

## American Geophysical Union

### ***Update on financial links with fossil fuels corporations, May 2021***

This document provides an extension to information gathered for the report, *Irresponsible Science?: How the fossil fuel and arms industries finance professional engineering and science organizations*, published by Scientists for Global Responsibility (SGR) in October 2019.<sup>1</sup> Information sourced from the American Geophysical Union's publicly available documents is provided first, followed by commentary by SGR.

The American Geophysical Union —or simply the AGU – is a large professional organization with about 130,000 members worldwide.<sup>2</sup> Established in 1919 by the National Research Council, the AGU began as an unincorporated affiliate of the National Academy of Sciences before becoming independently incorporated in 1972.<sup>3</sup>

### **Statement of purpose and values**

The AGU summarises its main goals in its 2020 “Strategic Plan” document as follows:<sup>4</sup>

#### *Mission*

*To support and inspire a global community of individuals and organizations interested in advancing discovery in Earth and space sciences and its benefit for humanity and the environment.*

*As we look to the decade ahead, our mission is focused on supporting individuals in their scientific endeavors and on convening groups interested in working together on discovery and solution-based science. We are also dedicated to educating and inspiring the next generation of scientists needed to advance this mission.*

#### *Vision*

*A thriving, sustainable and equitable future supported by scientific discovery, innovation and action. We envision a future where scientific discovery continues to be valued and celebrated for its role in advancing human knowledge.*

*We envision a future where knowledge of Earth and space sciences are used, in collaboration with advances in natural, physical and social sciences, medicine and engineering, for the benefit and prosperity of people and the planet.*

*The ACS has three “strategic goals” to advance its mission and vision. It states these as follows:<sup>5</sup>*

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<sup>1</sup> <https://www.sgr.org.uk/publications/irresponsible-science/>

<sup>2</sup> <https://www.agu.org/Join>

<sup>3</sup> <https://centennial.agu.org/history/>

<sup>4</sup> [https://news.agu.org/files/2020/05/Final\\_AGU\\_Strategic\\_Plan\\_2020\\_Final.pdf](https://news.agu.org/files/2020/05/Final_AGU_Strategic_Plan_2020_Final.pdf)

<sup>5</sup> <https://www.acs.org/content/acs/en/about/strategicplan.html>

### *Goal 1*

*Catalyze discovery and solutions to scientific and societal challenges.*

### *Goal 2*

*Promote and exemplify an inclusive scientific culture.*

### *Goal 3*

*Partner broadly with other organizations and sectors to effectively address scientific and societal challenges.*

## **Investments and investment policy**

According to tax return information obtained via ProPublica, in December 2019 the AGU held \$48.2m in alternative investment funds and \$72.4m in publicly traded securities.<sup>6</sup> Without further information, these alternative investment funds may have included fossil fuel companies either in private equity funds or hedge funds.

SGR contacted AGU Executive Director, Randy Fiser, in August 2021. On 06/01/22, Fiser informed SGR that the AGU had, since being contacted, carried out an internal audit that resulted in the following:

*“AGU's strategic plan<sup>7</sup>, released in 2020, is focused on taking our science from discovery to useable science. Specifically, our three strategic goals are:*

- Catalyze discovery and solutions to scientific and societal challenges*
- Promote and exemplify an inclusive scientific culture*
- Partner broadly with other organizations and sectors to effectively address scientific and societal challenges*

*Consistent with this strategic plan, AGU's Investment Policy Statement<sup>8</sup> states: "Based on a desire to align the long-term investments with the mission of the organization, AGU will emphasize Mission Related Investments (MRI) that include the following characteristics: Environmental, Social and Governance (ESG) integration; transparency; and women and minority-owned or managed investments. AGU supports the practice of integrating ESG factors with other conventional financial analytical tools as part of the investment decision-making process. The integration of this approach is designed to improve long-term, risk-adjusted returns of the portfolio. Further, AGU will consider thematic investments that are additive to the overall risk and return profile of the long-term investments and align with AGU's mission. AGU will also seek to invest with investment firms that are women and minority owned/managed and that provide high levels of transparency. AGU*

