

Regulation 10(5)(a) (international interests, national security) and Regulation 10(5)(e) (substantial prejudice to confidentiality of commercial or industrial information) of the EIRs apply to some of the information requested. These exceptions apply because disclosure would, or would be likely to, substantially prejudice the confidentiality of commercial or industrial information pertaining to INEOS, PetroChina, and Petroineos; and would, or would be likely to, cause substantial prejudice to national security.

The application of regulation 10(5)(a) of the EIRs is subject to the 'public interest test'. This means we have, in all the circumstances of this case, considered if the public interest in disclosing information outweighs the public interest in applying the exception. We have found that, on balance, the public interest lies in favour of upholding the exception. We recognise that there may be some public interest in information about the the Grangemouth Refinery. However, this is outweighed by the public interest in preventing the disclosure of information likely to prejudice international relations, defence, national security or public safety.

The application of regulation 10(5)(e) is subject to the 'public interest test'. Therefore, taking account of all the circumstances of this case, we have considered if the public interest in disclosing the information outweighs the public interest in applying the exception. We have found that, on balance, the public interest lies in favour of upholding the exception. We recognise that there is some public interest in release because of recent developments at the Grangemouth industrial cluster. However, this is outweighed by the public interest in ensuring private businesses feel able to safely and securely disclose commercially sensitive information with Scottish Ministers and officials. Disclosure could damage the trust that such businesses place in the Scottish Government and therefore significantly impact the effective administration of the Scottish Government's duties to support and engage with key businesses such as INEOS, PetroChina, and Petroineos, which would not be in the public interest.

Regulation 11(2) (personal data of a third party) of the EIRs applies to some of the information you have requested.

The application of regulation 11(2) is subject to the 'public interest test' in some specific circumstances, however the Scottish Government does not disclose the names of individuals who are below Senior Civil Service level or equivalent to below this level in the instance of private sector individuals. This approach has been taken in the respect of the names of individuals in the minutes being disclosed as part of this request. It is in the public interest to protect the personal information of junior civil servants and equivalent private sector actors and that is why the exception has been used.

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

St Andrew's House, Regent Road, Edinburgh EH1 3DG
www.gov.scot

INVESTORS IN PEOPLE[™]
We invest in people Silver



[redacted – Regulation 10 (5)(e)]

Meeting with CEO of Petroineos Trading Limited

Wednesday 28 June 2023

13:40-14:25

Scottish Parliament

Present

- **Neil Gray MSP**, Cabinet Secretary for Wellbeing Economy, Fair Work and Energy, SG
- **[redacted – Regulation 11]**, Head of Critical Energy Infrastructure & Commercial Projects, SG
- **[redacted – Regulation 11]**, Team Lead, Critical Energy Infrastructure, SG
- **[redacted – Regulation 11]**, Senior Commercial Adviser, SG
- **[redacted – Regulation 11]**, Deputy Private Secretary to Mr Gray, SG
- **Zhu Wenjin**, CEO, Petroineos Trading Ltd.
- **Wang Gong**, Executive Vice President, Petroineos Refining Ltd.
- **Keith Martin**, Chief Commercial Officer, Petroineos Trading Ltd.
- **[redacted – Regulation 11]**, Head of Legal, Petroineos Trading Ltd

Agenda

An introductory meeting with Mr Zhu, the CEO of Petroineos Trading Limited, the trading entity of the Petroineos Joint Venture (JV) Grangemouth Refinery.

1. *Introductions*
2. *Grangemouth refinery business*
3. *Import terminal*
4. *Other investment opportunities (biorefinery and green hydrogen opportunities)*
5. *AOB and close*

Readout

1. The Cabinet Secretary thanked Mr Zhu for his kind words in his letter upon his appointment as Cabinet Secretary and welcomed Mr Zhu and his colleagues.
2. Mr Zhu thanked SG for its good working relationship both with officials and previous Cabinet Secretary and highlighted he wants this to continue. Mr Zhu also invited his team to give introductions.
3. Mr Zhu outlined topics for discussion including:
 - a. Grangemouth Refinery
 - b. **[redacted – Regulation 10 (5)(e)]** (import terminal) and
 - c. Green future including the biorefinery project and green hydrogen export opportunities.

