EQT and Adani Enterprises: Some ESG questions

Ulf Erlandsson (*)

EQT Infrastructure acquired EdgeConneX in August 2020, and a joint-venture, AdaniConneX, between that portfolio company and Adani Enterprises (ADEIN) has just been announced. The JV is looking to build and operate data centers in India. Data centers obviously have electricity/power as an important input into the business models.

Thus, with the JV partner Adani Enterprises is firmly placed in most coal exit and coal exclusion lists (for Swedish references, see e.g. SEB), one could potentially have some question marks. Adani Enterprises is proceeding with construction of the Carmichael coal mine in Australia, although it appears that the USD670mn State Bank of India loan to the company for that purpose has not been decided upon just yet. How does EQT view getting closely involved with a parent company of the mining entities that gave Siemens such headache last year (“BlackRock rebukes Siemens on its environmental record”)?

The JV announcement self-discloses that the data centres are to “largely be powered by renewable energy.” However, the CEO of Adani Power – which is 99.7% coal – is the central person in the press-shoot of the signing of the JV deal. Would it not have made more sense to have a person from Adani Green, the renewables arm of Adani Group, present instead given such a renewables commitment? And how do you – by which we understand EQT as an owner – ensure that AdaniConneX renewable power is additional and does not land other Adani Power customers in a more coal skewed energy mix?

For avoidance of doubt, we are strongly supportive of the idea of building strong IT infrastructure in India. But we think this can – and should – be done without at the same time supporting coal mining and power generation interests, directly or indirectly. Surely if one looks to do power-hungry projects in the country there must be other potential counterparties than one of the world’s biggest coal players – one which is building a new massive coal mine in this very instant?

1 For an earlier foray into the relationship between private equity and carbon intensive entities, please see “Private equity engagement and carbon-footprinting”, AFII, 10 Dec 2020.
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