

[Redacted]

The First Minister, Nicola Sturgeon MSP
St Andrew's House
Regent Road
Edinburgh
EH1 3DG

16th January 2018

Dear First Minister

[Redacted] However, I am proud that during this expansion our commitment and focus has never wavered from delivering our vision for Fort William.

[Redacted]

As we have discussed before, Scotland remains central to our vision, and my personal commitment to combining renewable power and industrial growth in Scotland is unwavering. [Redacted]. I remain certain that the opportunities and scope of our investment can go much further and I want to continue to work with you to unlock this. At the heart of this is our GREENSTEEL vision [Redacted].

[Redacted]

Yours Sincerely,
Sanjeev Gupta
Executive Chairman / Liberty House Group
Executive Chairman / GFG Alliance

[Redacted]

From: [Redacted]

Sent: 20 February 2018 14:17

To: First Minister; Bowman K (Katy); Higgins K (Kate)

Cc: [Redacted]

Subject: Potential FM meeting with Sanjeev Gupta

FM/PO

We understand that Sanjeev Gupta is planning on being in Scotland on **Friday 9 March** (Mr Ewing is chairing the Lochaber Delivery Group in the afternoon in Fort William). Mr Ewing has spoken with Sanjeev and asked us to check **whether there is any possibility of a meeting between Mr Gupta and the FM on 9 March** (possibly in the central belt that morning or in Fort William in the afternoon).

I understand this is very short notice.

Sanjeev is keen to meet the FM to mark Liberty receiving planning permission for the Fort William factory and to discuss the Group's other recent acquisitions. The Gupta Group has bought [Redacted].

Sanjeev would also like to tell the FM more about Liberty's plans for [Redacted].

For your awareness, Jay Hambro (the Chief Investment Officer of the Gupta Family Group) already has a meeting booked with Fergus Ewing on 8 March at the Parliament. Keith Brown is hoping to join this meeting.

We'd be grateful for your thoughts.

[Redacted]

[Redacted]

From: [Redacted]@gov.scot> **On Behalf Of** First Minister

Sent: 27 February 2018 11:13

To: [Redacted]@gov.scot>

Cc: Rollison R (Richard) <Richard.Rollison@gov.scot>; [Redacted]@gov.scot>; Maxwell S (Stewart) (Special Adviser) <Stewart.Maxwell2@gov.scot>; FM Policy Team Mailbox <[Redacted]@gov.scot>; Communications First Minister <[Redacted]@gov.scot>

Subject: Briefing Request - Meeting with Sanjeev Gupta - COP 6 March

Dear [Redacted]

As you are aware, the First Minister has agreed to meet with Sanjeev Gupta of Liberty House, on Tuesday 13 March at 16:15 in Parliament.

I would be grateful if a briefing document could please be prepared and sent to us by **COP 6 March**. I would be grateful if you can also ensure that the briefing is copied to everyone shown on the cc list above. If you have any questions please feel free to contact me.

Please find attached the briefing template and a link to the First Ministers preferences.

[Attachment – “First Minister Briefing note template”]

Kind regards

[Redacted]

[Redacted]

Assistant Diary Secretary to the First Minister

5th Floor | St Andrew's House | Regent Road | Edinburgh | EH1 3DG| 0131 244

[Redacted]

[Redacted]

From: [Redacted]

Sent: 12 March 2018 17:42

To: First Minister <firstminister@gov.scot>; Cabinet Secretary for the Rural Economy and Connectivity (CabSecREC@gov.scot) <CabSecREC@gov.scot>; Cabinet Secretary for Economy, Jobs and Fair Work <CabSecEJFW@gov.scot>; Minister for Business, Innovation and Energy <Ministerbie@gov.scot>

