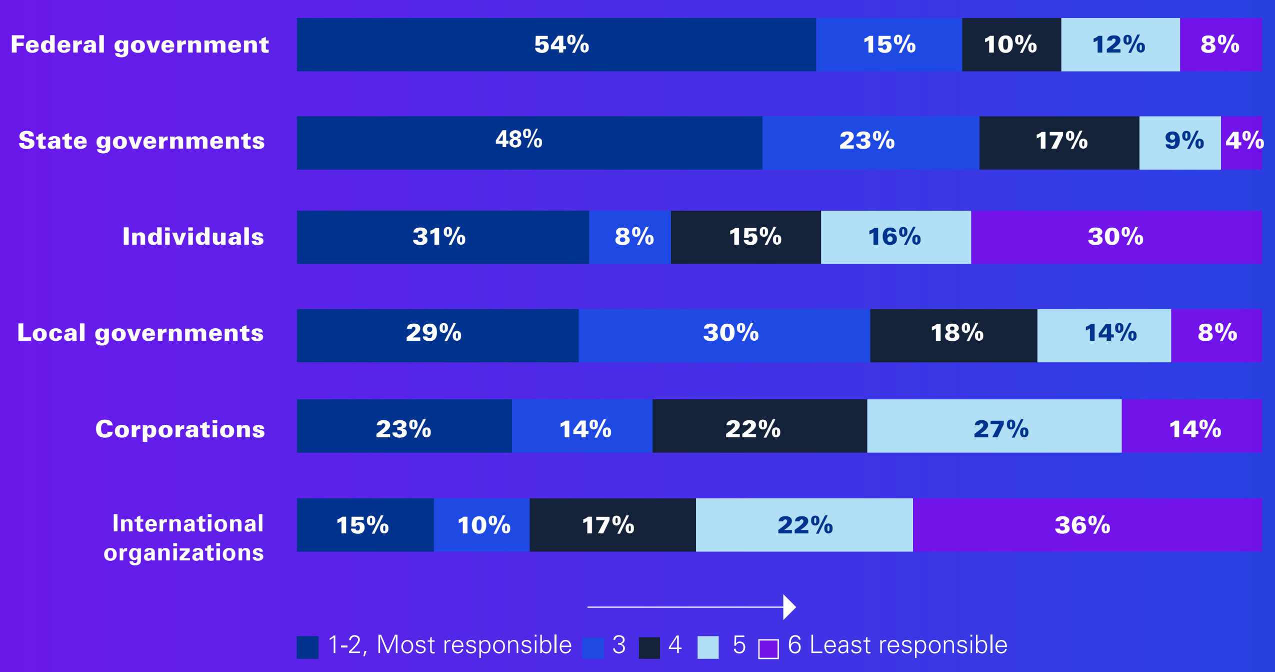
[2] 2022 Edelman Trust Barometer
[3] KPMG survey among U.S. residents
[4] Ibid.
[5] Ibid.
[6] S&P Global, ESG Credit Indicator Report Card: US States And Territories

Generally, the public wants to see governments take action around ESG

70% of individuals believe that governments should play a leading role in solving environmental and social issues

35% Agree or strongly agree that governments are taking the appropriate amount of action to solve these issues

Federal and state governments are evaluated as primarily responsible for addressing ESG issues



Governments' engagement with ESG issues impacts the public's approval of governments and their representatives

8% say governments' engagement with ESG issues does not at all affect their approval of governments and their representatives

Source: KPMG survey among U.S. residents , n=1,000

ESG imperatives in government

The scope of ESG includes many issues essential to the mission of governments today—whether reducing wildfires in California, installing broadband in rural Texas, or deploying cyber-secure microgrids to help ensure energy resilience.

While many ESG initiatives are intrinsic to the mission of government agencies, thinking about them as interrelated pieces under a common framework helps set goals, measure success, and ensure accountability. Of course, many ESG initiatives do not fall cleanly into either the E, the S, or the G category. Rather, they often begin with a focus in one area and flow into adjacent areas, incorporating key elements of the other categories.

