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Separate letters sent to executives at MSCI, S&P Dow Jones Indices, Morningstar Indexes and Bloomberg Index Services Limited.

23 February 2023

Dear \_\_\_\_\_,

We are writing as a consortium of organisations asking you to remove all Adani Group bonds from \_\_\_\_\_ mainstream indices, unless the company unequivocally halts its coal expansion and adopts a publicly disclosed 1.5°C-aligned transition plan. Furthermore, we urge you to exclude all companies involved in coal expansion from your mainstream indices and align your products with the standard practice and expectation among institutional and individual investors. We believe this demand is in line with expectations of net-zero committed index providers.

Adani Group's fossil fuelled growth has been increasingly funded by the global bond market, with Adani companies now the largest Indian issuers of foreign denominated bonds, having raised more than \$9 billion from foreign investors in the last 5 years. The group plans to raise [\\$10 billion](#) in further debt capital using multiple instruments including green bonds this year. The [interconnected financial nature](#) of the Adani Group makes it clear that buying or facilitating debt of any subsidiary of Adani, is by extension supporting Adani's coal businesses, including its coal-fired power and mining expansion plans in India and Australia.

The explosive findings published by [Hindenburg Research](#) on 25 January - alleging "one of the largest corporate frauds in history" - should undermine any confidence financial institutions may have that proceeds from Adani's planned green issuance this year would be adequately ring-fenced. Indeed, these allegations of the Adani Group's flagrant disregard for even the most basic standards of good corporate governance and transparency should leave any financial institution connected to the company deeply concerned.

We note that S&P Global has already removed Adani Enterprises from its Dow Jones Sustainability Indexes and MSCI cut its weightings for two Adani Group entities across all indices after a free-float review of Adani securities, with weighting changes due to be implemented later this year for two further Adani entities. In asking you to remove Adani Group bonds from your mainstream indices, we ask that you consider the following:

### **Stranded assets and credit risks**

There are material stranded asset risks for fossil fuel companies as the world accelerates towards cleaner energy options. [Carbon Tracker](#) analysis has identified significant stranded asset risk facing Adani's coal power generation assets under a net zero by 2050 scenario. Meanwhile, the phenomenal growth of Mr. Gautam Adani's personal wealth and the Adani Group in the last 3 years has been sharply questioned in relation to the group's [over-leveraged position](#). [Hindenburg Research](#) has accused the Adani Group of stock manipulation, accounting fraud and views the group's seven listed entities as having 85% downside, just on a fundamental basis. The report also confirms the interconnected financial nature of the group, detailing how intra-company loans, offshore shell companies and in-dealing are used to transfer funds between the different entities within the family-controlled network of companies.

### **Greenwashing by the Adani Group**

The Adani Group has announced [\\$70 billion](#) investments in clean energy projects via its green energy arm, Adani Green. But these shrink in comparison to its rapidly growing coal operations. Adani cannot claim to be committed to transition whilst planning new coal mines and thermal power projects. Adani is in the process of nearly doubling its installed coal thermal capacity from 14 GW to 26 GW, while its [coal mining output](#) rose 58% in FY2021. In spite of climate and ESG concerns and negative sentiments from investors, financiers and the public, Adani Green issued \$1.25 billion worth of green bonds in the global market in the last 3 years. This move to sustainable debt markets has increased scrutiny on Adani's financial disclosures. In a [complaint](#) filed against Adani Electricity's \$300 million sustainability-linked bonds at the US Securities and Exchange Commission, Adani's lead managers were accused of securities fraud for not properly disclosing the company's link with coal power. However, the company's efforts to [greenwash](#) the business and its CEO's image have not been enough to stem the tide of public pressure and [protests](#) against those directly or indirectly supporting its coal investments.

### **Adani Group is causing irreversible damage to the climate**

Coal was the [largest contributor](#) to the climate crisis in 2021. And the International Energy Agency is unequivocal that achieving [net zero emissions by 2050](#) means no new or expanded coal mines. The Adani Group is the world's largest private coal operator, with its mining activities alone accounting for at least [2.95% of global CO2 emissions](#) from coal. It has been [reported](#) that coal-related businesses are responsible for 60% of its overall revenue. The group has continued its unabated coal expansion and is planning to develop more new thermal coal mining capacity than any other private company on earth, according to [Global Energy Monitor](#). It is [estimated](#) that it is developing more than 6 billion tonnes of extractable reserves of coal, which if burned would emit 10.1 billion tonnes of CO2. Adani Enterprises is also [planning](#) a highly polluting coal-to-plastics plant in Mundra, India.

### **Adani's coal expansion has come at the cost of human rights violations and environmental destruction**

Adani's involvement in the Carmichael coal mine in Australia does not have the consent of the Wangan and Jagalingou Traditional Owners and could drain [270 billion litres](#) of

Queensland's precious groundwater. The project which has been marred with financial difficulties and proven allegations of [environmental violations](#), will be devastating for the climate-impacted Great Barrier Reef. Adani's mining expansion in India will destroy India's most ancient and bio-diverse forests, considered as the "[Lungs of central India](#)" whilst also displacing thousands of indigenous [Adivasi people and farmers](#) who are dependent on it for their livelihood. Numerous reports have covered Adani's involvement in alleged corruption in [Sri Lanka](#) and [India](#), heavy debt burdens for the common people in [Bangladesh](#), and [gross environmental mismanagement](#).

Exchange Traded Funds not only hold fossil fuel assets, but directly finance fossil fuel companies by [buying large quantities](#) of corporate bonds as they are issued on the primary market, therefore directly contributing to capital flows that destroy the climate. Our research shows that [---](#) has helped facilitate such investments in the Adani Group through the inclusion of its corporate bonds in several indices tracked by Exchange Traded Funds. This has enabled capital to flow to a company that is engaged in massive coal expansion and allegedly participating in "[accounting fraud, stock manipulation and money laundering](#)". We strongly urge you to remove Adani Group bonds from mainstream indices whilst the conglomerate rolls over the rights of Indigenous communities, endangers the climate and continues on its reckless programme of coal expansion without a clear 1.5°C-aligned transition plan.

Index providers play an important role as the decision makers of index rules and methodologies. Phasing out coal is the first logical step to comply with your commitments as a member of the [Net Zero Financial Service Providers Alliance](#). In line with these commitments we ask you to change index rules to exclude all companies involved in coal expansion from your mainstream indices and engage in dialogue with asset owners and asset managers on using these indices for benchmarking and investment solutions.

We will be publishing the responses and lack thereof to this letter, and would very much appreciate your engagement by 2 March in relation to your decision on this matter.

Please do not hesitate to get in touch if you have any questions or would like to discuss the issue further.

Sincerely,

Alice Delemare Tangpuori  
Coordinator, Toxic Bonds Initiative