Cc: Deputy First Minister and Cabinet Secretary for Education and Skills <DFMCSE@gov.scot>; Cabinet Secretary for the Environment, Climate Change and Land Reform <CabSecECCLR@gov.scot>; DG Economy <DGEconomy@gov.scot>; Chief Financial Officer <cfo@gov.scot>; McAllan M (Mary) <Mary.McAllan@gov.scot>; Campbell B (Bridget) <Bridget.Campbell@gov.scot>; Rollison R (Richard) <Richard.Rollison@gov.scot>; [Redacted] ; Lloyd E (Elizabeth) <Elizabeth.Lloyd@gov.scot>; [Redacted] Higgins K (Kate) <Kate.Higgins@gov.scot>; McAllister C (Colin) <Colin.McAllister@gov.scot>; [Redacted]; Bowman K (Katy) <Katy.Bowman@gov.scot>; Maxwell S (Stewart) (Special Adviser) <Stewart.Maxwell2@gov.scot>; Communications First Minister <CommunicationsFirstMinister@gov.scot>
Subject: Meeting between First Minister and Sanjeev Gupta

[Redacted]

Please see attached the agenda, key messages and briefing for the First Minister's meeting with Sanjeev Gupta tomorrow (16:15 to 17:00). The key messages have been agreed by Fergus Ewing and Keith Brown.

Regards, [Redacted]

[Attachment Document 5 – “FM Sanjeev Gupta briefing”]

[Redacted]

Innovation, Investment and Industries

Directorate for Economic Development
Scottish Government, Atlantic Quay, 150 Broomielaw, Glasgow G2 8LU

Tel: [Redacted]

[Redacted]

[Redacted]

Keith Brown
Fergus Ewing
12 March
2018

First Minister

ENGAGEMENT WITH GFG ALLIANCE – PROPOSED KEY MESSAGES AND BRIEFING

Introduction

1. You are due to meet with Sanjeev Gupta, who leads the Gupta Family Group (GFG) Alliance tomorrow, Tuesday 13 March. An agenda, attendees, key messages and background briefing are attached below.
2. Mr Gupta is also hosting a reception in Edinburgh tomorrow evening to celebrate:
 - [Redacted]
 - the planning consent for the alloy wheels manufacturing plant in Fort William that was granted by the Highland Council in January this year.
3. After your meeting with Sanjeev Gupta we will follow up with further detailed discussions with representatives of the GFG Alliance around the progress of their existing investments in Scotland and [Redacted]
4. [Redacted] Lochaber-related discussions will be led by Fergus. [Redacted]

Purpose

5. Given the breadth of the GFG Alliance's expanding industrial interests in Scotland – across steel, manufacturing, aluminium and energy – and the many linkages to diverse Ministerial interests, we suggest our further interactions with the GFG Alliance are guided by a single set of core messages and clarity on Ministerial leads.
6. We have proposed some high-level messages for your meeting with Sanjeev Gupta that may help to shape the overall tone of the Government's continuing engagement with Mr Gupta's companies. These are presented at Annex B, and they reflect the handling steer you provided to Fergus last August (see the meeting note at Annex C for reference).
7. Following your meeting with Sanjeev Gupta, we plan to tailor our own engagement plans for subsequent interactions with Liberty Steel (led by Keith) and Liberty British Aluminium (led by Fergus) by adopting core messaging around their existing commitments to us and by being clear on the basis for considering future Scottish Government financial support (see background material at Annex D). [Redacted].

Priority points

8. Our key economic development priorities for engagement with GFG are:

- the creation of [Redacted] at Dalzell [Redacted]. This project would help to secure the long-term future of Dalzell and create critical mass for a sustainable Scottish steel production sector; and
- full realisation of the Lochaber project. The alloy wheels plant and the associated investments have the potential to generate direct investment worth several hundred million pounds and employment for up to 400 people in the wheels factory alone. There is huge economic potential for related investment in housing, renewable energy schemes, skills and an R&D centre, port and gas infrastructure too.

9. The Lochaber project is of course well underway and Liberty Aluminium have already achieved a planning consent and are working through a list of pre-construction planning conditions; quotations for the plant and equipment are being reviewed and we expect to see construction activities begin in earnest by late summer this year.