Governments will each have their own mix of priority ESG issues, but some prominent issues on governments' agendas today include:

Environmental

- Environmental and climate risk
- Water security
- Waste management
- Greenhouse gas and carbon emissions
- Energy management and resilience
- Fleet electrification
- Land use
- Air quality
- Impact to ecosystems and biodiversity

Social

- Human rights
- DEI
- Health equity
- Working conditions
- Privacy of constituent data
- Supplier diversity
- Workforce experience
- Military/veteran support
- Quality service delivery
- Environmental justice

Governance

- Transparency and disclosure
- Stakeholder engagement
- Systemic risk management
- Cybersecurity
- Ethics and integrity
- Supply chain risk and governance

Urgent priorities

Government agencies each have their own priority ESG areas of focus, which should be aligned with their strategic mission and reflective of constituent, employee, and other stakeholder interests. For example, environmental agencies may have an outsized focus on the E, while health and human services agencies may be more focused on strategies related to the S.

On the whole, market signals identified by KPMG point to several ESG issues for governments to consider prioritizing to mitigate pertinent risks and create sustainable opportunities for their agency, employees, and constituents:

Diversify energy sources—Reimagine the use of different energy sources, suppliers, transportation systems, and infrastructure to bolster energy resilience, sustainability, and security. Decarbonization is at the forefront of many governments' ESG strategies, including efforts to improve energy efficiency, accelerate the shift to renewables, electrify fleets, and reduce energy consumption. To achieve future emissions targets, agencies need to understand their current emissions footprint, define a baseline for carbon emissions, and establish a strategy for execution.

Improve climate resiliency—Mitigate mission disruption caused by heightened climate events and realize opportunities to enhance infrastructure, supply chain, and operational resiliency and security. Government agencies need to consider existing vulnerabilities and how to manage climate risks given those vulnerabilities. Incorporating "whole of life" physical infrastructure asset management into long-term planning, investing in resilient infrastructure, adopting an equity lens and leveraging advanced analytics to improve emergency preparedness, and implementing operational resiliency and continuity of operations plans are just some ways governments are improving climate resiliency.

Help optimize natural capital use—Adopt innovative approaches to natural capital management to increase efficiencies and protect ecosystems. The preservation of natural capital and biodiversity is critical to the continued delivery of government benefits and services, including agriculture, access to clean water, food safety, and drug production. In this way, natural capital protection is implicitly a societal and economic problem and is a key threat to national security. Climate action and the protection of natural resources cannot be thought of in isolation.

Inspire a future workforce—Invest in a healthy, diverse, and competitive workforce to enhance employee attraction, retention, and engagement, and ultimately, advance your mission. This starts by demonstrating an interest in ESG and a sustained commitment to address ESG issues relevant to the agency's employees and stakeholders. Then, develop progress reports and communications to chart progress toward those goals. Also, evaluate employee sentiment around compensation and rewards, career pathing, and mentorship programs.

Prioritize privacy and cybersecurity—Help ensure data privacy and security of critical assets. The protection of critical assets and data is important not only for constituent security but also for maintaining national security generally. As the adage goes, you can have security without privacy, but you can't have privacy without security. Privacy and cybersecurity will be increasingly critical to help ensure the health and safety of the public.

Help ensure equitable service delivery—Prioritize access, equity, and experience in the delivery of government services. Many social issues impact equity at the community level, including healthcare services, homelessness, access to green space, incarceration, youth investment, and pandemic recovery. Health equity, more specifically, is a critical ESG issue for governments to address, as access to quality healthcare is impacted by social determinants of health and heightened climate events.

Spotlight on health equity: more than a social issue

Historically, health equity has been seen through the lens of the social pillar of ESG and as the sole responsibility of health-related entities. However, health equity is dependent on a broad ecosystem of actors across the E, S, and G addressing various social determinants of health—from economic stability, education, and social and environmental context to digital access, neighborhoods and built environments, and more. New solutions lie in the adjacencies and intersections between these seemingly unrelated actors.

Focusing on shifting the system through modern solutions built around learning with your stakeholders, designing with your communities, and acting with your partners provides a framework for action to build compounding momentum until a point of breakthrough, and beyond.

Four roles of governments in addressing ESG issues

In their work to address ESG issues, governments have four distinct roles. While governments' work on ESG issues as a regulator and policy maker is perhaps the most well known, governments at all levels are making significant changes to their roles as an operator and employer in light of ESG priorities.

Government as a regulator

Governments drive action on ESG through regulatory change. Governments have long enacted and upheld regulations addressing issues across the E, S, and G, including different antipollution, resource-use, antidiscrimination, privacy, and labor regulations, among others.