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<sup>6</sup> [https://projects.propublica.org/nonprofits/display\\_990/520955532/02\\_2021\\_prefixes\\_47-52%2F520955532\\_201912\\_990\\_2021022417754700?\\_cf\\_chl\\_jschl\\_tk\\_=pmd\\_c217ef2769f4fac77bfc2f6196e52a4e0aeaa517-1627983965-0-gqNtZGzNAo2jcnBszQo6](https://projects.propublica.org/nonprofits/display_990/520955532/02_2021_prefixes_47-52%2F520955532_201912_990_2021022417754700?_cf_chl_jschl_tk_=pmd_c217ef2769f4fac77bfc2f6196e52a4e0aeaa517-1627983965-0-gqNtZGzNAo2jcnBszQo6)

<sup>7</sup> <https://www.acs.org/content/acs/en/about/strategicplan.html>

<sup>8</sup> [https://www.agu.org/-/media/Files/AGU\\_Investment\\_Policy\\_Nov\\_2021.pdf?la=en&hash=11C8C019968A091D2B50D24A323F1A9F](https://www.agu.org/-/media/Files/AGU_Investment_Policy_Nov_2021.pdf?la=en&hash=11C8C019968A091D2B50D24A323F1A9F)

*recognizes that not all investments will have the desired MRI characteristics; however, AGU will endeavor to exhibit annual progress, as measured by the MRI dashboard."*

*As a result of this investment policy, AGU is proud to have 14% of its asset managers in women and minority-owned firms, which is high relative to the available market. We continue to work with our investment firm to identify additional opportunities for investment in this arena.*

*Also as a result of this policy, AGU has no direct investments in fossil fuels. However, a recent audit of AGU's portfolio showed that approximately five percent of our holdings are invested in fossil fuels through our mutual fund accounts.*

*To better align with our new strategic plan, which places a strong focus on a sustainable future, and to strengthen our commitment to mission-related investments, the AGU Board of Directors voted to entirely divest AGU's portfolio of fossil fuels, starting October 2021. We recently announced this decision in a From the Prow post.<sup>9</sup>*

*As a sign of further alignment with our vision, mission and values, AGU's Board of Directors recently asked the AGU Finance and Investment Committee to chart a path toward net carbon neutrality for all AGU's investments.*

*AGU believes that in order to address our global climate crisis, we must bring everyone to the table. As such, we are willing and eager to work with anyone committed to being better stewards of our planet and strong advocates for environmental justice. We will continue to invite and include new voices that contribute to our goal of creating a healthy environment.*

*AGU's Investment Policy Statement, mission, values, vision and strategic plan align with Scientists for Global Responsibility's (SGR) mission and vision. We have committed to specific actions to eliminate systemic racism and foster an inclusive culture. We have programs that focus on training DEI leaders to bring change at their institutions throughout the Earth and space sciences and in STEM to advance discovery in Earth and space sciences and its benefit for humanity and the environment.*

*We are grateful, inspired and hopeful by the continued commitment and passion that our community has for these goals."*

While the AGU's response above is an encouraging indicator of the organization's commitment to divest from fossil fuels, its investment policy of November 2021 does not appear to explicitly exclude investment in fossil fuels.<sup>10</sup>

The announcement regarding divestment also states that the AGU will chart a path toward net carbon neutrality for all AGU's investments. SGR has not been able to find further information regarding what this means.

## **Transparency**

The AGU does not disclose the companies in which it holds any of its \$120.6m in investments, giving it zero transparency. As indicated above, however, the AGU has stated that it started to divest fully from fossil fuels in October 2021.