10. Further, the **GFG Alliance has received** [Redacted]. The Fort William power station presently supplies power to the aluminium smelter but if the smelter was to close and the Lochaber guarantee was called, then the Government's position could be recovered via the sale of electricity to the grid. [Redacted].

Other issues

11. There are a few issues that carry forward from our previous transactions with the GFG Alliance.

12. One is our strategic approach to industrial interventions and particularly the use of guarantees in light of the creation of the Scottish National Investment Bank. The Lochaber guarantee was offered on an even-handed and transparent basis to all the bidders in the Lochaber sale process. In moving forward discussions with the GFG Alliance that contemplate further strategic industrial interventions (guarantees or other significant financial support) we will continue to act in a manner that avoids the impression or actual risk of over exposure to one prominent company or group of companies.

13. [Redacted]

14. [Redacted]

Summary

15. Our working relationship with the GFG Alliance is strong and we have signalled to them our enthusiasm for further investment in Scotland, **in particular the potential to revive** [Redacted] **in Lanarkshire**.

16. We want to maintain and enhance this productive working relationship with the GFG Alliance while ensuring fulfilment of their existing commitments, managing the accountability issues and the level of risk exposure arising from our existing transactions.

17. **We recommend you use the key messages and briefing presented below for your meeting with Sanjeev Gupta, and note that we will follow up with further in-depth dialogue with Mr Gupta and Mr Hambro around the Group's emerging industrial projects in the steel (Keith) and aluminium (Fergus) sectors following your meeting.**

Keith Brown
Cabinet Secretary for Economy, Jobs and Fair Work

Fergus Ewing
Cabinet Secretary for the Rural Economy and Connectivity

Copy List:	For Action	For Comments	For Information		
			Portfolio Interest	Constit Interest	General Awareness
Deputy First Minister Cabinet Secretary for the Environment, Climate Change and Land Reform Minister for Business, Innovation and Energy			X X		X

DG Economy Mary McAllan Chief Financial Officer Bridget Campbell Richard Rollison [Redacted] [Redacted] [Redacted] [Redacted] [Redacted] [Redacted] Kate Higgins Liz Lloyd Colin McAllister [Redacted] Katy Bowman Colin McAllister Stewart Maxwell
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ANNEX A

GFG ATTENDEES

GFG Alliance: **Sanjeev Gupta** (Executive Chairman), **Jay Hambro** (Chief Investment Officer), **Jon Bolton** (CEO, Liberty Steel UK), **Duncan Mackison** (CEO, Jahama Highland Estates) and **Sean Parsons** (Head of External Affairs).

AGENDA (the following points will be covered in the GFG presentation)

1. GFG Alliance Update

- Covering the expansion of the group globally, in the UK and in Scotland. The GFG Alliance has recently acquired:
 - i. [Redacted]
 - ii. [Redacted]

2. Progress at Fort William

- The Highland Council granted planning permission for the alloy wheels factory in January. Key next steps are to finalise the design of the factory and to place orders for the construction project and the plant and equipment for the factory.

- The Lochaber Delivery Group, which Fergus Ewing chairs, met on Friday (9 March) in Fort William to review progress and consider next steps.

3. Dalzell Update

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

KEY MESSAGES FOR THE GFG ALLIANCE**1. We recognise, and value highly, your commitment to Scotland.**

- Appreciate your commitment to invest and do business in Scotland across a range of sectors and to sustaining employment for hundreds of people.
- [Redacted]
- Your green aims and 'GREENSTEEL STRATEGY' aligns with our low carbon goals.

2. We have matched your commitment and operated with pace and creativity to help realise the industrial vision of the GFG Alliance.

- The Lochaber guarantee and Dalzell loan are significant transactions for us.
- The Lochaber guarantee is the first of its type – we would be open to considering the potential for other industrial interventions in the future but only when the desired outcomes are realised and implementation of the plans for Lochaber has progressed.
- Welcome the steady progress at Dalzell and are pleased to see the planning approval for the Fort William factory – a major milestone achieved. [Redacted]

3. We appreciate that GFG is meeting its commitments to Ministers and our high confidence is best maintained through delivery.