Public awareness, social pressures, investor demands, and the priorities and directives of government officials and legislative bodies are expanding regulatory boundaries as they relate to addressing ESG as a whole. In March 2022, for example, the Securities and Exchange Commission released proposed rules, The Enhancement and Standardization of Climate-Related Disclosures for Investors, that would require registrants to provide certain climate-related information, including disclosure of greenhouse gas emissions, in their registration statements and annual reports. The proposed rules are expansive and intended to provide more consistent, comparable, and decision-useful information so that investors can better evaluate the impact of climate-related matters on a registrant.[7]

At the state and local level, a number of states and cities have taken steps to implement ESG regulatory frameworks for their pension systems. For example, in June 2021, Maine became the first state to pass legislation mandating divestment of public assets from fossil fuels, requiring the state, including its $17 billion pension fund and state treasury, to divest itself of assets invested in the fossil fuel industry by January 1, 2026.[8]

States are also beginning to consider legislation to create more climate transparency and accountability from major corporations. For example, the California Climate Corporate Accountability Act, being considered by the California Assembly as of June 2022, would be a first-of-its-kind legislation to require annual reporting of greenhouse gas emissions by both public and private companies doing business in California and generating over $1 billion in gross annual revenue.[9]

ESG-related proposals and regulations continue to generate strong responses from state and local governments. For example, in many states, lawmakers are introducing legislation and practices which push back on financial institutions that are divesting from fossil fuels. The Russia-Ukraine war and the recent rising cost of fuel prices in the U.S. has illuminated tension between short-term energy needs and long-term plans for energy transition, influencing regulatory decisions and timing. While it is unclear how the priorities will be balanced against the growing ESG movement, it is clear that the pace of ESG regulations is unlikely to slow.

[7] SEC, The Enhancement and Standardization of Climate-Related Disclosures for Investors (2022), Release Nos. 33-11042; 34-94478
[8] ME LD99 (HP 65), An Act To Require the State To Divest Itself of Assets Invested in the Fossil Fuel Industry
[9] CA SB-260 Climate Corporate Accountability Act

Government as a policy maker

Policy making is a central role of governments, creating guiding principles and courses of action for governments. Governments are now enacting policies that advance action on ESG-related issues, including establishing ESG commitments and targets, creating task forces and interagency working groups to examine and address ESG issues, and other policy efforts.

For example, among many other federal sustainability targets, the U.S. government rejoined the Paris Agreement in 2021 and set a Nationally Determined Contribution to achieve a 50 percent to 52 percent reduction from 2005 levels in economy-wide net greenhouse gas pollution in 2030.[10] At the state level, 24 states and the District of Columbia have established economy-wide greenhouse gas emissions targets.[11]

The federal government is also pursuing policies focused on advancing equity for all, calling on federal agencies to identify and address barriers to equal opportunity that underserved communities may face due to government policies and programs.[12] State and local governments are also making policy decisions to prioritize equity in their jurisdictions, including commitments to recruit and retain a diverse government workforce that is reflective of the demographics of the jurisdiction.

Critically, governments' policies related to ESG issues spur government action and help ensure that ESG-related issues are key considerations in government operations planning and decision-making. Governments lead by example by setting and implementing policy on ESG.

Government as an operator

Governments maintain operations, manage supply chains, and provide government services that inherently have a broad impact on ESG issues. Just as any entity, governments at all levels generally use energy, water, vehicles, transportation systems, real estate, and suppliers that impact, and are impacted by, the environment in which they operate. Many governments, spurred in part by the impact of the COVID-19 pandemic, are implementing hybrid work policies and reducing their real estate footprints, electrifying their fleet vehicles, and enhancing privacy and cybersecurity, among many other operational strategies that may directly or indirectly advance ESG objectives.

Governments are among the largest owners and operators of infrastructure assets—from military bases, roads, bridges, ports, and transit systems to energy, public health, and education infrastructure, and more. As approximately 70 percent of global greenhouse gas emissions come from infrastructure construction and operations, governments will likely consider incorporating a focus on ESG and resilience into capital planning and investing in resilient infrastructure.[13] Investment in resilient infrastructure also plays a critical role in mitigating the impacts of natural disasters on communities and will likely be considered with an equity lens to protect vulnerable communities susceptible to disproportionate impacts in their social, built, economic, and natural environments.

