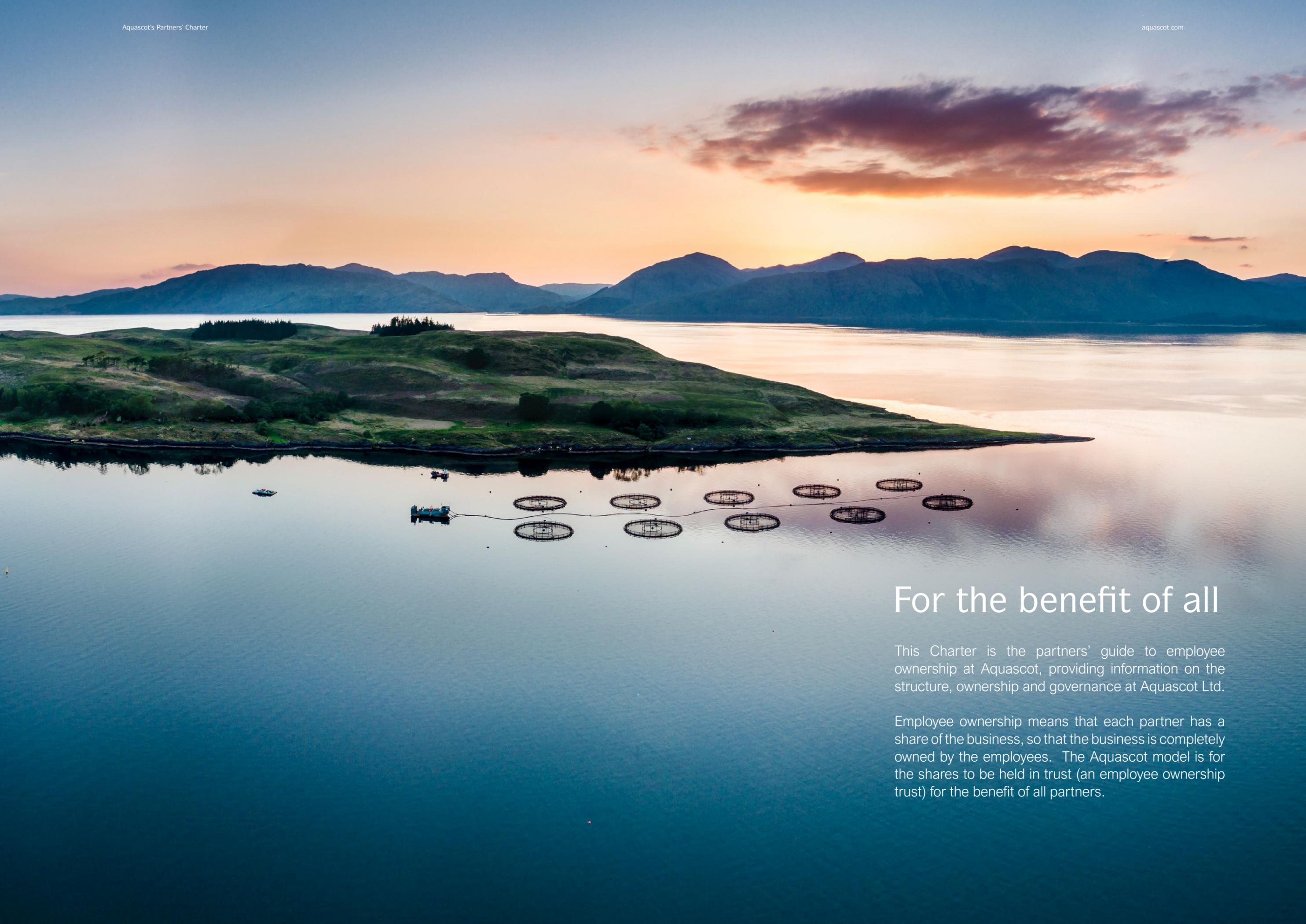




Committed to the growth and prosperity of our team, our partners and our communities

Partners' Charter 2020





For the benefit of all

This Charter is the partners' guide to employee ownership at Aquascot, providing information on the structure, ownership and governance at Aquascot Ltd.

Employee ownership means that each partner has a share of the business, so that the business is completely owned by the employees. The Aquascot model is for the shares to be held in trust (an employee ownership trust) for the benefit of all partners.

FOREWORD

Aquascot has been part of the community of Alness for over 30 years.

We are 100% employee-owned and have two sites: the Head Office and main production facility at Fyrish and our added-value production facility at Riverside. Producing salmon, organic salmon and trout products for Waitrose stores across the UK, we have been a dedicated supply partner for over 25 years.