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

Grangemouth Refinery

4. Mr Zhu discussed the background and financial performance explaining that PC entered into a JV with Ineos in 2011 and performance over the first 10 years **[redacted – Regulation 10 (5)(e)]**. in 2022 due to the war between Russia and Ukraine resulting in the refinery becoming profitable. However, **[redacted – Regulation 10 (5)(e)]**.
5. Mr Zhu explained **[redacted – Regulation 10 (5)(e)]**. Mr Zhu highlighted that PC is a state owned entity **[redacted – Regulation 10 (5)(e)]**. However, PC are keen to work with SG to manage the business' green transition whilst maintaining security of fuel supply in Scotland.
6. Mr Zhu thanked SG for their continued policy support and reiterated that whilst the refining market has been difficult, PC has always had a good relationship with SG Ministers and officials. This was especially appreciated last year with discussions **[redacted – Regulation 10 (5)(e)]**.
7. Mr Zhu stated that now is a critical time to think about the future, the refinery is amongst the oldest in Europe and in the longer term is reaching the end of its life, however, there is a need to manage this in an orderly responsible way and PC will continue to communicate and engage with SG as it considers next steps in this process.
8. Mr Zhu stated PC are also keen to engage with SG as it considers new greener projects at the site including the potential bio refinery and green hydrogen opportunities.
9. Mr Gray thanked Mr Zhu for his helpful overview, and stated that SG's position is to ensure the refinery continues to operate for as long as possible, however SG is cognisant of the economic and commercial situation. Mr Gray also stated that he is very grateful for the investment PC have made in Scotland to date and will continue to make.
10. Mr Gray asked PC to explain further their current thinking around import terminal conversion and orderly transition as this is critical to SG. Mr Gray also offered further discussion at a later date on biofuels and future projects as it is critical we get the transition at Grangemouth right.

[redacted – Regulation 10 (5)(e)] – Import Terminal

11. Keith Martin (KM) gave an overview of **[redacted – Regulation 10 (5)(e)]**. Keith stated that this is the number one priority project for the JV (i.e. PC and INEOS) **[redacted – Regulation 10 (5)(e)]**.
12. KM stated **[redacted – Regulation 10 (5)(e)]**.
13. Mr Gray impressed the criticality of the business' responsibility to ensure continuity of fuel supplies, **[redacted – Regulation 10 (5)(e)]**, and asked to be kept updated on any problems / disruptions and asked whether PC has updated UKG.

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

14. **[redacted – Regulation 11]** agreed. PC is also engaged with UKG and have a further meeting with DESNZ on 6 July (next week). **[redacted – Regulation 11]** also stated that due to UK Energy Security Bill and Powers resting with Secretary of State, they are keen to also assure UKG on plans around security of fuel supply for Scotland.

Green Future – Bio refinery and Hydrogen Projects

15. Bio-refinery - **[redacted – Regulation 11]** also gave an overview of PC's Bio refinery project, in which it hopes to manufacture biodiesel and sustainable aviation fuel. **[redacted – Regulation 10 (5)(e)]**. **[redacted – Regulation 11]** mentioned positive relationship with SNIB and welcomed the support SE had provided **[redacted – Regulation 10 (5)(e)]**. Mr Gray stated he is keen to be updated on these discussion and happy to help facilitate any further engagement across Government – and requested a list of feedstock requirements for potential government aggregation.

16. Hydrogen – PC is keen to **[redacted – Regulation 10 (5)(e)]**. It sees Europe as a major importer for hydrogen and recognises Scotland's major export potential and Grangemouth's strategic location and deep water port. However, at present the UKG does not offer CfDs for hydrogen exports **[redacted – Regulation 10 (5)(e)]**.

17. Mr Gray reiterated Scotland's hydrogen export ambitions and will also be advocating to the UKG the importance of ensuring the business models support this.

18. Mr Gray closed the meeting by thanking PC for coming and for their very helpful discussion. He reflected on the positive working relationship established by his predecessor, Mr Matheson, which has been maintained by officials, and reaffirmed his commitment to work with Petroineos as it considers and implements its transition opportunities. He stated that Grangemouth is critically important and right at the heart of Scotland's transition to net zero and getting that right is vitally important for both parties.

19. Mr Zhu thanked Mr Gray for taking the time to meet and extended an invite to visit Petrochina in China. Mr Gray thanked Mr Zhu for this invitation and said work was underway re an international ministerial visits programme this year that he would look to feed this into.