Governments procure products that are vital to defense, national security, health, equity, and the economy, including weaponry, pharmaceuticals, medical supplies, rare earth elements, semiconductors, and many other products. Supply chains for such products have experienced significant disruptions from the pandemic, port crises, severe weather events, and supply and labor shortages—all highlighting the vital importance of governments investing in building supply chain resilience, sustainability, diversity, and security. In addition, governments are continuing to examine their procurement practices and contractor and supplier programs to advance related ESG goals.

Respondents tell KPMG that governments are falling short of expectations in addressing many of these ESG issues. **In the area of disaster response and resilience, for example, 56 percent of survey respondents are less than satisfied with how the government is addressing this issue. Some 60 percent of respondents are not satisfied with their experience of receiving government services.**[14]

With significant footprints, governments have the opportunity to improve the design and delivery of services and make operational and supply chain decisions that have a significant impact on advancing ESG goals, while carrying out their mission.

[10] Fact Sheet: President Biden Sets 2030 Greenhouse Gas Pollution Reduction Target Aimed at Creating Good-Paying Union Jobs and Securing U.S. Leadership on Clean Energy Technologies
[11] Center for Climate and Energy Solutions, U.S. State Greenhouse Gas Emissions Targets
[12] Executive Order 13985: Advancing Racial Equity and Support for Underserved Communities Through the Federal Government
[13] The World Bank (2018). Low-Carbon Infrastructure Private Participation in Infrastructure (PPI) 2002 to H1 2017
[14] KPMG surveys among U.S. federal, state, and city government employees

Government as an employer

Government is the largest U.S. employer, so its human capital footprint is vast.[15] Protecting the health and well-being of government employees and improving DEI in the government workforce not only benefits employees, but also creates a better opportunity for employees to advance their agency's mission and ultimately, create positive change that impacts constituents.

Some 60 percent of government executives say their agencies struggle to attract, engage, and retain younger, digitally skilled talent while managing an aging workforce.[16] Governments have the opportunity to lean into a commitment and action around ESG issues that employees care about to inspire purpose and attract, retain, and engage talent.

The majority of federal, state, and city government employees indicate they are satisfied with their employers' DEI efforts.[17] However, government employees, like the general public, want to see broader impact and change around ESG from governments. Both federal (63 percent) and state and city (68 percent) government employee respondents say governments are not taking the appropriate amount of action to address environmental issues, and more than 59 percent and 73 percent, respectively, say the same about addressing social issues.[18]

Data privacy and security is the most important ESG issue for federal employee survey respondents (88 percent), followed closely by infrastructure modernization (76 percent). State and city employees report infrastructure modernization as the top issue (86 percent), followed by data privacy and security (83 percent).[19]

Our research shows that environmental and social issues are important to employees, but ESG as a term is new to government, and most employees are not familiar with the term.[20] Of those who are, they have heard about ESG mostly from the news, indicating a need for continued education and engagement on the topic.[21] Generally, federal government leadership is more familiar with ESG issues than their employees, signaling an opportunity for leadership to provide clarity and increase communication about the value of ESG throughout the agency.

To embed ESG into the workforce, governments need to demonstrate a commitment to ESG both internally and externally, consider how to inspire purpose and mission in employees, and continue to modernize to better enable employees do their jobs. In addition, governments should focus on increasing ESG fluency among employees, as well as attracting and upskilling employees with ESG skillsets needed now and for the future.

The majority of federal, state, and city government employee respondents say government is not taking the appropriate amount of action to address ESG issues.

Respondents who **disagree or strongly disagree that government is taking the appropriate amount of action** to address:

	Environmental issues	Social issues
Federal government employees	63%	68%
State and city government employees	59%	73%

Source: KPMG survey among U.S federal, state, and city emtcpl k c l r employees, n=427

[15] U.S. Office of Personnel Management website
[16] KPMG Modern Government survey, 2021
[17] KPMG survey among U.S federal, state, and city government employees
[18] Ibid.
[19] Ibid.
[20] Ibid.
[21] Ibid.

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Key considerations

Broadening governments' mission to encompass ESG priorities begs the question of where to start. It's critical to transform ESG from a siloed issue, with its parts individually managed in distinct corners of governments, into a core competency that's systematically embedded in governments' strategic mission. The senior-most levels of the agency must take a leadership role, establishing ESG targets—that are informed by and reflective of constituent, employee, and other stakeholder interests—to set the "tone at the top" and drive sustainable change throughout the agency.

