

## **18. The Royal Society**

### **18.1 Aims and policies**

The Royal Society is the national academy of science in the UK. It is a self-governing fellowship of approximately 1,600 eminent scientists, with a history dating back to 1660. [1] Unlike most other professional institutions, membership fees are not a source of income. Its main source of finance is actually in the form of grants from the UK government, which make up about 75% of its income. [2]

#### *Statement of purpose and values*

The Royal Society's purpose, priorities and principles can be found in its strategic plan, [1] and are as follows.

- Purpose
  - *“To recognise, promote and support excellence in science and to encourage the development and use of science for the benefit of humanity.”*
- Priorities
  - *“Promoting excellence in science*
  - *Supporting international collaboration*
  - *Demonstrating the importance of science to everyone”*
- Key principles
  - *“The Society holds that scientific knowledge and ways of working are essential to understanding the world and our position in it. Such understanding must be subject to challenge, refinement and revision in light of reproducible and reliable evidence, analysis and argument.*
  - *The Society promotes and upholds the highest ethical standards in, and in relation to, scientific work.*
  - *The Society recognises that science, if properly developed and applied, is fundamental to health, wellbeing, and the quality of life and is essential for social and economic progress.*
  - *The Society is committed to electing to its Fellowship and Foreign Membership and supporting through its funding schemes outstanding individuals who working all areas of science including curiosity-driven, interdisciplinary and applied research and across the wide range of scientific disciplines.*
  - *The Society is committed to involving its Fellows and Foreign Members and the wider scientific community including early career scientists in its activities and to working in collaboration with national and international academies, learned societies and other partners.*
  - *The Society is concerned with excellent science wherever and by whomever it is done. This includes involving scientists from across the UK and internationally, from academia, industry, teaching and the public sector and scientists at different career stages. The Society is committed to increasing diversity among the scientific workforce and in the activities it undertakes itself. The Society will continue to encourage*

*nominations to its Fellowship and applications to its grant programmes from under-represented groups and to publish annual diversity data on its website to show its progress.*

- *The Society believes that its independence as a self governing Fellowship enables it to offer to the public and to policy makers access to the most reliable understanding that science can provide.*
- *The Society is committed to upholding high standards of governance and to use its resources effectively and efficiently to achieve its mission.*
- *The Society is committed to recruiting and developing a talented and motivated professional staff to support its work.”*

### *Environmental policy*

The Royal Society’s activities include scientific work on environmental issues. For example, among its standing committees is one focused on ‘global environmental research’ [3] and the society also publishes reports on the topic of ‘energy, environment and climate’. [4] However, within its publicly available documents, we have been unable to find any evidence of an environmental policy governing the activities of the organisation or its members.

Nevertheless, the Royal Society was one of 24 UK-based professional and learned societies which endorsed the joint Climate Communiqué that was published in the run up to the 2015 intergovernmental negotiations (which led to the Paris Agreement). The communiqué called on national governments to take immediate action to avert the serious risks of climate change. [5]

## **18.2 Investments**

### *Size and location of funds*

The Royal Society had investments of approximately £200m according to a recent annual report. [2] This is considerably larger than any other professional institution examined by our study. A breakdown of these investments is given in table 18.1.

<i>Investment category</i>	<i>Amount in investment category (£m)</i>	<i>% of total investments</i>
Stock exchange investments (including unit trusts)		
- UK	102.9	51
- overseas	71.4	36
Unlisted securities		
- UK	4.4	2
- overseas	8.1	4
Cash		
- UK	7.1	4
- overseas	6.1	3
<b>Total</b>	<b>200.1</b>	<b>100</b>

*Table 18.1 – Investments by category held by the Royal Society [2]*

Unfortunately, the society's publicly available documents provide very limited data on the funds and companies in which these investments were held. The only further detail we were able to find was that 3.8% of the investments were held in the fund 'Amadeus RSEF' and 1.6% held in the 'Theo Murphy Australia Fund'. The Amadeus RSEF is a specialist investment fund set up in partnership with the Royal Society to provide 'start-up' funding for new science businesses based on cutting-edge research. [2] Some examples of the companies supported through this fund are available on the society's website [6] – and none are part of the arms or fossil fuel sectors – but a full list was not available. We could find no further information on how the Theo Murphy Australia Fund was invested. The society did reply to our request for more information, but the response did not include further details about their current investments (see further discussion below).