In 2008, the journey towards employee ownership (EO) began as part of the succession plan for the previous owners of the business. The owners at the time wanted to ensure that the business remained embedded in the Alness community – providing local employment, driving growth and at the forefront of the Scottish aquaculture sector. Employee ownership was identified as the best strategy, allowing all employees in the business to have an input into the future of Aquascot.

The concept of EO isn't new, increasingly more and more companies each year are switching to this format. Typically, EO businesses can demonstrate improved levels of employee engagement, increased commitment towards the success of the

business, higher employment standards, greater levels of innovation and involvement in the local community. Simply put, a combination of shared ownership and employee participation should deliver superior business performance.



THE AQUASCOT JOURNEY TO EMPLOYEE OWNERSHIP

1987



AQUASCOT WAS ESTABLISHED

Formed by a small group of people in the Scottish Highlands with a passion for quality food, farmed at sea.

WE BEGAN TRADING WITH WAITROSE

The beginning of our enduring relationship with one of the UK's finest retailers - a company that shares our high standards and sense of partnership.

1993



DEDICATED PARTNER TO WAITROSE

Having revived Aquascot as an independent entity once again, following a management buyout, we solidified this partnership, and continue to work together closely.

2003



EMPLOYEE OWNERSHIP JOURNEY BEGAN, PARTNERSHIP COUNCIL ESTABLISHED

Embarking on a new vision for our company - shaped by the people who work here and led in partnership with the Leadership Team.

2008



2016



AQUASCOT BECAME 100% EMPLOYEE-OWNED

A significant milestone on our journey - Aquascot became one of the largest employee-owned businesses in Scotland.

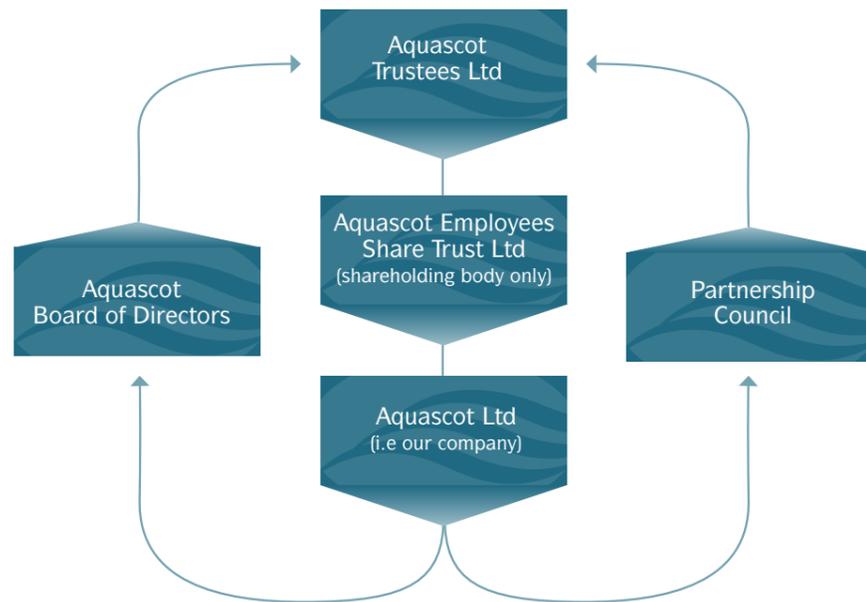


ROLES & RESPONSIBILITIES

Aquascot Trustees Ltd was set up as a company to administer the “Aquascot Employees Share Trust” (the “Trust”). The “Trust” is responsible for ensuring Aquascot Ltd operates in the best long-term interests of its partners and represents those who will benefit (i.e. the beneficiaries).

The Trust must include representation from the Board of Directors, Partnership Council and a minimum of two independent directors, known as Non-Executive

Directors. Trustee Directors must only ever operate in the best interests for beneficiaries (i.e. the partners).



Aquascot Employees Share Trust

This is the formal name for where all the shares for Aquascot are held. Shares are the units of ownership, they are fractions of the company. Rather than each partner physically owning an individual share, all shares are held by the “Trust” on a partners’ behalf.

Aquascot Board of Directors

The Board of Directors is legally responsible for the strategic development and management of Aquascot, ensuring its commercial success whilst acting responsibly towards its partners, suppliers and customers. There is a minimum of 1 partner representative elected from the Partnership Council in this group.

Partnership Council

The Council is made up of representatives, covering individual or multiple departments, acting on behalf of partners to ensure partners have a voice.



Our vision and purpose

We are proud to be a 100% employee-owned business, rooted in the Scottish Highlands.

We are innovative at heart with a real passion for creating great tasting, health enhancing, nourishing seafood which is sourced responsibly and is respectful to the environment.

We are fully committed to the long-term growth and prosperity of our team, our partners and the communities in which we operate, because we care.

Our values



Actively Ambitious

Innovative, ambitious, talented individuals with a shared hunger for the growth of our business.



