



2<sup>nd</sup> November 2022

**For Immediate Release**

**MANAGEMENT OF VALCO CLEARS THE AIR ON RECENT DEVELOPMENTS**

Management of the Volta Aluminium Company (VALCO) has observed within a section of the media, reports circulating an alleged tension brewing at VALCO following the decision by some of our workers to demonstrate against Management.

The reports among other issues indicated that the Ghana Grid Company Limited (GRIDCo) has cut power supply to the company and also alleges that Management of VALCO has given deaf ears to complaints from workers asking for an increment in their salaries.

We wish to state firmly that the allegations are untrue and wish to set the records straight by stating the facts of the issues as follows:

**1. Planned Shutdown of VALCO Smelter**

VALCO's Board of Directors, conscious of the strategic significance of the Smelter to His Excellency the President's ongoing Integrated Aluminium Industry (IAI) Project, fully discussed at its last meeting, the likely negative consequences on the Project in particular and Ghana's accelerated economic development in general and charged Management to ensure that Ghana does not lose the Smelter in the event of any agitations that would occasion an unplanned shutdown.

Following the unannounced takeover of the smelter on Monday October 31, 2022 by some workers, management took the decision in line with the Board's directive, to immediately work with GRIDCo as a matter of urgency to take down the line in an orderly fashion to save it in order to allow for a very smooth restart as soon as possible.

This is in sharp contrast to reports circulating in the media that GRIDCo, following an order from above, has cut power supply to the company following a protest by workers of VALCO against Management.

We wish to also state emphatically that it will not cost VALCO about USD 100,000 per pot in shutting down and USD 10 million in restarting the plant. Rather, it is to prevent such occurrences that management opted for the controlled halt to its operations.

**2. Workers reject 22% Salary Increment**

It must be stated clearly that the workers, after a series of negotiations led by their union executives, made an initial demand of a 62% salary increment to the Management of VALCO, and subsequently reduced it to 55%. In response, the Management of VALCO, offered to grant a 22% increment in salaries for the workers with the assurance of further increment in the future as VALCO continues its efforts in finding a strategic investor to retrofit the plant.



Management of VALCO appealed to the workers to consider the current state of the Aluminium Smelter which, for years, has been recording losses until the year 2021 where, through prudent management and better supervision, chalked some modest gains recording Earnings Before Interest, Tax, Depreciation & Amortization (EBITDA) profits. According to Management, they are hoping to build on this and retrofit and modernize the plant to improve efficiency and increase its capacity.

Management of VALCO further indicated to the workers union executives that they will on November 1, 2022, finalise a communique for submission to the National Labour Commission (NLC) for independent third-party adjudication in accordance with law after negotiations between Management and the workers ended up in a stalemate.

However, the workers would have none of this and on October 31, 2022, embarked on a full-blown takeover of the Smelter, insisting they would not allow the Executive Management into the Plant.

### **3. Workers Demand to Peg Salaries to the United States Dollar**

The workers, led by their union executives, made this demand during the negotiation period insisting on having their salaries pegged to the US Dollar (USD) as of the last salary adjustment on September 1, 2021, but the parties i.e. management and the workers were unable to reach an agreement and declared a deadlock on Friday, October 28, 2022.

It is significant to clarify that the salary of the Ghanaian worker is not indexed in the USD but our national currency, the Ghanaian Cedi, thus, the demands from the workers to have their salaries pegged to the USD is untenable and must be disregarded.

We however recognize that both internal and external factors may cause an appreciation or depreciation of the Cedi to the USD and other foreign currencies, a situation that may impact the salary of workers from time to time. It is for this reason that there exist a Collective Agreement between VALCO and the Industrial and Commercial Workers' Union (ICU) to meet periodically and depending on the exigencies of the period, agree on the quantum of salary increase for that period.

### **4. Continuous stay of Experienced 'Staff'**

We wish to state that the decision to allow some staff, whom we consider very experienced and knowledgeable in the running of a highly technical field and a strategic plant as the VALCO smelter, a continuous stay was deliberate and tactful. They may have attained the retirement age but have not retired yet as they have been engaged legally on contractual basis, a situation that is not peculiar to VALCO but adopted in special situations by several private and public institutions especially where the services of such persons are needed in a specialized field.

Their continuous stay in their respective positions has not only helped to impart knowledge but led to a positive turnaround of the Company. It bears repeating that VALCO for close to twelve (12) years has been recording losses until the year 2021 where, through the support and leadership of these experienced staff, our cherished and hardworking employees, coupled with the immense support from government, recorded an Earnings Before Interest, Tax, Depreciation & Amortization (EBITDA) profits. We are deeply indebted to all our employees including these experienced staff for their services and personal sacrifices to stay on during those turbulent phases; a decision that is beginning to bear fruits.

However, the VALCO Board last year, 2021, initiated a succession plan which is already being implemented and it is expected that some of these experienced staff under contracts will start exiting by the close of the year 2022.

### **Conclusion**

We wish to assure our stakeholders, workers and the general public to remain calm as the Board and Management continue to dialogue with labour to find a resolution to the impasse and to ensure there is no threat to life and property.

VALCO remains an integral part of President Akufo Addo's vision of developing an Integrated Aluminium Industry in Ghana. The continuous operation of VALCO is significant as it will anchor both the upstream and downstream industries.

VALCO has commenced processes to partner a strategic investor that will retrofit and modernize the plant to increase its production from the current 50,000 tonnes out of its 200,000 tonnes installed capacity to 300,000 tonnes of refined aluminium per year.

Signed:

Dr Henry Benyah  
CHAIRMAN OF THE BOARD

Dan Acheampong  
CHIEF EXECUTIVE OFFICER