In summary, we found no detailed information on approximately 96% of the Royal Society's investments, and the degree to which they were invested in arms and fossil fuel corporations, and only limited information on the other 4%, indicating that such investments were unlikely to be found within that small fraction.

#### *General investment policy*

The society's general approach to investments was summarised in a recent annual report [7] as follows.

*"The Society makes investment decisions under the advice of the Investment Committee, chaired by the Treasurer, whose members have investment or commercial background and experience.*

*The Society expects a balance between capital growth and income to further its charitable work. It seeks to grow the basic value of its investments in real terms, both in dividends and in capital... The Society expects investments in the portfolio normally to comprise leading UK and international companies, Unit and Investment Trusts including those investing in major international markets, fixed interest, venture capital, hedge funds, private equity funds, and property funds... Investment managers have a general discretion over asset allocation and selection. The Society is an ethical investor and judges its investments appropriately. Such judgements will be consistent with the Trustees' powers and fiduciary responsibilities and with the Society's charitable objects. The Society's Enterprise Fund invests directly in innovative early-stage businesses emerging from the science base in the UK and elsewhere."*

#### *Ethical investment policy*

As stated above, the society claims to be "an ethical investor and judges its investments appropriately." We asked the society for more information regarding its policy in this area and, in a letter to us, [8] it stated:

*"The Royal Society does not invest in companies or funds that derive a significant portion of their income from the sale or manufacturing of tobacco products."*

In its 2018/19 annual report, [9] the society reiterated this policy, and added:

*“The Society does not invest in organisations which conflict with the charity’s purpose, or where Council deem that to do so would hamper the charity’s work, for example by alienating those who support the Society financially.”*

In our correspondence with the society, we also asked for more specific detail about the investments that it held. Its reply was: [8]

*“The society publishes information about its investments in its Trustees’ Report and Financial Statements which is available on its website at [www.royalsociety.org](http://www.royalsociety.org).”*

However, as discussed above, the information provided in the society’s financial statements about its investments was sparse. Indeed, the society was significantly less transparent in this respect than many of its comparators.

### **18.3 School education programmes**

The Royal Society runs a number of schemes aimed at schools, pupils and educators. [10] These include the Royal Society Schools Network, Partnership Grants and Science on Stage. We found no evidence that these schemes directly involve corporate partners.

### **18.4 Events and sponsorship**

The Royal Society organises numerous events both aimed at the general public and professional scientists. We carried out two brief surveys of the events listed on their website in mid-2017 and late 2018 – a total of more than 20 seminars, conferences and public meetings. Most appeared to receive no sponsorship from external organisations. Of those organisations that were listed as supporters, none were part of the arms or fossil fuel industries. [11] [12]

### **18.5 Corporate membership**

The Royal Society does not offer corporate membership.

### **18.6 Other corporate links**

The Royal Society lists on its website the organisations and individuals that have been “outstanding donors” over the previous financial year. The organisations listed for the financial year 2017-18 are given in table 18.2. Of the 24 in the table, one (4%) was part of the arms industry and one (4%) was part of the fossil fuel sector. Rolls-Royce was of particular concern because it is one of the world’s top 20 companies in terms of military sales, and it manufactures the propulsion system for Britain’s nuclear-armed submarines. Tata Sons has very large holdings of fossil fuel reserves via its ownership of the Tata Group.<sup>a</sup>

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<sup>a</sup> For more information on both these corporations, see appendix 21.