Achieving this integration can be complex. Every government agency must understand and shape the total impact of its strategy and operations externally—on the environment, constituents, the communities in which it operates, and on other stakeholders—and internally, on its employees and performance.

However, the core questions to ask when adopting an ESG lens are the same regardless of an agency's ESG priorities, as the following framework shows:

01 Gain agreement on what ESG means for your agency

— How will this focus on ESG help optimize the achievement of our mission, organizational resilience, long-term performance, etc.?

— Which material ESG topics intersect with our agency's mission?

— Does leadership have a common understanding of what ESG means in practical terms to our agency?

— What is our current understanding of the impact of our agency on the environment and social issues?

02 Assess risks and opportunities

— How do we identify and quantify ESG-related risks and opportunities to our physical, digital, and human capital assets? What is the time horizon and severity of impact?

— How resilient is our agency to mission disruption? What is the impact on constituents?

— How are we managing the current ESG risk environment and where are the gaps?

— What opportunities does our agency have for potential innovation posed by ESG demands?

03 Analyze stakeholder impact

— What will our stakeholders value most now and in the future?

— What are our constituents, employees, and other stakeholders saying about ESG topics?

— How does our approach to ESG topics influence the broader stakeholder ecosystem?

— How can we set clear responsibilities for ESG initiatives across all levels of our agency?

— How can our agency shape our ESG message to stakeholders in the context of our strategic mission?

04 Embed ESG into your agency's strategic mission

— What might be required of our agency or suppliers in the future from a regulatory standpoint?

— How can we incorporate ESG objectives into strategic planning and budgeting?

— Does our agency have the right people, experience, and structure to oversee ESG in the context of our strategic mission?

— What processes or policies do we need to establish to integrate and operationalize an ESG strategy in our agency? What more should we do to educate our people on the effects and benefits of ESG and build their skills?

— How can we measure the progress and impact of our ESG initiatives?

From pain to purpose

Governments face a number of pain points when addressing ESG issues.

The complexity of government structures and systems makes speed to action challenging. ESG initiatives need to outlive heated debates of the moment because some take many years before showing progress. Governments must work harder to achieve a unified direction on ESG, face budgetary constraints and financial risks related to ESG issues, and are limited by legacy technology and systems to collect and secure data, which slows progress.

Additionally, competing efforts within governments make it difficult to prioritize ESG issues, especially when they need to be weighed against each other. Decarbonization tactics, for example, also need to consider impacts to the natural environment and biodiversity. Finally, human capital challenges, such as a lack of ESG-specific talent and few clear roles and responsibilities around ESG, also complicate plans and efforts.

At the same time, governments are challenged to act quickly by a heightened risk of inaction, a slew of new executive orders they must abide by, and external pressures that create new ESG demands. They also must consider employee sentiment and demonstrate a commitment to ESG as an employer.

Shifting the mindset, reaping the benefits

> **We have a unique opportunity to improve our defense capabilities and become a more efficient force, while securing a better future. I challenge our Army to examine climate threats, prioritize resources, and take swift action.**
>
> **Christine E. Wormuth**
> Secretary of the Army
> Department of the Army, Office of the Assistant Secretary of the Army for Installations, Energy and Environment. February 2022. United States Army Climate Strategy. Washington, DC

Governments need to begin looking at their mission, strategy, and operations through an ESG lens to better understand their relevant risks, vulnerabilities, and opportunities. In our work, we see governments doing just that to achieve greater organizational stability, better risk management, and increased resiliency—particularly in infrastructure-intensive and defense agencies.

In shifting its mindset to leading by example on ESG in all its roles, government can harness the power of ESG to move toward a Modern Government, one that is connected, powered, and trusted. ESG agendas can help attract the next-generation workforce connected to purpose and mission, accelerate governments' efforts to modernize across stakeholder groups, drive innovation, and improve public trust in governments.

