

CABINET SECRETARY FOR THE RURAL ECONOMY AND CONNECTIVITY

MEETING WITH SANJEEV GUPTA, GFG ALLIANCE (LIBERTY/SIMEC) 27th SEPTEMBER 2016, 17:00 – 18:00

Purpose	<p>To discuss Liberty's involvement in RTA's strategic review.</p> <p>Mr Gupta is in Scotland for tomorrow's formal inauguration of Liberty Steel Dalzell. The First Minister is the Guest of Honour for that event, which will be followed by an evening banquet at Edinburgh Castle.</p> <p>You last met Mr Gupta and Mr Hambro on 14 September.</p>
Who	<ul style="list-style-type: none">• Sanjeev Gupta, Executive Chairman, Liberty House Group• Jay Hambro, Chief Executive Officer, SIMEC Group & Chief Investment Officer, GFG Alliance <p>(May join by phone if needed)</p> <ul style="list-style-type: none">• REDACTED, Director Banking, Barclays Investment Bank• REDACTED, Managing Director, Barclays Investment Bank
Agenda	<ol style="list-style-type: none">1. Welcome – look ahead to tomorrow's inauguration at Dalzell2. Liberty's feedback on their recent bid presentation to Rio Tinto3. Feedback from SG's discussions with RTA, including expected timelines (see note at Annex B)4. Run through of Barclays guarantee valuation (Annex C)5. Progress of Grant Thornton's business plan assessment6. Next steps to guarantee pricing and SG's processes to decision
Where	Q1.03, Parliament
Attached documents	<ol style="list-style-type: none">1) Action points taken from 14 September meeting (Annex A)2) Draft note of DG Economy's call with Patrick Tobin, 26 September – (Annex B)3) Barclays PPA guarantee analysis (please print for Mr Ewing as Annex C)
Official support	REDACTED REDACTED

ANNEX A

MEETING WITH SANJEEV GUPTA, GFG ALLIANCE (LIBERTY/SIMEC) – 14th SEPTEMBER 2016

Attendees:

Liberty/SIMEC: Sanjeev Gupta (Executive Chairman Liberty House Group); Jay Hambro (Chief Executive Officer, SIMEC Group & Chief Investment Officer, GFG Alliance); REDACTED (Brodies LLP); REDACTED (Barclays)

Scottish Government: Cabinet Secretary for Rural Economy and Connectivity; Caroline Beattie, Deputy Director, Commercial and Business Services Division); Liz Ditchburn (Director-General Economy); REDACTED (MacRoberts LLP); Kate Higgins (Special Adviser); Ian Howie (Deputy Director, Collaborative and SG Procurement); REDACTED (Energy Division); Mary McAllan (Director Economic Development); REDACTED (Energy Division); REDACTED(Land Reform) ; Gordon Wales (Director Of Financial Management);

Action Points:

During discussion a range of issues arose that require further work. Most actions arising were pertinent to a range potential bids for RTA's assets while others related more closely to the particular proposals of the GFG Alliance (Liberty/SIMEC). This distinction is highlighted below.

RTA Strategic Review

1. Planning – Planning officials to explore current designations for the Lochaber and Kinlochleven sites; the land available and potential constraints in relation to expanded industrial activity and possible new housing development. For example, the planning considerations and constraints most relevant to phases 1 & 2 of the Liberty House business plan involving downstream activity (a wheel production facility).
2. Transport – Transport Scotland to produce a note on transport connections to the Lochaber and Kinlochleven sites including road, rail and port aspects. How are connections now and what improvements might be needed to support enhanced industrial activity.
3. Carbon taxes – Energy officials to explore with the UK Government carbon tax / renewables policy exemptions for energy intensive industries, in particular the treatment of electricity generation which is used for scrap metals processing.
4. Community engagement – To explore engagement with the communities most closely associated with the RTA businesses, particularly Lochaber and Kinlochleven. The immediate task is establish with RTA what engagement has taken place / is planned and to consider what more could be done to gauge attitudes to the future operation of the smelter, hydro assets and potential for new industrial and economic development activity on site. This

engagement would be expected also to reference future uses for the land holding, new housing, a mountain rescue helicopter-pad, etc.

5. Comms lines – SG to revisit our external communications so we are ready to respond to media enquiries relating to the sale of RTA's business and SG support being offered to maintain and support local employment and economic development
6. Explaining SG's offer of support – SG to check with RTA that all relevant bidders are sighted on SG's offer of support and to offer further explanation of Mr Ewing's letter of intent to RTA.
7. Electricity supply licence – MacRobertsREDACTED
8. Specialist commercial advice on guarantees – SG officials to scope and commission expert external analysis concerning a PPA guarantee and potential risk mitigations. Would take soundings on suitable advisers from SFT and UK Government before procuring.
9. PPA / Procurement options – Procurement and Energy officials to continue to explore alternative options around REDACTED

GFG Alliance proposals

1. Arc Furnace Visits – For Ministers and SG/SE/HIE officials to visit an Electric Arc Furnace either at Scunthorpe or in Wales. Separate consideration to be given to whether community leaders might make a similar visit.
2. Skills – Officials to consider opportunities for skills development activity linked to increased industrial employment opportunities as outlined in the GFG's business plan and for SG to pass to GFG information about skills academies in Scotland – for example, at Nigg.
3. Carbon emissions – Climate Change analysts to consider and prepare a briefing paper on the carbon footprint gains that could be achieved from recycling Scottish / UK steel rather than exporting scrap steel from the UK to Turkey and elsewhere recycling and eventual re-importation to the UK. This note should reference the potential scale of steel recycling linked to North Sea decommissioning.
4. Timeline – Key dates – RTA and Liberty House to provide information of key milestones and trigger dates following next week's meetings with RTA in London.
5. Contacts – Scottish Government and GFG to share key contact details.
6. PPA guarantee risk analysis – GFG and Barclays would assist with the provision of necessary financial data, insurance details and potential securities and mitigations to support SG's external experts to gauge and price

the risks of a PPA guarantee. GFG to update their 'term sheet' for a guarantee.

BARCLAYS PPA GUARANTEE ANALYSIS

[ATTACH PDF DOCUMENT HERE]