LIBERTY Steel and UK Steel Industry inquiry

August 2021

GFG Response to BEIS Select Committee Written Questions

1. **GFG Alliance is a loose collection of many businesses, of which Liberty Steel is one part. We have heard evidence that this structure is unusual. Please explain why you decided to structure your business in this way and, if changes are now being made, confirm what those changes are.**

GFG Alliance ("GFG") started out as a family office that invested in assets across the world that it identified as underperforming or distressed, and that could be transformed over time to release latent value. GFG encouraged its businesses to adopt a regional strategy to serve local markets and operate as standalone businesses separate from other GFG entities.

Holding separate businesses in a family office structure allowed GFG to acquire a range of assets at different stages of maturity. Visibility of individual business metrics and performance was key to driving accountability and its turnaround strategy for each asset and for monitoring progress. This approach helped to save thousands of industrial jobs, which may otherwise have been lost, and increased the enterprise value of many of its assets.

As GFG grew, particularly between 2017-2019, it reached a size and scale which meant there were synergies at a global level across its portfolio. GFG also identified the need to evolve its structure away from a family office model towards a more conventional corporate group structure to improve governance, transparency and oversight.

In October 2019, GFG took a decision to consolidate some of its businesses and establish three industrial pillars under which its core businesses would be grouped: LIBERTY Steel Group, ALVANCE Aluminium Group, SIMEC Energy Group. As the largest part of GFG, the steel group was the first to be formed which saw most of its global steel assets consolidated into a single entity, harmonisation of accounting year ends, the appointment of a single auditor and the establishment of a board with independent directors (as described in paras 47-53 of the submission).

The impact of the Covid-19 pandemic and then the Greensill collapse limited further progress through 2020 and 2021. However, as GFG now prepares to refinance, there is both a need and a desire to further evolve its governance to improve GFG and meet stakeholder expectations. For example, since the appointment of LIBERTY's Restructuring & Transformation Committee (5th May 2021), steps are being taken to review and, where necessary, put in place any changes to organisational structures that will support restructuring and refinancing. Some of these initial measures have been announced publicly (https://libertysteelgroup.com/news/gfg-alliance-announces-major-restructuring/) and GFG will seek to keep all stakeholders, including the Committee, informed of further developments through a series of regular updates.

2. **We have heard evidence that the interconnected nature of many GFG Alliance and associated businesses (for example, businesses owned and operated by former GFG Alliance employees) is also unusual. Please outline how this corporate structure is beneficial to Liberty Steel UK.**

GFG is defined as a collection of global businesses and investments owned by Sanjeev Gupta and his family. GFG's structure is certainly not unusual for family-run businesses, particularly those that have grown very quickly, as GFG has. It is also not unusual for former employees of a company to set up separate businesses with whom that company then trades on an arm's length basis. As described in response to Q1, GFG's structure allowed it to drive greater visibility and accountability at each of its assets, in order to isolate businesses that required turnaround and allow mature businesses to develop at their own pace. This approach also allowed localised management to focus on the asset, identifying and implementing the actions and processes, bespoke to that asset and business, that would take it forward (see para 47 in the submission).

A good example of how this has benefited businesses in LIBERTY Steel UK (LSUK) is Newport. The business is a standalone operation that buys its own raw material, processes it, and sells its product to the market. It is not significantly integrated into the wider LSUK, and this independence is an important factor in it achieving its best quarterly results since GFG acquired it in 2013 despite other parts of LSUK being in difficulty.

3. **Please outline in detail the financial and legal relationships between Liberty Steel UK companies, including Liberty Steel Commodities, and how these interact with functions associated with GFG Alliance (whether that means merely you or the various employees who are described as role holders for GFG Alliance, even though the alliance is not a legal entity in its own right). Please explain how standard practice board-level oversight and accountability is exercised in the context of these legal structures.**

The detail of the financial and legal architecture of these companies is on the public record at Companies House and at the other pertinent registers. The statutory Directors of GFG companies meet their legal obligations in line with the requirements in the jurisdiction in which they are registered.

In addition, there are a management structures for each of GFG's core industrial pillars which drives commercial and operational accountability. Quarterly management review processes are in place to ensure board level oversight and accountability.

LIBERTY Commodities (there is no business called LIBERTY Steel Commodities) has been in existence for 26 years as a trading company. In recent years, LIBERTY Commodities has evolved to support the sourcing and marketing of materials for GFG's industrial businesses including LIBERTY Steel UK. LIBERTY Commodities has its own management team but shares some central functions with GFG such as HR and IT.