<i>Organisation type</i>	<i>Organisations</i>
Companies	AstraZeneca UK; Google Ireland; IBM UK Trust; Insight Investment; Jaguar Land Rover; L'Oréal UK; <b>Rolls-Royce Group [A]<sup>b</sup></b> ; <b>Tata Sons [F]</b> ; Tata Consultancy Services
Trusts and Foundations and Livery Companies	The EPA Cephalosporin Research Fund; The Dana Foundation; The ERA Foundation; The Goldsmiths' Company Charity; The Yusuf and Farida Hamied Foundation; The Kavli Foundation; The Kohn Foundation; The Leverhulme Trust; The Ogden Trust; Queen Elizabeth Diamond Jubilee Trust; The Royal Society of Chemistry; The Sino-British Fellowship Trust; The Society of Data Miners; The Wolfson Foundation; K.C. Wong Education Foundation

*Table 18.2 – The Royal Society's 'outstanding donors' [13]*

The Royal Society also provides numerous grants and fellowships for scientific research, [14] their size and number (over 30 separate schemes) being unusually large compared with those provided by other professional engineering and science organisations. Some of these grants were sponsored by external organisations, including many of those listed in table 18.2. One grant scheme was funded by a corporation that was part of the arms industry: the 'Industry Fellowships' by **Rolls-Royce [A]**. [15] None involved companies that were part of the fossil fuel industry.

### **18.7 Overall assessment**

Reviewing the information in this case study, we have given the Royal Society the assessment as shown in tables 18.3a and b.

In terms of transparency, we found the Royal Society to be less open than many of its comparator organisations on areas of concern to this study. It publicly published little detailed data on its investments. However, on school education programmes, events and corporate donors, it was somewhat more open. Nevertheless, corporate donations were clearly a significant source of income, but there was little data on the specific amounts received from donors.

	<i>Investments</i>	<i>School education programmes</i>	<i>Events</i>	<i>Other</i>
Involvement with arms corporations	Medium	None	None	Low
Involvement with fossil fuel corporations	Medium	None	None	Low

*Table 18.3a – Corporate involvement ratings for The Royal Society*

<sup>b</sup> [A] indicates companies which, in this report, are categorised as being part of the arms industry. [F] indicates companies which, in this report, are categorised as being part of the fossil fuel industry.

	<i>Ethical issues covered in this study</i>
Positives	<ul style="list-style-type: none"> <li>• No financial links with fossil fuel industry in school education programmes or events</li> <li>• No financial links with arms industry in school education programmes or events</li> <li>• Extensive policy-relevant research on environmental issues</li> </ul>
Negatives	<ul style="list-style-type: none"> <li>• Investments in fossil fuel companies likely</li> <li>• Investments in arms companies likely</li> <li>• Limited ethical investment policy and practices</li> <li>• ‘Outstanding donors’ include significant arms and fossil fuel companies</li> <li>• No specific environmental policy</li> </ul>

*Table 18.3b – Positives and negatives for The Royal Society*

We found that the society had a narrow ethical investment policy, which only specifically excluded investments in the tobacco industry. Its limited nature was especially of concern given that its investments were by far the largest of any of the organisations assessed in this study. Also, while some of the society’s activities did include significant coverage and consideration of environmental issues, the organisation lacked an overarching environmental policy guiding its actions.

We found no evidence of financial links between the Royal Society and the arms industry in the society’s school education programmes or events. However, the narrow nature of its ethical investment policy, coupled with the limited amount of publicly available data on its investment funds, meant that significant links to the arms industry were likely to be present here. In terms of corporate donations, the presence of Rolls-Royce as an ‘outstanding donor’ was a particular concern – especially as it is one of the world’s top 20 companies in terms of military sales. The other 23 outstanding donors were not part of the arms industry.

We also found no evidence of financial links between the Royal Society and the fossil fuel industry in the society’s school education programmes and events. However, again, the narrow nature of its ethical investment policy, coupled with the limited amount of publicly available data on its investment funds, meant that significant links to the fossil fuel industry were likely to be present here. In terms of corporate donations, the presence of Tata Sons as an ‘outstanding donor’ was a particular concern, due to the corporation’s large holdings of fossil fuel reserves.

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