In particular, these five benefits stand out among others when governments embed ESG in their missions and operations:

- **Enhanced operations** by incorporating business transformation, redesigned business systems, improved data transparency, or new assets that can help mitigate ESG risks and support the agency's mission
- **Economic and cost efficiency opportunities** through sustainable sourcing, process efficiencies, energy efficiency and renewable energy sourcing, talent attraction and retention, and other financial arrangements related to ESG. ESG also can contribute to creating jobs and attracting businesses, driving economic and regional development
- **Increased strategic alignment** by integrating ESG goals with the agency's mission, including ongoing review of requirements, metrics, and targets
- **Improved public trust and confidence** by taking disciplined action around issues critical to the public's well-being and from the ability to withstand increased scrutiny from major stakeholders and outside groups
- **Stronger organizational resilience** from improved skills and alignment central to ESG that help agencies adapt to an increasingly uncertain future.

A mindset shift in government—one in which governments realize and embrace their leadership in ESG across their many roles—can serve as a catalyst for the success of the overall ESG movement and governments' own modernization and transformation efforts. Governments must lead by example and take advantage of a burning platform to "do well by doing good."

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Governments in action

Federal, state, and local government agencies that place a strategic focus on ESG can produce tangible impacts on operations, finances, and organizational resilience.

Here are a few examples:

U.S. Army

The U.S. Army broke new ground in February 2022 when it released its first-ever Army Climate Strategy (ACS). The strategy is designed to help counter the threat climate change poses to the Army's ability to provide trained and ready forces in response to national security threats around the world. The ACS includes aggressive goals to reduce Army net greenhouse gas pollution, attain net-zero Army greenhouse gas emissions, and electrify all non-combat vehicles, among other objectives.

The ACS aims not only to secure a sustainable, cleaner tomorrow but also to save soldiers' lives. In combat, for example, the supply lines that provide fuel for forward operating bases, Humvees, and other fighting vehicles are major targets for attack. Taking fossil fuels out of the equation—or even just improving the fuel efficiency of tanks and other heavy vehicles—can potentially help mitigate that threat.

New York Power Authority

New York Power Authority (NYPA) is embedding ESG as a foundational pillar of its 10-year strategic plan. The plan addresses 15 material ESG areas, from decarbonization and energy reliability, to affordability and accessibility, employee health and safety, the environmental and social impacts of its supply chain, and enterprise risk and resilience. Central to its strategy is the reporting and disclosure of comprehensive data related to the implementation of ESG goals. NYPA aims to become among the first U.S. utilities and government entities to issue an integrated report for the 2022 reporting cycle.

Morehouse School of Medicine

Morehouse School of Medicine (Morehouse) won a grant from the U.S. Department of Health and Human Services, Office of Minority Health, to address COVID-19 in racial and ethnic minority, rural, and socially vulnerable communities. Morehouse took into account infrastructure and regulatory requirements along with the additional complexities of a siloed workforce; the complex health needs of the communities characterized by mental health challenges, co-morbidities, and other social determinants of health (SDOH); disparities in SDOH and healthcare access that pose unique challenges to disseminating an effective mitigation strategy; and linguistic barriers that often alienate under-served populations.

Morehouse developed a platform that gathers critical resources and data on COVID-19 to connect families to culturally and linguistically appropriate information and services. The platform enables communication and information dissemination, linking the country's most vulnerable populations to the right care at the right time. In aiming to decrease overall infection and death rates, Morehouse demonstrates the major return on investment that can be achieved by addressing health inequity and access.

City of Los Angeles

Aiming to "lead the automotive revolution of the future," the City of Los Angeles approved an "Electric Vehicle Master Plan" in April 2022. The plan outlines an entirely electric fleet of more than 10,000 City-owned vehicles and deployment of an electric vehicle (EV) charging infrastructure across the City. The initiative is part of its effort to be one of the first U.S. cities to rely on carbon-free energy by 2035.

The City is focused on equitable placement of EV infrastructure across Los Angeles, leveraging state and federal funding—including historic investments in the EV sector in the 2021 Infrastructure Investment and Jobs Act—for the mass adoption of EVs.