[redacted – Regulation 10 (5)(e)]

Meeting with Petroineos Refinery Senior Management
Thursday 23 November 2023
09:00-09:30
Microsoft Teams

Present

Humza Yousaf MSP – First Minister

Neil Gray MSP – Cabinet Secretary for Wellbeing Economy, Fair Work and Energy

Russell Mann – Petroineos Grangemouth Refinery Manager

[redacted – Regulation 11] – Head of Legal, Petroineos

Kersti Berge – Director, Energy and Climate Change, SG

Susie Townend – Deputy Director, Energy Industries, SG

[redacted – Regulation 11]– Head of Critical Energy Infrastructure and Commercial Projects, SG

[redacted – Regulation 11]– Senior Commercial Adviser, SG

[redacted – Regulation 11]– Grangemouth Just Transition Lead, SG

[redacted – Regulation 11]– Critical Energy Infrastructure Team Leader, SG

[redacted – Regulation 11]– Commercial Projects Policy Executive, SG

Emily Mackintosh – Special Adviser to the First Minister

FM expressed his concerns about the impact that refinery closure would have on the existing workforce of c. 500 employees.

- The business explained that a decision has not been taken on closure, however it is implementing plans to ensure fuel security infrastructure is in place should a decision on closure be taken in the future. The import terminal construction will take around 18 months and expected to be completed in Q2 2025.
- The business gave an overview of the refinery's long term commercial outlook – shareholders predict that the market will reset in 2025 which will coincide with a requirement to sanction essential Maintenance **[redacted – Regulation 10 (5)(e)]**.
- The business noted that **[redacted – Regulation 10 (5)(e)]**.
- Though no decision on asset closure has been made as yet, **[redacted – Regulation 10 (5)(e)]**.
- The business is exploring transition options for the business, however **[redacted – Regulation 10 (5)(e)]**.
- The business explained that the refinery is in the lowest quartile of refineries in the UK and is one of the worst performing assets in NW Europe, **[redacted – Regulation 10 (5)(e)]**.
- FM thanked the refinery business for their candour and made clear that SG would work collaboratively with Petroineos and the unions to explore avenues to support workers and minimise job losses.

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

St Andrew's House, Regent Road, Edinburgh EH1 3DG
www.gov.scot

INVESTORS IN PEOPLE
We invest in people Silver



Readout of Mr Robertson's meeting with Huang Yongzhang, Vice President of China National Petroleum Corporation and President of PetroChina

Friday 24 November 2023

09:00-10:00 (GMT+8)

Beijing

1. On 24 November, Mr Robertson met Huang Yonzhang, Vice President of China National Petroleum Corporation (CNPC) and President of PetroChina (PC).
2. CNPC's delegation included [redacted – Regulation 11] Regulation 10 (5)(e); [redacted – Regulation 11]
3. Huang Yongzhang Regulation 10 (5)(e)]. Mr Robertson outlined Scotland's rich resources, expertise, developed hydrocarbon sector and focus on a just transition to greener forms of energy supply while protecting our energy security and economy. Scotland was well placed to be 'Europe's battery' given its natural resources and expertise, and production/ supply of renewable energy, electricity, hydrogen (e.g. to Germany, looking for hydrogen as a primary energy source). Mr Huang Regulation 10 (5)(e)]. Both sides welcomed the support each had provided to the other, and the lines of communication in both China and Scotland/UK; and agreed to stay in touch.

On Grangemouth specifically:

4. Mr Huang thanked SG for its continuous support and help to their Joint Venture over the years, Regulation 10 (5)(e)] Scotland had abundant resources (including wind power). Regulation 10 (5)(e)].
5. Regulation 10 (5)(e)]
6. Mr Robertson welcomed Regulation 10 (5)(e)]. We had a shared challenge to give people as much certainty as possible through the transition, and to ensure a 'just'/ fair transition. SG understood PC had to make commercially-driven decisions, and welcomed the forward-looking approach and potential longer-term future for the plant. Grangemouth was well placed, including local expertise in addition to its natural resources/ good location (port). It was important that any transition period avoided a gap while moving from current technology to either biofuel or green energy/hydrogen options. SG stood ready to provide support to ensure a just transition.

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

St Andrew's House, Regent Road, Edinburgh EH1 3DG
www.gov.scot

INVESTORS IN PEOPLE™
We invest in people Silver



[redacted – Regulation 10 (5)(e)]

Meeting with [redacted – Regulation 11], Petroineos

Monday 11 December 2023

16:00 – 16:30

Teams

Present

Neil Gray MSP, Cabinet Secretary for Wellbeing Economy, Fair Work and Energy

[redacted – Regulation 11], Petroineos

[redacted – Regulation 11], Team Leader, SG

[redacted – Regulation 11], Senior Commercial Advisor, SG

[redacted – Regulation 11], Policy Executive, SG

[redacted – Regulation 11], Deputy Private Secretary, SG

Emily MackIntosh, Special Adviser

Readout

1. Mr Gray opened with the meeting which focussed on the meeting with the JV on Tuesday. [redacted – Regulation 11] asked to [redacted – Regulation 10 (5)(e)] to the discussion.

