Business, Energy and
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[By email]

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Dear Chris Laverty, Trevor O'Sullivan and Will Stagg,

Liberty Steel and the Future of the UK Steel Industry – Greensill Capital

As part of my Committee's inquiry into *Liberty Steel and the future of the UK steel industry*, I wrote to Mr Lex Greensill on 30 June 2021 to ask questions about the financial practices of Greensill Capital, particularly in relation to GFG Alliance and Liberty Steel UK.

Mr Greensill answered a number of questions with the following statement:

> *I am not permitted to comment on GFG or Liberty related matters. This information can only be provided by the Administrator of Greensill Capital.*[1]

Therefore, I am writing to extend a number of questions that Mr Greensill referred to the administrators of Greensill Capital to answer.

You will understand the importance of receiving answers to the questions set out below as Greensill Capital is a business that loaned £350 million of taxpayer-backed guarantees through the Coronavirus Large Business Interruption Loan Scheme (CLBILS) to GFG Alliance companies. Therefore, my Committee is committed to holding Greensill Capital and GFG Alliance to account and identifying how and why this sum of money came to be loaned.

Please answer the following questions:

1. What were the terms of the supply chain finance contracts between Greensill Capital and Liberty Steel UK businesses? Please specify which legal entities this answer applies to.
2. To what extent was Greensill Capital aware of financial issues within GFG Alliance before it began to default on its loans?
3. In evidence to the Treasury Committee, Mr Greensill said that "the British company that you keep talking about was not our largest customer in terms of the assets that we funded".[2] What percentage of Greensill Capital's total lending was extended to GFG Alliance?
4. Did Liberty Steel UK or GFG Alliance receive financing from Greensill Capital at any point on the basis of future receivables? If so, how much capital was extended to Liberty Steel UK or GFG Alliance under the future receivables programme? What checks were undertaken before accepting future receivables?

[1] Lex Greensill, Email to the BEIS Committee Chair, received 9 July 2021
[2] Treasury Committee, Oral evidence: Lessons from Greensill Capital, HC 151, 11 May 2021, Q 172

5. After raising concerns about Greensill Bank's exposure to GFG Alliance in December 2020, BaFin proposed a concentration reduction plan which you rejected. Mr Greensill told the Treasury Committee that Greensill Capital was later able to agree an alternative concentration reduction plan which included targets that Greensill Capital was expected to meet.[3] Why was Greensill Capital unable to meet this revised concentration reduction plan with BaFin before it filed for insolvency?
6. Why did Greensill Capital extend £350 million of Government guaranteed loans to GFG Alliance companies when there was a £50 million limit on loans to individual companies?[4] What assessment did Greensill Capital make of the i) legality, and ii) ethics and appropriateness of using taxpayer-funded guaranteed in this way?
7. Did Greensill Capital provide any advice to GFG Alliance on how to structure its business interests in order to access Government-guaranteed loans? Was such advice offered to any other customers?

Given the importance of these issues, and their centrality to our inquiry, you will appreciate the need for detailed answers. I would be grateful for a full response to these questions by close of play on 23rd July.

The Committee may publish your response on our website.

Darren Jones MP
Chair, Business, Energy and Industrial Strategy Committee

[3] Treasury Committee, Oral evidence: Lessons from Greensill Capital, HC 151, 11 May 2021, Q166
[4] Financial Times, Gupta carved up business empire in attempt to secure UK Covid loans, 15 April 2021