4. **In evidence to the Committee, Liberty Steel UK Chief Financial Officer, Anton Krull described a 'central treasury function' within the GFG Alliance that provided the required finances to Liberty Steel UK companies. Please explain**

I. **what this 'central treasury function' is,**

II. **in which legal entity it is located,**

III. **who specifically is responsible for running it, and**

IV. **how this arrangement benefits Liberty Steel.**

LIBERTY Steel Group has a finance department which is run and overseen by Deepak Sogani, who was appointed as Chief Financial Officer on the 5th May 2021. Mr Sogani is responsible for treasury functions including cash and liquidity management, financial risk management, working capital management, long term finance, relationships with finance providers, tax and treasury accounting. Mr Sogani has a central finance team based in London, Singapore and Dubai. CFOs/Finance Directors at the business unit level report to local CEOs or MDs. Mr Sogani reports to Executive Chairman, Sanjeev Gupta.

This arrangement has benefited GFG's UK businesses, including LSUK, through a total investment of £1bn into the UK, funding nearly £300m of operating losses and supporting 4,300 industrial jobs in communities across the UK and many more in the supply chain.

5. **How much of a priority is Liberty Steel UK for you personally?**

GFG's businesses in the UK are a top priority for GFG and Sanjeev Gupta. The LIBERTY Steel story began in the UK with the acquisition of Newport. GFG believes the UK steel sector can have a positive future if it quickly adopts a GREENSTEEL model and is supported by the right policy framework (see paras 35-46 within the submission). If the conditions are right, LSUK is confident it can grow its GREENSTEEL operations at Rotherham to become one of the largest recycled steel production units in Europe, while the Committee has seen the potential for Newport to develop as a GREENSTEEL hub with a low carbon power source.

Sanjeev Gupta and LIBERTY's Restructuring & Transformation Committee are working intensively with LSUK's management team, creditors and potential lenders to find a sustainable future for the businesses in the UK and to bring about the GREENSTEEL vision.

6. **Between 2016 and 2019 you acquired several steel businesses around the world, some of which were in administration or struggling financially. What due diligence did you undertake to assess the long-term viability of these assets before purchasing them?**

    a) **In conducting this due diligence, did you request financial support from mainstream lenders to support your acquisition of these companies? If so, did they agree to your requests? If not, why did they decline to support your proposals?**

    b) **What assessment have you made of your decision to acquire many assets in such quick succession?**

It is important to be clear that had it not been for GFG's intervention, many of these businesses would have fallen over. Some were distressed, in administration or closed with no mainstream finance available.

a) GFG has a very clear purpose to create a sustainable future for industry and society. It seeks to achieve this through its GREENSTEEL model, pursuit of low carbon aluminium production and its commitment to developing renewable power. Its M&A activity is carefully selected with this purpose in mind (see further below). Of course, GFG assesses a range of financing options available for a particular asset, and in some cases GFG has used traditional lending methods to acquire businesses. This is the case with GFG's acquisition of its aluminium business in Dunkirk, which used a consortium of banks, and the acquisition of its steel businesses in the US, which was done through an Asset Backed Loan.

However, as is well documented, and explained in GFG's evidence submission (para 1, 5-13, 25-34) the UK steel industry faces some very significant challenges which has meant access to finance (see para 55 of the submission) has been a challenge for the whole sector, even in good market conditions. Most recently, the inability of steel companies in the UK to access the Coronavirus Credit Finance Facility (CCFF), due to a lack of the required investment grade rating stipulated for that scheme, is an illustration of the financing challenges for the sector.

For GFG, that long-term restriction in options led to an overconcentration in one lender. GFG had recognised this issue and had started to transition its financing from Greensill to longer term forms of debt. For example, GFG's InfraBuild business in Australia refinanced its Greensill exposure through issuance of a bond and an Asset Backed Loan in 2019. Even so, at the point at which Greensill collapsed there remained an overconcentration which has created a very significant challenge for GFG which is now being addressed through its restructuring.

In the past, GFG's M&A (including due diligence) and operational improvement model has followed the steps laid out below:

Assessment

The process starts when GFG analyses which assets to buy. This involves detailed due diligence and consideration on how their current performance compares to industry benchmarks and the opportunities that could be created by making the business part of the broader GFG group.

For example, last year GFG identified that if it bought Ascoval steelworks ('Ascoval') and the strategic steel assets of French Rail Industry ('Hayange') it could make both businesses more successful by creating a circular economy, closed loop system for producing rails sustainably.