Power of Partnership

Our people make all the difference to us being the best, and our inclusive culture helps us achieve better outcomes as individuals and as a team.



Naturally Kind

Open-minded partners working together, respecting, listening and empowering each other to achieve great things.



Integrity Matters

Fairness, honesty and transparency are everything to us. We always aim to do what is right and what fits with our values.

We are an **actively ambitious** team of partners, where **integrity matters**, who are **naturally kind** and fully believe in the **power of partnerships**.



ACTIVELY AMBITIOUS

We champion employee ownership to make our own and our partners' visions a reality.

We empower and support partners to bring ideas to life and use their initiative to help us create new growth opportunities.

We lead by example through continually and actively seeking to improve what we do and how we do it.

We are committed to learning and growth, so will invest the time and effort to become the best we can and want to be.



POWER OF PARTNERSHIP

We work together as one team heading in the same direction focused on achieving our combined success.

We value equality, embrace diversity and encourage individuality, as we believe this makes us stronger.

We work in partnership with companies and organisations who share our values.

We lead and participate with courage, consistency and wisdom, even when times are challenging.



NATURALLY KIND

We appreciate each other, the individual contributions we make and always take time to listen and value opinions.

We care about our partners and their families and we actively promote a balanced lifestyle, good health and well-being.

We believe in healthy, happy working relationships, with open and honest communication.

We are mindful of the impact we have on our environment, so take every step necessary to be the best we can and lead by example.



INTEGRITY MATTERS

We act with mutual respect, trust and honesty to create an enjoyable and positive working environment.

We always try to do the right things, in the right way.

We place our partners at the heart of everything we do, taking ownership and accountability for our actions and commitments to each other.

We champion and encourage behaviours that uphold our values and challenge those that don't.

“Working for an EO business means that you can make a positive difference and be rewarded for doing so.



*Hugh Mackenzie,
Senior Production Operative*

PARTNERSHIP COUNCIL

The purpose of the Partnership Council is to promote the interests of all partners and support the improvement of our company as a successful employee-owned business and a great place to work.

Our objectives

The Partnership Council (PC) is at the heart of Aquascot. Working with the Aquascot Trust, Aquascot Board and all partners, we will take responsibility for delivering the following objectives:

- Actively representing the interests of all partners.
- Effectively engaging and communicating with all stakeholders.
- Championing employee ownership.
- Encouraging and leading partners to follow Aquascot's values: actively ambitious, power of partnership, naturally kind and integrity matters.
- Influencing the future direction and long-term sustainability of the business.
- Making Aquascot 'a great place to work' and facilitating this through benchmarking.

Our terms of reference

The PC will deliver these objectives through:

- Being representative of all departments and partner groups.
- Ensuring that partners are eligible to join the PC once they have passed their probationary period.
- Setting a 3-year term for PC members, with the option to continue for longer to be reviewed on an annual basis.
- Effectively engaging and communicating regularly with partners.

- Meeting monthly at a time which maximises the number of partners available to attend.
- Nominating Non-Executive Directors (partner directors) to represent the PC on the Aquascot Board and Aquascot Trust, those partners having attended a minimum of 3 PC meetings.
- Resourcing for success. Ensuring activities are sufficiently resourced to sustain an effective PC.
- Ensuring PC members are sufficiently trained in order to undertake their PC responsibilities.
- Reviewing PC outputs and outcomes on an annual basis and checking these against partners', Aquascot Board's and Aquascot Trust's expectations.

We rely on our partners to communicate with the PC on concerns they may have, however individual issues should be raised with line managers and where needed to follow the Aquascot grievance procedures.

Partners can contact the PC through speaking to any of the elected representatives by emailing partnership.council@aquascot.com, attending our on-site clinics or using our suggestion boxes.

Please speak to a PC member if you would like to know more about the role or would like to join when vacancies arise.



OUR PARTNERS

A “partner” is any individual who is an employee of Aquascot Ltd. As a partner you are a beneficiary of the “Trust”.

This means that once you have passed your probationary period you may benefit from any successes the business may share, including tax-free dividend payments. All partners are encouraged to make a difference to the company however small, whether it is working more efficiently, implementing ideas or holding

others to account. We can all work together to make Aquascot a great place to work, ensuring it has a sustainable future in the Highlands. Being a partner at Aquascot is being part of a community, so make the most of the opportunities provided.



THE BENEFITS OF BEING EMPLOYEE-OWNED

Employee ownership provides many benefits for partners. The PC provides partners with a voice; a mechanism by which partners can ensure their thoughts and opinions on current business operations are considered and able to influence the future direction of travel of the business.

For example this may include: investment strategies, capital expenditure, diversification plans and community engagement projects.

As part of the PC you have the opportunity to represent partners on the Trust and Aquascot Boards as Non-Executive Directors (partner directors).