Feedback on letters

2. [redacted – Regulation 11] asked that [redacted – Regulation 10 (5)(e)].
3. Mr Gray reflected on the timing of the announcement and the element of surprise, SG would have liked more time, also reflected on the vacuum from the business as we prepared our communications. [redacted – Regulation 11] agreed, however, due to the respect of the workforce, did not want leakage to the press before had the opportunity to tell them.
4. Mr Gray reflected on the major challenges beyond 2025 and that we need to work proactively together, with the UKG as well. He reflected on positive discussions with the UKG -Minister Lamont and Minister Stuart as well as their willingness to attend the Grangemouth Future Industry Board. [redacted – Regulation 11] is in [redacted – Regulation 10 (5)(e)].

Meeting with the JV

5. Mr Gray is keen to find out what the critical path for decisions being taken at the refinery as well as the timing of any announcements. Also keen to understand the market assumptions driving this decision. [redacted – Regulation 11] agreed to pick this up in the JV meeting.
6. [redacted – Regulation 11] is keen to explore in the session future opportunities for the site, keen to outline tomorrow the terms of reference between INEOS and Petrochina around blue hydrogen, green hydrogen export, energy from biomass and biorefining. Keen SG is involved in these discussions. Mr Gray noted the importance of involving UKG in these discussions given the shared and different responsibilities around these policy areas.

Communications

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

7. **[redacted – Regulation 11]** is comfortable with Mr Gray communicating publicly the business' view that the import terminal announcement is purely a response to macroeconomic factors – and not government policy – and Mr Gray reiterated his public view that shareholders have acted responsibly by investing in import terminal infrastructure, a view which the Cabinet Secretary is comfortable with being communicated publicly by representatives of the business.

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

St Andrew's House, Regent Road, Edinburgh EH1 3DG
www.gov.scot

INVESTORS IN PEOPLE[™]
We invest in people Silver



[redacted – Regulation 10 (5)(e)]

Meeting with Petroineos CEOs

Tuesday 12 December 2023

12.45 – 13.30

Teams

Present

Neil Gray MSP, Cabinet Secretary for Wellbeing Economy, Fair Work and Energy

Franck Demay – CEO, Petroineos Refining Limited

Wenjin Zhu – CEO, Petroineos Trading

[redacted – Regulation 11] – Head of Legal, Petroineos

Susie Townend, Deputy Director, SG

[redacted – Regulation 11], Team Leader, SG

[redacted – Regulation 11], Deputy Private Secretary, SG

Readout

1. Mr Gray opened the meeting referencing the constructive relationship in place over a number of years between Petroineos and Scottish and he thanked Petroineos JV partners for their investment to date in the refinery. Mr Gray reflected that he expected similar discussions would be taking place with UKG counterparts [redacted – Regulation 10 (5)(e)]. Mr Gray added that he was keen to understand process towards a final decision from the JV partners

JV Decision Making Process

2. Franck Demay (FD) summarised the importance of the conversion of Finnart for [redacted – Regulation 10 (5)(e)]. The timeframe of the decision was driven by a desire to inform staff first before any activity was visible on site. FD also stressed they have not decided to shut down the refinery at this stage.
3. FD understood that both UKG and SG had an interest in understanding the decision making process and Petroineos are maintaining regular dialogue with both UK and Scottish Governments.
4. FD gave an overview of [redacted – Regulation 10 (5)(e)]. This is likely to be discussed at [redacted – Regulation 10 (5)(e)]. FD stressed [redacted – Regulation 10 (5)(e)].
5. FD confirmed [redacted – Regulation 10 (5)(e)].
6. Mr Gray thanked FD for this update and invited Mr Zhu to comment. Mr Zhu reiterated [redacted – Regulation 10 (5)(e)].
7. Mr Gray was supportive of PI informing staff firstly and asked further question around the expectation on margins and [redacted – Regulation 10 (5)(e)].
8. FD thinks [redacted – Regulation 10 (5)(e)].
9. Mr Gray reflected the challenging fiscal position that the Scottish Government is facing and a [redacted – Regulation 10 (5)(e)]. Mr Gray then asked about the impact on energy prices on margins. Mr Zhu confirmed [redacted – Regulation 10 (5)(e)]. Mr Zhu confirmed that even without the impact of huge new refineries coming on stream,

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot



[redacted – Regulation 10 (5)(e)]FD added that **[redacted – Regulation 10 (5)(e)]**. FD confirmed both Governments will be kept informed.