Hayange could take steel blooms produced by Ascoval from recycled scrap and turn them into products with 90% lower emissions for rail companies like SNCF who were looking to cut their carbon footprint. In turn, SNCF would supply Ascoval with its old rails as scrap feedstock. This GREENSTEEL focused approach has meant both businesses operate at higher capacity. These businesses were since put up for sale as a going concern as part of LIBERTY's global restructuring.

Acquisition

Once a business is acquired, GFG spends the first 100 days working with its people to develop a plan for the future. GFG often find the teams onsite already have ideas for improvement that they weren't able to implement under previous ownership and empowering them to take these steps creates immediate momentum. GFG's operational improvement task forces are key to this process. They bring decades of experience in improving the performance of older assets and help the teams in newly acquired businesses assess every element of their production process, skills base and commercial agreements to identify opportunities for improvement. In 2019, a major focus was developing improvement plans for each of the assets LIBERTY acquired from ArcelorMittal. For example, LIBERTY Galați's 100 day plan identified opportunities to increase production from two to four million tonnes with a balanced portfolio of short and long products, reduce variable costs by US$60 per tonne by building a new lime kiln and identifying a new coke source; and cut carbon emissions through blast furnace efficiency.

Transition

As the 100-day plan for each business is implemented, GFG also integrates them into the broader group. This means placing every site onto GFG's Health & Safety platform and using a central procurement hub in India to identify new suppliers that can cut costs or provide a more tailored service to each business. GFG also look to progressively address production bottlenecks which limit operational efficiency and make smart investments that allow businesses to make better use of their production capability. For example, at Rotherham, GFG first invested to restart the electric arc furnace which led to doubling of production to over 500,000 tonnes at its height. Last year, GFG announced plans to remove production bottlenecks at the Rotherham N Furnace and small bloom caster to start producing rebar and wire rod for the construction and engineering markets to increase utilisation of the rolling mills.

Transform

GFG's long-term strategy is to ensure all of its assets are carbon neutral by 2030 and produce GREENSTEEL – either by processing scrap metal in electric arc furnaces or using hydrogen as a reductant in Direct Iron Reduction plants. Once GFG's sites are operating well, it identifies projects that will structurally lower emissions and prepare them for future growth. For example, LIBERTY Ostrava have launched a tender process for Europe's first hybrid furnaces to replace the plant's existing tandem furnaces. Once a new electricity supply line is installed these will reduce emissions by 50% by 2025 and sustainably reduce production costs. We have GREENSTEEL projects identified for every major site so we can move quickly once the businesses are performing to target.

b) GFG's strategy of identifying latent value in underperforming assets and acquiring them counter cyclically has on the whole, been overwhelming successful. Its core steel and aluminium businesses in Europe and Australia are performing at record levels as a result of the operational and commercial improvements GFG has made, and the strong market conditions. There are some exceptions to this which includes parts of LSUK which have for many years, and under a variety of owners, under performed. Despite the structural challenges of steel making in the UK (as set out in paragraphs 25-34 in the submission) which put it at a disadvantage to other countries, GFG remains committed to its UK businesses and ensuring they have a sustainable future.

Business performance and that of acquired assets is the subject to continuous assessment

Liberty Steel’s financial position

7. **How much money has been raised per month from Greensill Capital for Liberty Steel UK sites since March 2020?**

The answer to this question is commercially sensitive and therefore confidential.

8. **How much debt does Liberty Steel UK currently owe to Greensill Capital?**

The answer to this question is commercially sensitive and therefore confidential.

9. **Liberty Steel Newport reported a turnover for the year ending 2019 of £326m compared to £3.7 million in profit. Please outline why net profit at some Liberty UK sites are much lower than turnover, and your assessment of the sustainability of this financial performance.**

Profit margins in steel businesses in the UK have, generally, in recent times been small or non-existent. Despite this, GFG has remained committed to its UK businesses and remains focussed on ensuring they have a sustainable future.

In 2019, steel market conditions were extremely poor and most, if not all, UK steel companies were loss making. In this context it was a remarkable achievement for Newport to generate a profit.

Since the beginning of 2021, market conditions have improved and steel, iron ore and aluminium prices are at record levels which is feeding through into very strong, and in some cases record, performance at GFG’s core businesses.

10. **What is the total value of loans Liberty Steel UK sites received from Wyelands Bank?**

The answer to this question is commercially sensitive and therefore confidential.