- Progress will bolster our confidence but not guarantee future SG support. Each case will be considered on its individual merits, requiring rigorous diligence and detailed scrutiny.
- Our support balances risks and rewards – as risks subside and rewards materialise we could have more scope to consider future transactions.
- Appreciate that industrial projects and turnaround businesses can be hard to fund from commercial funding sources alone and we are willing to share risk where it enhances prosperity and delivers value for money.

4. Our key economic development priorities for GFG are clear, and follow-up discussions should be channelled via the two lead Cabinet Secretaries.

- Keith Brown is the Cabinet lead for steel and manufacturing and I suggest you arrange an early time to present your plans to him. [Redacted].
- We look forward to full realisation of the Lochaber project – the investment in the alloy wheels plant and the energy assets at Lochaber – led in government by Fergus Ewing.

5. There are couple of outstanding points arising from the Lochaber guarantee.

- One is your commitment to work closely with local communities and to enter into a significant community land transaction. You have a proposal in development and I encourage you discuss it with Roseanna Cunningham when you are ready.
- [Redacted]

SUMMARY OF LOCHABER MEETING, 29 AUGUST 2017

Participants: First Minister, Cabinet Secretary for the Rural Economy and Connectivity, Mary McAllan, [Redacted]

The First Minister had requested to be kept closely updated on proposals by Liberty House to develop [Redacted] alongside the existing smelter and planned wheels production facility at Fort William. The First Minister had noted the submission of Mary McAllan of 4 August on this topic and did not require a restatement of the background.

The FM had not seen the paper prepared in advance of this meeting but was familiar with the proposals put forward by Liberty House; she understood the main options for SG support (including private funding [Redacted] and a second SG guarantee) and grasped their implications for SG's financial exposure. The FM was also aware of the Liberty Group's rapid business expansion within the UK and elsewhere.

The FM noted the Cabinet Secretary's intention to involve the Lord Advocate at an early stage in any further work to appraise Liberty's proposals and to consider potential future funding options. She acknowledged the economic potential of the latest proposal coming from Liberty House, the desire to maintain good working relationships with a company that possesses significant industrial assets in Scotland and the additional scope for other economic developments on the Lochaber estate – such as through the production of more renewables output.

Overall, the views of the FM in terms of SG's approach going forward with Liberty on a second phase development involving SG support can be summarised as follows:

- It's premature for a serious discussion now about further SG backing for a second major Liberty project in Lochaber.
- A great deal of background analysis, detailed diligence and visible progress on Phase 1 milestones would be essential before bringing back any proposals to FM for SG support.
- The project proposed [Redacted] is interesting and should be explored further by officials; officials should certainly study any new information, business cases etc, from the company.
- But SG must be very circumspect with Liberty – we should not give them any false hope or cause them to believe a deal is near.
- SG needs to be mindful of (i) the large scale of SG's existing exposure under the Lochaber guarantee, (ii) the extent to which SG reached the very limits of what was possible on Phase 1, (iii) the potential to be over-exposed to one company – a company that we know is on an aggressive expansion drive elsewhere.
- We will need to have a much fuller picture of the company's wider aspirations – in particular, the risk of commercial over-reach via business acquisition.
- We must see much fuller delivery of the Phase 1 commitments, milestones and deliverables before contemplating a second phase with SG commitment. More visible progress would help to bolster confidence but would not guarantee future SG support.

- We cannot be sure of further Parliamentary support (Finance Committee) for a second guarantee – support for Phase 1 was close-run – future Committee support will be a high bar.

The Cabinet Secretary understood and agreed with the FM's steer and would work with officials to implement an approach consistent with the FM's wishes.