10. Mr Zhu spoke about recent discussions **[redacted – Regulation 10 (5)(e)]**.

11. Mr Gray thanked Mr Zhu and FD for sharing this information and asked PI for an update on discussions with Unions and Staff.

Discussions with Staff / Unions / Supply Chain

12. FD outlined that in discussions with staff and Unite they have extended the redundancy terms from **[redacted – Regulation 10 (5)(e)]** to **[redacted – Regulation 10 (5)(e)]**, recognising the uncertainty that staff would be facing to continue to work at the refinery during this period. They have also offered an above inflation wage increase for next year that has been accepted by both staff and Unite the Union. FD added that he will be meeting with Unite tomorrow to discuss this.

13. Mr Gray thanked FD for this update and asked about other possible options for the site beyond the import terminal and specifically asked for an update on the potential for a biorefinery at the site. Mr Zhu confirmed that work is ongoing supported in part by SG and committed to provide further update on this project in due course. **[redacted – Regulation 10 (5)(e)]**. Mr Zhu added that in addition to the Biorefinery, **[redacted – Regulation 10 (5)(e)]**.

14. **[redacted – Regulation 11]** further elaborated that JV partners are pulling together **[redacted – Regulation 10 (5)(e)]**. Mr Gray reiterated SG are keen to engage **[redacted – Regulation 10 (5)(e)]**. **[redacted – Regulation 11]** added that **[redacted – Regulation 10 (5)(e)]**

15. Mr Gray requested that PI continue to speak closely with SG on these matters, offering support, while recognising that some of these are beyond the responsibility of SG.

16. Mr Gray asked for an update on conversations with UK Government. FD has committed to keeping UKG officials informed and referenced the recent call with Secretary of State Claire Coutinho who stressed the importance of security of supply and jobs. There is a commitment from business to keep both SG and UKG informed.

17. Mr Gray asked Petroineos what reaction has been from the supply chain businesses and also their customers. FD reflected that these are still very early days with no firm decision yet made and **[redacted – Regulation 10 (5)(e)]**

18. Mr Gray closed the meeting by thanking the JV partners and encouraged continued dialogue with SG, **[redacted – Regulation 10 (5)(e)]**. Mr Gray stressed he would make every effort to maintain industrial capacity and jobs at the site.

19. FD thanked Mr Gray **[redacted – Regulation 10 (5)(e)]**.

Meeting with Petroineos CEOs

Wednesday 27 March 2024

14:45-15:30

Committee Room 3, Scottish Parliament

Present

Màiri McAllan MSP, Cabinet Secretary for Wellbeing Economy, Net Zero and Energy, SG

Susie Townend, Deputy Director, Energy Industries, SG

[redacted – Regulation 11], Policy Executive, Energy Industries, SG

[redacted – Regulation 11], Private Secretary to Ms Martin, SG

Callum McCaig, Special Adviser, SG

He Jiang, CEO, Petroineos Trading Ltd.

Frank Demay, CEO, Petroineos Refining Ltd.

[redacted – Regulation 11], Regional Head of Legal and External Affairs, Petroineos Trading Ltd.

Readout

1. Ms McAllan welcomed the letter from shareholders, reiterated the importance of SG's relationship with Petroineos, and stressed that she wanted the relationship to endure as we approach the refinery's transition.
2. **[redacted – Regulation 10 (5)(e)]**
3. Ms McAllan noted that decisions around the refinery's future operations are commercial in nature and for the business to take, however she welcomed Petroineos' investment in fuel security and the economy and noted the criticality of these decisions to the local community and to the delivery of a Just Transition in Scotland. **[redacted – Regulation 10 (5)(e)]**
4. Mr He provided an overview **[redacted – Regulation 10 (5)(e)]** but **[redacted – Regulation 10 (5)(e)]**. Mr He said **[redacted – Regulation 10 (5)(e)]**.
5. SG's engagement with the business **[redacted – Regulation 10 (5)(e)]** and there was agreement that constructive UKG and SG joint working will be required if Grangemouth is to be able to compete with European competitors who enjoy high subsidy support – **[redacted – Regulation 10 (5)(e)]**.
6. **[redacted – Regulation 11]** made clear that **[redacted – Regulation 10 (5)(e)]**.
7. SG will assist Petroineos in its engagement with UK Government on reserved levers of support.
8. There was agreement that politicisation of the refinery's future transition did not help the business or its workforce.

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

St Andrew's House, Regent Road, Edinburgh EH1 3DG
www.gov.scot

INVESTORS IN PEOPLE[™]
We invest in people Silver