Sources:
Department of the Army, Office of the Assistant Secretary of the Army for Installations, Energy and Environment. February 2022. United States Army Climate Strategy. Washington, DC. New York Power Authority 2021-2025 Sustainability Plan
Morehouse School of Medicine National COVID-19 Resiliency Network website
City of Los Angeles Electric Vehicle Master Plan

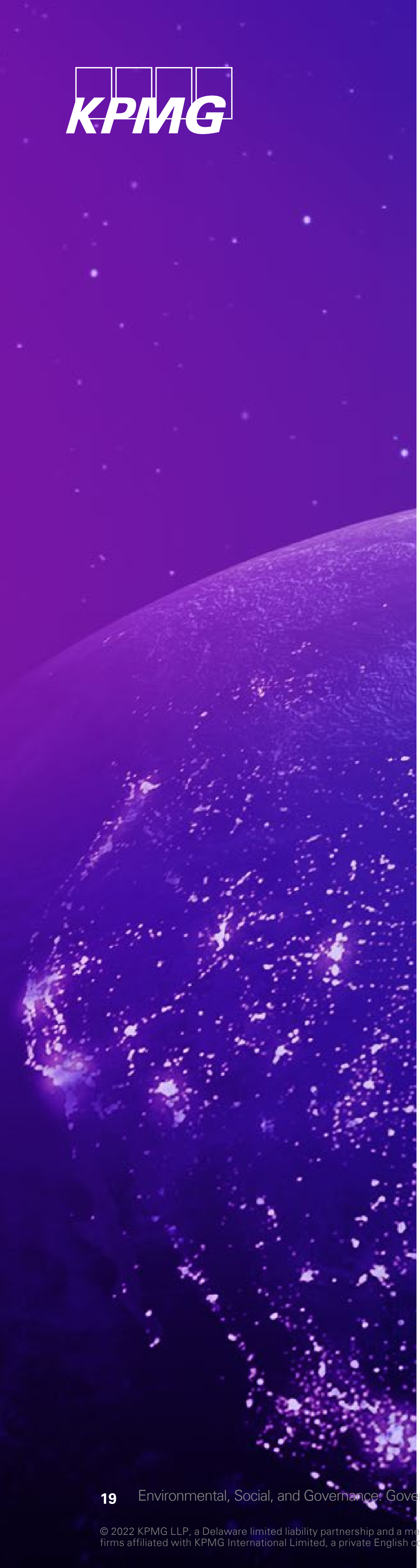
Now is the time

Now is the time for governments to transform their mindsets—to consider ESG holistically as central to their missions rather than as siloed issues managed in distinct areas.

Now is the time for governments to take action—to make ESG investments in a coordinated manner so that positive outcomes can be greater than the sum of their parts over time, and consistently so.

Now is the time for governments to lead by example. With a mission to make the world better, the purpose of government at all levels—federal, state, and local—squarely intersects with the purpose of ESG: to make a world that sets the standard for better living and better working, running more efficiently and cost effectively, for the betterment of all.

Now is the time to help deliver on the promise of a Modern Government—one that is connected, powered, and trusted, creating positive change that benefits government workers, constituents, and communities.



KPMG stands ready to help

We were one of the first firms in our profession to bring ESG commitments under one umbrella, codified in our KPMG IMPACT plan. The document includes a road map to reduce our impact on the environment and create an inclusive, caring, and values-led culture for our people.

In addition to walking the talk ourselves, we have deep experience helping clients address critical ESG issues—including decarbonization, strategic planning, reporting, asset and climate modeling, health equity, DEI, cybersecurity, and enterprise risk management. We can help create the right blueprint to integrate ESG into your mission and operations. We can help simplify your strategy and guide its full implementation so that you can take the lead on ESG.

With more than 100 years of experience serving governments, we have a deep understanding of capital-intensive, complex infrastructure, and data-driven technology, and bring a complete suite of tailored methodologies, tools, and accelerators. Leveraging an approach that is both holistic and practical, we go beyond strategy, working side by side with you at each step of your ESG journey.

We work hard to make your goal our goal: creating positive change that benefits government workers, constituents, and communities.

That is, a government that is **connected, powered, and trusted.**

About the research

KPMG conducted three surveys during February, March, and April 2022 to better understand the opinions of both U.S. government employees and the U.S. public as it relates to governments' approach to ESG. The survey conducted among federal government employees included 200 professionals from various areas of federal government, including civilian, Department of Defense, and intelligence agency employees. The survey conducted among state and city government employees included 227 professionals from across state and city governments. The third survey was conducted among 1,000 U.S. residents randomly selected to represent the current breakdowns of U.S. gender and age demographics.

Survey respondents

U.S. residents:	Federal government employees:	State and city government employees:
1,000	200	227

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