11. **In written evidence to the Committee on 6 July, you stated that GFG Alliance has a “policy of seeking, wherever possible, to diversify its capital base as it goes through the current period of refinancing”. To what extent will the future financing of Liberty Steel UK sites depend on supply chain finance, and what alternative financing methods will Liberty Steel UK seek to use?**

The future capital structure of LSUK is highly dependent on the ongoing restructuring and transformation efforts, and discussions with existing creditors. While nothing is ruled in and nothing is ruled out, our ambition is to use a range of well-established forms of financing, such as asset-based financing, to fund LSUK in the future.

12. Please outline the restructuring plans for Liberty Steel UK sites if GFG Alliance is unable to agree re-financing from private investors or Government intervention?

GFG and LSUK are entirely focussed on developing its new business plans with its creditors and new lenders to support restructuring and refinancing. Any changes to LSUK will be communicated to our employees, unions and other critical stakeholders first before wider interested parties are informed. We have nothing to report at the time of writing.

13. You are listed as the director of a company named GFG Alliance Ltd on Companies House UK. This company is listed as dormant with £1 in net assets. What is the purpose and activity of this company?

The company (and its name) was registered at Companies House to stop third parties from registering it as a brand protection measure. It is effectively non-trading.

14. In written evidence you stated that "by 2020 GFG Alliance had recognised the need to further diversify its lender base to reduce its reliance on Greensill Capital" and that "this process was underway but became a greater challenge as the Covid-19 pandemic swept across the world". Please outline the specific steps you have taken to refinance GFG Alliance's debt to Greensill Capital from March 2020 to March 2021.

The precise details of GFG efforts to refinance between March 2020 and March 2021 are commercially sensitive and therefore confidential. Please also refer to para 58 of GFG's evidence submission. These efforts continue.

15. The Sunday Times reported in March 2020 that GFG Alliance and Greensill Capital's "fortunes have become inextricably entwined" as Greensill Capital supplied much of GFG Alliance's working capital. Why did GFG Alliance borrow such large amounts from Greensill Capital alone, and therefore become "inextricably entwined" with it?

With respect to the Committee and the Sunday Times, this statement is an opinion rather than a fact. GFG would suggest a review of Mr Greensill's oral evidence to the Treasury Select Committee for further context.

The relationship between GFG and Greensill is explained in paras 54-59 in the GFG evidence submission which also provides the context for GFG's borrowing from Greensill. Within that section GFG also notes that the overconcentration in one lender was not something it would repeat and created a significant challenge which it is now seeking to address through refinancing efforts.

Despite the very significant financial shock of its main lender falling into administration, GFG's core businesses continue to operate and perform at record levels.

16. **In a letter to the Financial Times dated 7 April 2021 you stated that "many of Greensill's financing arrangements with its clients, including with some of the companies in the GFG Alliance, were "prospective receivables" programmes, sometimes described as future receivables. How do you respond to the concern that GFG Alliance companies were overexposed to risky financing via Greensill Capital's prospective receivables programme?**

GFG has no further comment to add beyond what is already in the public domain and in paras 54-59 of its evidence submission.

17. **What percentage of GFG Alliance's total funding was premised on Greensill Capital's prospective receivables programme?**

For legal reasons that relate to ongoing investigations by relevant authorities GFG is not able to comment. Even absent those investigations, this information is commercially sensitive and therefore confidential.

18. **In written evidence to the Committee you stated that as part of Greensill Capital's prospective receivables programmes, sometimes described as future receivables, "Greensill employees identified companies with whom its counterparties could potentially do business in the future. Greensill then determined, at its discretion and based on insurance capacity it had, the amount of each Prospective Receivables purchase and its maturity". In evidence to our inquiry, Professor Yang stated that it is "unimaginable" that the potential borrower would enter into a deal without being aware of who the companies it is raising invoices against are. How do you respond to this concern?**

That opinion is for Professor Yang to validate. For legal reasons that relate to ongoing investigations by the relevant authorities GFG is not able to comment beyond our public statement on this topic.

19. **Why did you buy Wyelands Bank in 2016?**

Sanjeev Gupta is an entrepreneur and spotted an opportunity to support financing for medium sized manufacturing and trading companies. Wyelands Bank business plan and model was set out and approved by the PRA under its Regulated Business Plan.

20. **UK financial regulations permit banks to lend up to 25 per cent of their core capital to related parties. In a previous evidence session Wyelands Bank confirmed that around 80**

per cent of its lending was to GFG Alliance companies before 2019. Do you believe that this percentage was an appropriate amount? If so, why? If not, why did you allow this concentration of lending?