This allows you to have an equal vote in important decisions which consider the best interests of the beneficiaries (e.g. partners) and work positively towards the

long-term sustainability of Aquascot Ltd. Where the business meets its performance objectives, tax-free dividends can be shared with partners. There is no requirement to pay income tax (PAYE) on these bonuses however you must still pay national insurance contributions.

Being EO also brings other benefits such as more motivated and engaged employees with higher levels of well-being.



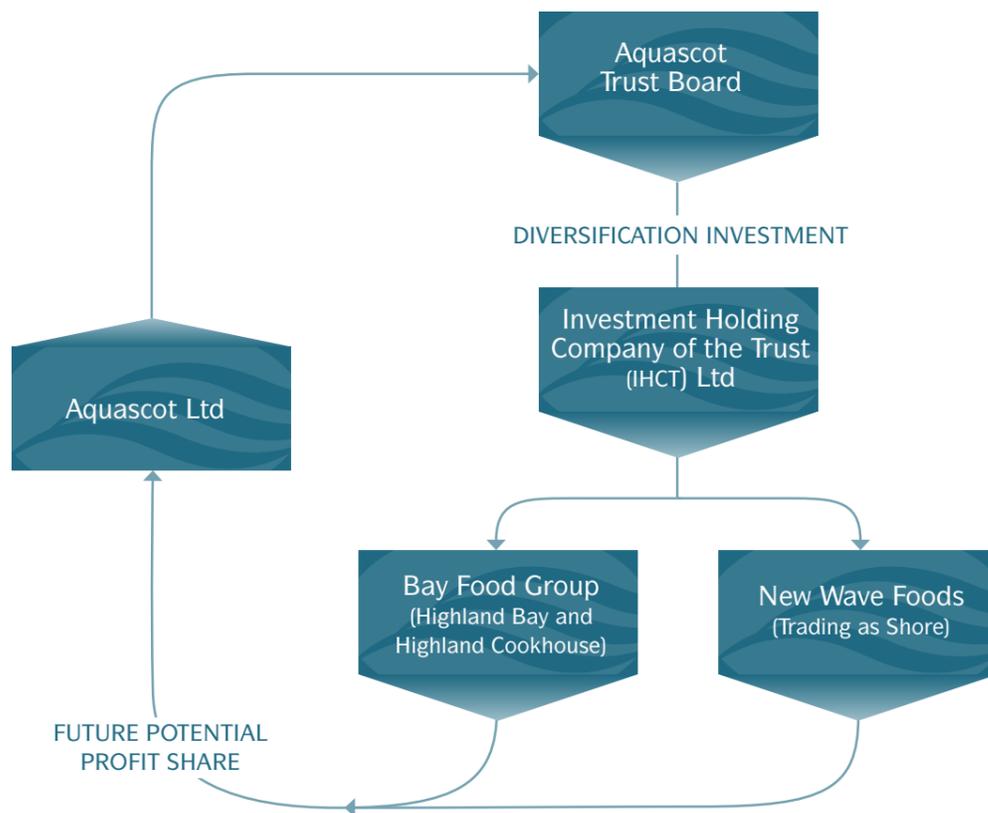
OUR DIVERSIFICATION STRATEGY

During 2010-11, mid-way through the transition to employee ownership, the Aquascot Board invited a number of partners in the business to set up a strategy group to explore how Aquascot could be more resilient through diversifying its range of business activities. The Board accepted the group's recommendations and so the Aquascot diversification strategy was born in the company's 25th year.

In 2015 a new company, Investment Holding Company of the Trust (IHCT Ltd) was formed to lead the diversification strategy of Aquascot. IHCT has the responsibility for all new businesses in the group, two of which are start-ups in New Wave Foods, creators of the Shore brand seaweed business, and Bay, a provider of high quality frozen meals and puddings under the brands of Highland Bay, The Scottish Food Company and The Highland Cookhouse.

The IHCT businesses are financed by a mixture of shareholder funds (provided by Aquascot to support the diversification

strategy), external investor funds and business loans. Any loans between Aquascot Ltd and IHCT Ltd are set up as legally binding agreements, to help ensure that the necessary funding is available for the future development and success of the IHCT companies. Like the building of Aquascot, growing the diversification businesses to maturity is a long-term process. Through time the businesses will become self-sustaining and profitable, so that the rewards can be shared with the Aquascot beneficiaries (i.e. the partners). The "blue-sky" team at IHCT Ltd welcomes new business ideas from partners to expand on the existing diversification strategy.



Joanne Brogan,
HR Advisor

“ Being a long servicing partner I have been involved in the EO journey from the start and am really excited about the future.





If you would like any further information on any of the topics in this charter please visit our website, or contact us directly. Thank you.

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