GFG ALLIANCE

1. The GFG Alliance is a London-headquartered international group of businesses, founded and owned by the British Gupta family. It combines energy generation, metal manufacturing, engineering, natural resources and financial services, working together to deliver a common business strategy. The Alliance has total revenues of approximately \$10 billion per annum [£7.5 billion], net assets of around \$1.5 billion and nearly 11,500 employees across more than 30 countries. [Note: This is taken from a statement to the stock market in December 2017.]

Recent developments

[Redacted]

[Redacted]

[Redacted]

[Redacted]

GFG Alliance in Scotland

2. Liberty House Group has two main business interests in Scotland: [Redacted] and Liberty British Aluminium at Fort William.

3. [Redacted]

4. [Redacted]

5. SIMEC is the owner of the two large hydro-electric plants the GFG Alliance owns in Lochaber and they are developing plans for [Redacted].

6. Sanjeev Gupta requested a meeting with the First Minister to update her on the performance and growth strategies of its Dalzell and Lochaber businesses [Redacted] and expanded downstream aluminium production in Lochaber.

Existing Support and GFG Commitments

7. To date GFG has delivered on all its commitments to the Scottish Government, and all indications suggests the Group is creating value through a programme of strategic acquisitions in the metals, energy and engineering sectors.

8. The public sector [Redacted] and a 25-year power purchase guarantee for the Lochaber smelter [Redacted].

Liberty British Aluminium (performance and commitments)

9. The Lochaber alloy wheels project is progressing at pace and a major milestone was reached in January this year when the scheme achieved planning consent. In the next six months, we expect to see further progress in relation to the grid connection and the factory procurement (ie appointment of lead contractor for the build and acceptance of tenders for the plant and machinery). The Lochaber complex is performing in line with GFG's expectations at the time the SG guarantee was signed:

- Aluminium smelter: 2017/18 turnover is expected to around [Redacted] against the transaction model forecast of [Redacted], producing EBITDA of [Redacted].
- Hydro business: 2017/18 turnover is expected to around [Redacted] against the transaction model forecast of [Redacted], producing EBITDA of [Redacted].

[Redacted]

Proposed Projects and Scope for SG Support

10. Jay Hambro's letter to Fergus Ewing of 21 February (Annex E) indicates a desire for SG backing (increased financial exposure) to advance [Redacted] proposed further investments in Scotland.

11. The proposals are large in scale but unlocking their rewards will likely require additional financial exposure for the Scottish Government.

12. The [Redacted] current proposals are:

[Redacted]

- [Redacted]
- Project Boots II – The GFG Alliance have always envisaged further stages of development at Fort William beyond the alloy wheels plant (Boots I) in order to utilise fully the aluminium produced on site. Liberty are now considering plans for either an expanded wheels plant and/or an additional downstream facility. Jay's recent letter says Liberty hope to pursue this second phase in parallel with the development of the alloy wheels plant and hope to fund this with a:
 - *“further government backstopped power purchase funding arrangement, either on the remaining power from Lochaber or on one of our other energy generation assets in Scotland.”*

JAY HAMBRO'S LETTER TO FERGUS EWING OF 21 FEBRUARY

Fergus Ewing MSP
Cabinet Secretary for the Rural Economy and Connectivity
St Andrew's House
Regent Road
Edinburgh
EH1 3DG

21st February 2018

Dear Mr Ewing,

I wanted to write further to our conversation of last week giving you a broad update on our various projects, both in Scotland and around the world. For us, 2017 was another truly transformative year, seeing us complete a number of exciting acquisitions [Redacted]. However we are particularly proud that during this expansion our commitment and focus has never wavered from delivering our vision for Fort William and our nurturing of Dalzell.

[Redacted]. This investment is aligned with our Scottish plans as it will strengthen our Fort William operations with the additional technical resource and enhanced commercial opportunities.