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<sup>9</sup> <https://fromtheprow.agu.org/agu-announces-change-in-investment-strategy/>

<sup>10</sup> [https://www.agu.org/-/media/Files/AGU\\_Investment\\_Policy\\_Nov\\_2021.pdf?la=en&hash=11C8C019968A091D2B50D24A323F1A9F](https://www.agu.org/-/media/Files/AGU_Investment_Policy_Nov_2021.pdf?la=en&hash=11C8C019968A091D2B50D24A323F1A9F)

## Corporate Patrons

The AGU's Organizational Support Policy states that partner organizations will only be worked with providing they reflect the AGU's mission of "science for the benefit of humanity" along with the "highest standards of scientific integrity and ethical conduct".<sup>11</sup> While Chevron had previously been a sponsor of the AGU, the organization has now divested from fossil fuel companies in accordance with its Organizational Support Policy.<sup>12</sup>

## Education programmes and grants

The AGU does not appear to be accepting corporate sponsorship for its education programmes and grants.

## Events sponsorship

The AGU's 2019 Fall Meeting was sponsored by Chevron.<sup>13</sup> The 2020 Fall Meeting was held online and did not list any sponsors. The 2021 Fall Meeting was not sponsored by any fossil fuel companies; it was, however, sponsored by two arms companies—Ball Technologies and Lockheed Martin.

In the past, the AGU has had its Fall Meeting sponsored by ExxonMobil, with the organization's board voting twice, once in April 2016 and a second time in September 2016 to keep the company as a sponsor despite coming under extensive scrutiny from the scientific community and the public more broadly.<sup>14</sup> There was extensive scrutiny of these decisions from hundreds of AGU members and thousands of outside researchers and activists, with over 56,000 people signing multiple petitions calling on AGU to stop accepting funding from Exxon. This response also included letters from advocacy group, the Union of Concerned Scientists, and two members of Congress: Sen. Sheldon Whitehouse (D-R.I.) and Rep. Ted Lieu (D-Calif.).

At the time of the AGU's support for ExxonMobil in 2016, the fossil fuel giant had been exposed as spreading public doubt and disinformation about climate science despite being aware of the science as early as 1977.<sup>15,16</sup>

The AGU received over \$620,000 from ExxonMobil between 2001 and 2015.<sup>17</sup> This long history of sponsorship was brought to an end by ExxonMobil rather than the AGU.<sup>18</sup>

Despite this past of sponsorship by fossil fuel companies for AGU events, the organization's financial divestment from such companies indicates that it will no longer seek sponsorship from this sector.

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<sup>11</sup> [https://www.agu.org/-/media/Files/AGU\\_Organizational\\_Support\\_Policy\\_Updated\\_June\\_2020.pdf](https://www.agu.org/-/media/Files/AGU_Organizational_Support_Policy_Updated_June_2020.pdf)

<sup>12</sup> <https://www.agu.org/Fall-Meeting-2019/Pages/Thank-you-sponsors>

<sup>13</sup> <https://www.agu.org/Fall-Meeting-2019/Pages/Thank-you-sponsors>

<sup>14</sup> <https://fromtheprow.agu.org/agu-board-votes-continue-relationship-exxonmobil-accept-sponsorship-support/>; <https://fromtheprow.agu.org/update-agu-board-maintains-decision-regarding-exxonmobil/>

<sup>15</sup> <https://www.scientificamerican.com/article/exxon-knew-about-climate-change-almost-40-years-ago/>

<sup>16</sup> <https://s3.documentcloud.org/documents/2803702/AGU-Report-Final-20160325.pdf>, p.16.

<sup>17</sup> <https://insideclimatenews.org/news/25092016/american-geophysical-union-agu-exxon-funding-climate-change-denial-investigation/>

<sup>18</sup> <https://fromtheprow.agu.org/update-agu-board-maintains-decision-regarding-exxonmobil/>

## Environmental policy

While the AGU has made it clear that it is transitioning to net zero energy through a renovation of its buildings, no target dates can be found for the 'Building AGU' project.<sup>19</sup>

## Other relevant information

In the AGU's Scientific Integrity and Ethics Policy, its leadership affirms 'the international principle that the free, open, and responsible practice of science is fundamental to scientific advancement and human and environmental well-being.'<sup>20</sup>