Wyelands Bank, as an independent, regulated entity, will be in a better position to confirm the allocation of its lending arrangements. However, the vast majority of GFG facilities with Wyelands Bank relate to invoice discounting facilities, rather than direct lending. Sanjeev Gupta was not a board member of Wyelands Bank and had no involvement in the bank's decision-making or approvals.

21. Wyelands Bank was sanctioned by the Prudential Regulatory Authority (PRA) for breaching rules on lending to related parties. At the time of this sanction you were the owner of both Wyelands Bank and GFG Alliance. Were you aware of this breach of lending rules?

This is a question for Wyelands Bank to address but GFG can confirm that it is not aware of any sanction imposed by the PRA on Wyelands Bank.

22. In written evidence you stated that "GFG is confident that it has abided by all relevant legislation with regard to related party transactions" in relation to Wyelands Bank. If Wyelands Bank abided by all legislation, please outline your understanding of why the PRA sanctioned the Bank?

This is a question for Wyelands Bank to address but GFG can confirm that it is not aware of any sanction imposed by the PRA on Wyelands Bank.

23. It was suggested in evidence to the Committee that you had previously attempted to set up offshore companies to support your business plans, requesting advice from Mossack Fonseca. Please confirm whether this is correct and, if so, why you sought advice on this from Mossack Fonseca?

GFG seeks legal advice on company structures through the normal course of business. GFG had very little contact with Mossack Fonesca before the "Panama Papers" and zero contact since then.

Circular Financing

24. It was reported in the Sunday Times that Liberty Steel Newport engaged in circular trading. In your written evidence you describe this as a "bilateral or tripartite Repurchase agreement (REPO) structure" which "is common not only in commodities but even more so in financial markets". In evidence, Professor Siddiqui stated that this "does not look like a regular practice". Similarly, Professor Yang agreed that this agreement was "quite unusual". How do you respond to these assessments of Liberty Steel Newport's financial practice?

a) **How frequently was this REPO structure used within Liberty Steel UK companies?**

b) **The Sunday Times reported that the terms set out by Greensill Capital determined that an invoice was only eligible for financing by Greensill if it related to "an actual and bona fide sale of tangible moveable goods". In written evidence you described the circular trading involving Liberty Steel Newport as "raising finance through a temporary sale of inventory not needed immediately". Does this confirm that there was no dispatch of goods as part of this sale?**

c) **If goods were not dispatched, how do you respond to the assessment that Liberty Steel Newport was in breach of the lending terms stipulated by Greensill Capital?**

Please see below the statement made in GFG's evidence submission regarding REPO. GFG has no further comment at his stage.

There have been some misleading media reports relating to alleged circular trading by LIBERTY Steel Newport which may be helpful to address. Raising finance through a temporary sale of inventory not needed immediately, with an agreement to buy it back later when needed, using a bilateral or tripartite Repurchase agreement (REPO) structure is common not only in commodities but even more so in financial markets. It is especially popular as it is a more secure form of financing compared to other unsecured loans or overdrafts. This is the main business of many traders around the world and many plants rely on such funding mechanisms to augment their working capital. Once repurchased the inventory will eventually be sold on to a final consumer and again raising finance against that sale would be normal. LIBERTY Steel Newport abided by all the normal rules that apply to such inventory-based financing and did so in full knowledge of all parties involved. All such funding was at LIBERTY Steel Newport was repaid in full with financial gains for the investors.

25. **Which company or companies ultimately benefitted from the use of circular trading schemes, or REPO structures, within GFG Alliance?**

This information is commercially sensitive and therefore confidential.

26. **The Financial Times reported that there were a number of "suspect invoices" raised by Liberty Commodities. In evidence, Cynthia O'Murchu stated that "there were instances where you could see signatures and company seals that were near identical… We then talked to individual companies or company CEOs, who told us that they had never done business with GFG Alliance". How do you respond to the assertion that GFG Alliance used fake or suspect invoices for its own commercial gain?**

GFG has no further comment beyond its public statements on this subject. GFG would like to reiterate that it denies any wrongdoing in the strongest terms possible. For legal reasons that relate to ongoing investigations by the relevant authorities GFG is not able to comment further.

Accounting and Audit Practices

27. **In October 2019 you committed to publishing a consolidated set of accounts for GFG Alliance companies. Why have these accounts still not been published?**

Please refer to paragraph 51 of GFG's evidence submission. In addition to those points, it's important to understand that the overriding and immediate priority for GFG is its global restructuring and transformation efforts.

