

## Top coal, top ESG? The (Carmichael) follow-up

Ulf Erlandsson (\*)

AFII discussed the curious case of ESG ratings on coal-based power produce Adani Power in the piece “[Top coal, top ESG?](#)” (3 Aug).

**Since then, the Adani Group CFO has stated “Carmichael rather than being a mining business is now a support function for Adani Power.” (Reuters, 6 Aug). Carmichael is arguably one of the [most controversial energy projects in the world today](#).**

The AFII note asked the question whether it was reasonable for Adani Power, a 99.7% coal based utility company, to have 94<sup>th</sup> percentile top ESG rating with provider CSRHub (unnamed at the time). The note only suggested a hypothetical link to the Carmichael project, but this appears to now have been confirmed. In our view, this further affirms the high ESG risk in the company.

**In contrast to this, CSRHub has raised Adani Power from a top 94<sup>th</sup> percentile from the time of the first note to a [top 97<sup>th</sup>](#) [sic] percentile ESG rating currently.**

Quoting Responsible Investor<sup>1</sup> “[CSRHub] bases its rankings on 14 data sources, including MSCI, S&P Trucost, and Ideal Ratings.” **We do not know their individual scorings, but believe those providers should review how their output is being used for aggregation purposes.** As a contrast, another scorer, Truvalue Labs, ranks the company in the bottom ESG quartile, “[Adani Power vs Orsted A/S](#)” (18 Aug).

Figure 1. CSRHub output on Adani Power. Since the previous data capture on the company, we note the added “Special issues” icons added. The first refers to “Burma” as Adani Power has been planning to build a large coal plant close to the Burmese border to supply Burma with power. The second icon refers to “Sustainably Forestry Supporter.”



<sup>1</sup> “Missing the bigger picture? How a coal giant scored better on ESG than a renewables firm (and made the FTSE4Good)” (Responsible Investor, 17 Aug 2020).

**IMPORTANT DISCLAIMER:**

*This report is for information and educational purposes only. The Anthropocene Fixed Income Institute ('AFII') does not provide tax, legal, investment or accounting advice. This report is not intended to provide, and should not be relied on for, tax, legal, investment or accounting advice. Nothing in this report is intended as investment advice, as an offer or solicitation of an offer to buy or sell, or as a recommendation, endorsement, or sponsorship of any security, company, or fund. AFII is not responsible for any investment decision made by you. You are responsible for your own investment research and investment decisions. This report is not meant as a general guide to investing, nor as a source of any specific investment recommendation. Unless attributed to others, any opinions expressed are our current opinions only. Certain information presented may have been provided by third parties. AFII believes that such third-party information is reliable, and has checked public records to verify it wherever possible, but does not guarantee its accuracy, timeliness or completeness; and it is subject to change without notice. Links to third-party material is for informative and reference purpose only and do not constitute endorsements in any way.*

*The Anthropocene Fixed Income Institute is a non-profit organization “to monitor, advocate for and influence the impact of the fixed income and bond markets in the age of human induced climate change.” For more information about the Institute, please visit [www.anthropocenefii.org](http://www.anthropocenefii.org) or follow us using the hashtag #anthropocenefii.*