The AGU has put together a concise fact sheet on climate change, which includes the statements that "energy production and consumption, specifically the burning of fossil fuels, are the largest sources of greenhouse gas emissions in the world" and "the American Geophysical Union and its network of Earth and space scientists are committed to studying climate change, its impacts, and opportunities for improvement".<sup>21</sup>

Within the AGU's annual ethics report, the mission of the organization's 'Thriving Earth Exchange' programme is described as 'to strengthen and enhance collaboration among communities, scientists and partner organizations so all communities can build healthy, resilient, thriving, just and ecologically responsible futures.'<sup>22</sup>

This commitment to ethical partnerships and sponsorships is also emphasised in the AGU's 'Organizational Support Policy'.

## SGR comments

As a result of an internal audit carried out following SGR contacting the AGU, the organization has now committed to fully divest from fossil fuels; the following concerns therefore relate to the AGU's current level of transparency and its previous ties to the fossil fuel industry:

### *Transparency*

The AGU has very low transparency on its company investments, with there being no public information available on where the \$120.6m highlighted in the company's 990 form for 2019 is held. It is, therefore, impossible to ascertain the progress of the AGU's divestment process

Without full transparency regarding the AGU's investments or the public availability of an AGU investment policy that explicitly excludes investments in fossil fuels, it is impossible to ascertain the AGU's progress with respect to divestment or to rule out that the AGU will recommence investing in fossil fuels in the future. Within the AGU's Strategic Plan for 2020, the company states that its

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<sup>19</sup> <https://www.agu.org/Learn-About-AGU/About-AGU/About-AGU-Tabs/What-we-do/AGU-Sustainability>

<sup>20</sup> [https://www.agu.org/-/media/Files/Learn-About-AGU/AGU\\_Scientific\\_Integrity\\_and\\_Professional\\_Ethics\\_Policy\\_document.pdf](https://www.agu.org/-/media/Files/Learn-About-AGU/AGU_Scientific_Integrity_and_Professional_Ethics_Policy_document.pdf)

<sup>21</sup> <https://www.agu.org/Share-and-Advocate/Share/Polymakers/Position-Statements/Fact-Sheet-Climate-change>

<sup>22</sup> [https://www.agu.org/-/media/Files/Learn-About-AGU/AGU\\_Annual\\_Ethics\\_Report\\_2020.pdf](https://www.agu.org/-/media/Files/Learn-About-AGU/AGU_Annual_Ethics_Report_2020.pdf)

“activities are underpinned by ethical conduct, transparency and professionalism”. Despite this claim, there is a marked absence of financial transparency.

As a reminder, SGR has concerns about investments in and financial ties to fossil fuel companies by professional science and engineering organizations for these reasons:

- Professional science and engineering organizations have considerable influence with politicians and the public and it’s crucial that they put in place robust science-based targets and plans that are compatible with the goals of the Paris Agreement - and end lobbying behaviour that could undermine it;
- As the UK Health Alliance on Climate Change puts it, “engaging with companies whose business model relies on fuel extraction is of limited use—only divestment will stop extraction”.<sup>23</sup> Worldwide, according to the Alliance, over 1,000 organizations with £7 trillion assets have committed to divesting from fossil fuels and instead investing in climate solutions.<sup>24</sup> Research indicates that divestment reduces the price of fossil fuel shares. According to a team at the University of Waterloo in Canada, “lower share prices increase the costs of capital for the fossil fuel industry, which in turn decreases their ability to explore new resources and exploit proven resources”.<sup>25</sup> The greater the likelihood of these fossil fuel resources staying in the ground, the more likely we are to meet the international climate change targets agreed under the Paris Agreement in order to prevent potentially catastrophic climate change;
- In order to keep to the below 2°C target, only one-fifth of known fossil fuel reserves can be burned, putting these assets at risk of becoming stranded. The fraction is even smaller when considering how to meet the 1.5°C target. According to the UK Health Alliance on Climate Change, fossil fuels are an increasingly risky investment and fossil fuel free indexes equalled or outperformed unsustainable alternatives for 5-10 years. “Divestment announcements by prominent investors signal financial risks to the market, which in turn depress share prices,” say the University of Waterloo researchers. “Therefore, divestment announcements can have a measurable impact on the fossil fuel industry.” Shell said in 2018 that divestment had become a material risk to its business.<sup>26</sup> In 2020 fund manager CCLA, which invests on behalf of charities including Church of England dioceses, dropped its investments in oil giants Shell and Total for financial reasons.<sup>27</sup> On January 27<sup>th</sup> 2021, ratings agency S&P warned 13 oil and gas companies, including Royal Dutch Shell and Total, that it is considering downgrading their credit ratings. The agency has increased its risk rating for the oil and gas sector as a whole from “intermediate” to “moderately high” because of the move away from fossil fuels, poor profitability and volatile prices, according to news reports.<sup>28</sup> There are also signs that oil companies may struggle to recruit employees with the skills they need.<sup>29</sup>