As we have discussed before, Scotland remains central to our vision, and Sanjeev's personal commitment to combining renewable power and industrial growth in Scotland is unwavering. We are constant global advocates that the Scottish Government leads the world in forging innovative partnerships with industry to deliver on exciting opportunities and unlock significant investment. We remain certain that the opportunities and scope of our investment can go much further and we want to continue to work with you to unlock this. [Redacted]

Dalzell – current situation

[Redacted]

Dalzell and Clydebridge – new project development

[Redacted]

[Redacted]

[Redacted]

Fort William – progress update

When we spoke and also when we both briefed the First Minister at your conference, we mutually agreed 3 key targets for Fort William to be measured upon before we should all move forward to GFG's next large Scottish project: 1) Grid power connection; 2) Planning Permission; and 3) Work Commencing at Site. I am pleased to report that we now have comprehensive grid connection commitments in place, planning for the wheels plant was granted a few weeks ago and actual construction works will begin in the summer when all the pre-planning conditions are met. I hope this shows our ability to progress on the project and our commitment to investing in Scotland.

One element to note is our keen need and wish to enhance our plans to a larger scale at Fort William. [Redacted]. We aim to address these issues by increasing the quantum of aluminium used for downstream added value product – capturing more value generation at the Fort William site. [Redacted]. In order to achieve this we would like to address the capital challenge with a further government backstopped power purchase funding arrangement, either on the remaining power from Lochaber or on one of our other energy

generation assets in Scotland. This successful model for partnership funding where capital is supported with no government handout is one we are now working on with the [Redacted].

Electric Cars

[Redacted]. Whilst we would be honoured to invite the First Minister to site to break ground at Fort William in March, we realise that the logistics of her getting there are complicated and so were suggesting holding an event in Edinburgh or Glasgow in March. We have a number of key milestones to celebrate:

- (1) [Redacted];
- (2) [Redacted]; and
- (3) the major steps forward at Fort William with planning permission being granted and grid connection derisking the government role.

I understand our respective offices are looking at a private dinner meeting with the First Minister and Sanjeev on March 8th or a private breakfast on the 9th. This would be a good opportunity to put some more detail on the above proposals for a broader discussion. However Sanjeev and I would like to suggest an additional celebratory drinks party on the evening of March 8th with the First Minister as our Guest of Honour – we would invite some of the [Redacted] and Liberty Fort William teams together with media representation to make sure the wider world is aware of our successful partnership with Scottish Government.

Yours Sincerely,

Jay Hambro

Chief Investment Officer / GFG Alliance

[Redacted]

Mr Sanjeev Gupta
Mr Jay Hambro
GFG Alliance
7 Hertford Street
Mayfair
LONDON
W1J 7RH

Our ref: 2018/0002055
24 April 2018

Dear Sanjeev and Jay

Thank you for your letter of 16 January to the First Minister and Jay's letter to me of 21 February. The First Minister has asked me to reply on the Government's behalf.

The First Minister, Paul Wheelhouse and I were delighted to meet you in Edinburgh on 13 March and we welcomed the progress report you provided on Dalzell, Fort William and [Redacted]. As you know we appreciate the commitment of the GFG Alliance to do business in Scotland across a range of sectors and to sustaining employment for hundreds of people.

[Redacted]

I am delighted that good progress on Project ACE – the alloy wheels factory – is being made following the award of planning permission by the Highland Council in January. Clearly a great deal of preparatory activity will be required before construction can commence in [Redacted] and I look forward to further updates in due course via the Lochaber Delivery Group.

[Redacted] and note your confidence that this step will strengthen your operations at Fort William with synergies around staffing, alumina sourcing and wider automotive supply chain linkages.

I understand that Jon Bolton met Keith Brown, the Cabinet Secretary for Economy, Jobs and Fair Work, leads the Government's industrial strategy for steel and manufacturing issues, on 29 March and he will be pleased to remain engaged with your team around Dalzell [Redacted].

The Scottish Government supports your industrial vision and are very keen to continue the close working relationship we have established with you in order to maximise the economic potential of your businesses in Scotland.

FERGUS EWING