28. **You stated in written evidence that "smaller businesses, for example in the UK, have historically had smaller auditors commensurate to their scale". In evidence, Professor Siddiqui stated that King & King would be "severely stretched" if it were to audit numerous GFG Alliance companies. Why did you select King & King to audit GFG Alliance companies?**

GFG's businesses have used a range of auditors around the world appropriate to their size. Most of GFG's major businesses, which forms the bulk of the group, use large auditing firms. In common with most private, family-owned companies, GFG has applied the accounting and reporting standards relevant to the particular scale of the business concerned.

29. **In evidence, Mr Patel of King & King, the engagement partner for GFG Alliance, said that he would meet with you one to two times each year. Is that correct?**

As explained by Mr Patel, Sanjeev Gupta meets with King & King a few times per year which is appropriate at that level. However, representatives of King & King and GFG's accounts team meet and speak to each other regularly to discuss audits.

30. **It has been reported by the Sunday Times that a number of GFG Alliance companies, including Liberty Speciality Steels and its subsidiary Speciality Steels UK, changed their accounting deadlines in 2020. Why was the changing of accounting deadlines necessary and what did this hope to achieve?**

This process relates to the harmonisation of account year ends across some of GFG's steel businesses as part of its preparation to present consolidated accounts for LIBERTY Steel Group (LSG). Originally the accounting year end for LSG was to be harmonised for June 2020 but due to Covid-19 the year end was moved back to March 2021.

Government Support

31. **GFG Alliance companies received £350m in UK Government-guaranteed loans in September 2020. £250m of these loans were received by Liberty Steel UK subsidiaries. Please provide details of how this money was spent at Liberty Steel UK.**
    a) **Did**
        I. **Liberty Steel UK, and**
        II. **any other GFG Alliance entities,**

secure financing through the CLBIL Scheme via lenders other than Greensill Capital?

For legal reasons that relate to ongoing investigations by the relevant authorities GFG is not able to comment beyond its public statements on this subject.

32. To what extent are GFG Alliance and Liberty Steel UK in a sufficiently strong financial position to repay the Government-guaranteed loans received from Greensill Capital?

For legal reasons that relate to ongoing investigations by the relevant authorities GFG is not able to comment beyond its public statements on this subject.

33. The UK Government previously rejected a request from GFG Alliance for a £170 million loan. In a BEIS evidence session the Secretary of State stated that it would be irresponsible to give money to "companies that are very opaque". Do you

I. agree with the Government's assessment of GFG Alliance, and
II. believe the Government's decision was correct?

These are points for the Government to answer. GFG is structured in the manner best suited to meet the needs of the business and of its stakeholders. The shape of the organisation has evolved over time and continues to evolve, driven by a variety of factors.

34. The Financial Times has reported that GFG Alliance companies were divided into separate legal entities in order to bypass the £50 million lending limit on CLBILS loan guarantees. Is this accurate?
a) Would you assess this separation of entities as
I. legal and
II. ethical?

GFG Alliance applied for loans from its lender, backed by the CLBILS schemes, to support business activities and to help preserve jobs in industrial communities following the significant impact of Covid-19 on some operations and markets. GFG Alliance sought approval from relevant authorities and worked with multiple legal parties, prior to finalising any loan applications to its lender. GFG believes its applications to its lender then underwent strict due diligence including consultation with its legal advisors and the relevant authorities. Applications to the lender were supported by comprehensive financial information and business plans. GFG is confident that it abided by all rules that applied to GFG entities in respect to those loan applications, including rules related to business structure.

35. The National Audit Office has confirmed that of the eight total Greensill Capital CLBILS loans, seven were secured by GFG Alliance companies and an eighth was secured by a company whose owner was previously a board member of GFG's charitable foundation and GFG's strategic board. How interdependent were GFG Alliance and Greensill Capital in

order for Greensill to lend all eight Government-guaranteed loans to GFG Alliance and related companies?

Greensill was GFG's main lender but not its only lender. GFG has relationships with many financial institutions around the world. Please also note the comments made by Mr Greensill to the Treasury Select Committee in which he outlines the GFG relationship in Greensill's business context.

36. **Did you personally lobby any current or former Government Ministers or officials in seeking to secure Government-backed support for any GFG Alliance entities?**

As a large employer in a strategic sector of the UK economy, GFG regularly engages with government on a number of topics that relate to its businesses and the public policy environment. GFG, like many other large businesses in the UK, interacted with government during the Covid-19 crisis to explain business conditions and to discuss the support packages that were available from government.