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<sup>23</sup> <http://ukhealthalliance.org/divestment>

<sup>24</sup> <https://www.divestinvest.org/11-trillion-counting-divestinvest/>

<sup>25</sup> <https://theconversation.com/how-divesting-of-fossil-fuels-could-help-save-the-planet-88147>

<sup>26</sup> <https://www.theguardian.com/commentisfree/2019/oct/13/divestment-bank-european-investment-fossil-fuels>

<sup>27</sup> <https://www.divestinvest.org/church-of-england-fund-drops-remaining-fossil-fuel-investments/>

<sup>28</sup> <https://www.theguardian.com/business/2021/jan/27/rating-agency-sp-warns-13-oil-and-gas-companies-they>

<sup>29</sup> <https://www.ft.com/content/3b53f1bd-4625-4733-afb9-af4301257506>

- Many fossil fuel companies are relying on carbon capture technology and nature-based solutions being deployed at a huge scale to offset their planned emissions.<sup>30</sup> Heavy reliance on the global scale deployment of carbon capture and storage technologies is misplaced given the lack of progress in this area for the last 20 years. According to an international group of 41 scientists and academics, such technologies are “expensive, energy intensive, risky, and their deployment at scale is unproven.”<sup>31</sup> It is irresponsible to base net zero targets on the assumption that uncertain future technologies will compensate for present day emissions”

For those keen to retain support for the energy sector, there are plenty of companies that are much more progressive than fossil fuel companies in which to invest. For example, Orsted (formerly DONG, Danish Oil and Natural Gas) has shifted from being a fossil fuel dominated company to one heavily focused on renewable energy. Similarly, some large German engineering companies, such as Siemens<sup>32</sup> and E.ON, have also made major shifts away from fossil-fuel related work.

There is, of course, a narrow window of opportunity to keep global temperature rise below 1.5°C that warrants a fast transition away from fossil fuel dependency. We think that investment in the renewable energy and energy storage sectors would meet demand for energy more cost-effectively and more sustainably whilst continuing to provide jobs for geoscientists, investment in green chemistry would promote the use of alternative renewable feedstocks, and investment in energy conservation measures would reduce the energy demand.

As with the long-term financial risk associated with investing in fossil fuels, SGR highlights that AGU’s recent divestment from fossil fuels will make its income stream more sustainable as a long-term proposition, as well as minimizing risk to the AGU’s reputation.

SGR is also keen to learn more about how AGU will monitor the carbon neutrality of all its investments.

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<sup>30</sup> <https://insideclimatenews.org/news/16072020/oil-gas-climate-pledges-bp-shell-exxon/>

<sup>31</sup> <https://www.climatechangenews.com/2020/12/11/10-myths-net-zero-targets-carbon-offsetting-busted/>

<sup>32</sup> Siemens has committed to the 1.5°C target under the SBTi and E.ON’s carbon emissions are aligned with the below 2°C pathway according to TPI.