



London Accord Autumn Conference 2010
“Whose Brains? Environmental, Social & Governance Data
and Intellectual Property”

On Tuesday 12 October 2010, circa **120 independent thinkers** were welcomed by Marc Boleat, the Chairman of the Policy & Resources Committee at the City of London Corporation, to the fourth London Accord Autumn Conference entitled “Whose Brains? Environmental, Social & Governance Data and Intellectual Property”.

The first keynote address was delivered by Dr Simon Jackman, Head of Knowledge Exchange at Natural Environment Research Council (NERC), the principal funding agency in the UK for all research, training and knowledge exchange in environmental sciences. After introducing the agency Dr Jackman presented some examples of NERC datasets related to water. Taking the UK as an example to focus a discussion of climate change data models, he raised some interesting points about the potential impact of climate change on water by 2080 i.e. how the South East of England and the Midlands might experience negative changes in water availability, whereas climate change could affect positively a region like Scotland. He also mentioned some interesting projects NERC is participating in, including WATCH - the European Union project on hydrologic and climate change data for the 20th and 21st centuries.

A panel discussion, chaired by Professor Michael Mainelli, followed this first keynote speech.

Carlota Garcia – Manas (EIRIS) explained the methodology EIRIS developed on water, based on a similar one they developed for climate change. While the climate change method is global in scope, the water method is regional given the regionality of water systems. Carlota raised the issue of data availability, especially for developing or emerging countries. She also discussed the lack of proper metrics developed to measure the “embedded water” of products which are used to assess the water footprint throughout the production and supply-chain of a single product .

While agreeing that water and related tradeable goods and markets tend to be regional, **Neil Eckert (Aggregated Micro Power plc)** argued that water data has different meanings for different countries: water tends to be more valuable in arid regions. Neil emphasised the importance of developing robust methodologies, particularly in developing countries where comprehensive and accurate datasets are scarce.

Some interesting questions were raised by the audience particularly regarding global data availability. One delegate mentioned that “what we have got is not necessarily what we want”, referring to countries currently experiencing water stress, and that have a poor understanding of the issue. Low quality resolution of available data is a significant problem to resolving these problems. **Dr. Simon Jackman (NERC)** reminded us that while data of the same quality and extent for all the parts of the world represents a challenge for the international community, NERC’s efforts are primarily directed at

the UK as an “experimental island” in order to develop robust datasets and models. These capabilities can subsequently be transferred and applied elsewhere.

Neil also argued that the format in which current scientific knowledge and data exists makes it very difficult to directly transfer and apply the data to other sectors, including the financial services. All the panelists agreed on the need for better forms of interaction between the scientific and business communities.

While the first part of the conference focused more on data availability, taking water and the applicability of water data to the business community as an example, the second part addressed the sustainability aspect of certain funds and the value of intellectual property in this context.

Claudia Quiroz presented Cheviot Asset Management’s development of the Climate Assets Fund for which climate change, population growth and resource scarcity are the key criteria to select assets. Based on the argument that the sustainability aspect of a fund reduces volatility and hence tends to increase liquidity, Cheviot decided to take a multi-asset (e.g. ETFs, equity and fixed interest bonds) and a multi-thematic (e.g. low-carbon technology, agriculture and health & safety) approach when developing this fund to increase its unique selling point potential. Claudia also added that the significant rise in the past years of government support and consumer preference has provided momentum for sustainability-oriented funds.

The second panel, once again chaired by Professor Michael Mainelli, discussed the value of green intellectual property (IP). **Claudia Quiroz (Cheviot)** made the point that investors and fund managers do not take IP directly into account. However, she reminded the audience that IP and the number of patent applications can be a good indicator of the innovation capacity when analysing an investment at the company-level.

Jonathan Nugent (PwC Legal LLP) discussed the outstanding rise in cleantech and green patents, which reflects the fast pace of development in the green sector, the related commercial success and how this links with internet and information services. However, he also raised the issue of the great variety of the so-called green patents and the need for distinct tools to analyse and screen them.

Radomir Tylecote (Imperial College), who is currently researching the effects of IP rights on foreign investment in cleantech in China, gave some interesting insights about the degree of protection offered by IP rights and the extent to which these are enforced. Taking China as an example, and acknowledging known examples of engineering reversion and copying of foreign technology, Radomir mentioned the pressures made on the Chinese government to improve the IP regime. In his view, China is finding, and will continue to find, innovative ways of increasing the IP enforcement while using it for its own advantage in terms of technology transfer.

The afternoon of insightful discussion was followed by a drinks reception where both attendees and panelists had the opportunity to continue the discussion over a glass of wine, while admiring some of the intriguing photographs on display at the London Futures exhibition.

For those of you that missed this fantastic event, a video will be posted in the coming weeks on the London Accord website.