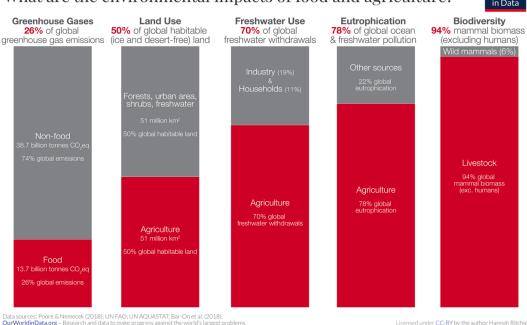


ARM Footprints

Food, energy and water has been described from the UN as the 'nexus' of sustainable development¹. This is exactly the cross section of ARM's core activities: production of organic shrimp, biochar and organic fertilizers within agriculture. This cross section defines the global environmental impacts of our company¹:

- 1. Food accounts for over a guarter (26%) of global greenhouse gas emissions²;
- 2. Half of the world's ice- and desert-free land is used for agriculture;
- 3. 70% of global freshwater withdrawals are used for agriculture²;
- 4. 78% of global ocean and freshwater pollution of waterways with nutrient-rich pollutants is caused by agriculture²;
- 5. 94% of mammal biomass (excluding humans) is livestock. This means livestock outweigh wild mammals by a factor of 15 to 1³. Of the 28,000 species evaluated to be threatened with extinction on the IUCB Red List, agriculture and aquaculture is listed as a threat for 24,000 of them.⁴

Hence, food and agriculture lie at the heart of climate change, reducing water stress, pollution, restoring lands back to forests or grasslands, and protecting the world's wildlife¹, beside the global GHG emissions.



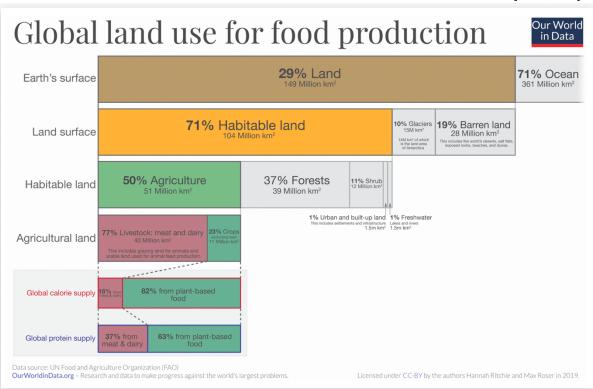
What are the environmental impacts of food and agriculture?

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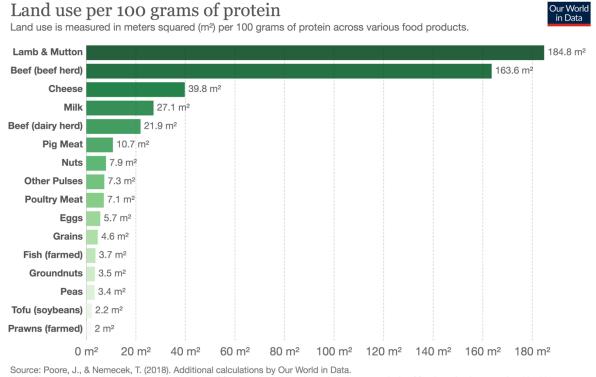
ARM land-use footprint

Of the 50% of total habitable land, 77% is used for meat and dairy production, which includes grazing for animals and land used for animal feed production. This produces only 18% of the global calorie supply. Crops excluding animal feed are produced only on 23% of the available agricultural land.





This indicates that human meat consumption is one of the major drivers of land use in agriculture and with that one of the key topics central in the global debate on sustainability in agriculture.



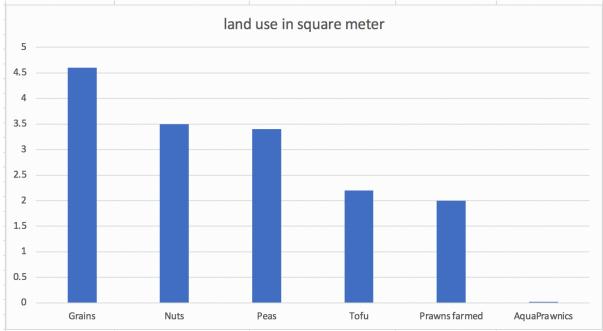
Note: Data represents the global average land use of food products based on a large meta-analysis of food production covering 38,700 commercially viable farms in 119 countries.

OurWorldInData.org/environmental-impacts-of-food • CC BY



Both lamb, mutton, beef and dairy products are by far the largest users of land in agriculture (see graph above). Interestingly enough, farmed prawns are the type of food with very low use of land compared to protein production, 80 to 90 times lower than land use with production of food from lamb mutton or beef.

While, for example, farmed prawns need in average $2m^2$ per 100 grams of protein, the shrimp from an AquaPrawnics standard unit of production need 0.01 m2 of land to produce 100 grams of protein. With that, AquaPrawnics shrimp have the smallest land use footprint of the food we are aware of, even considerably smaller than vegetarian food as for example grains, veggies or soybeans.



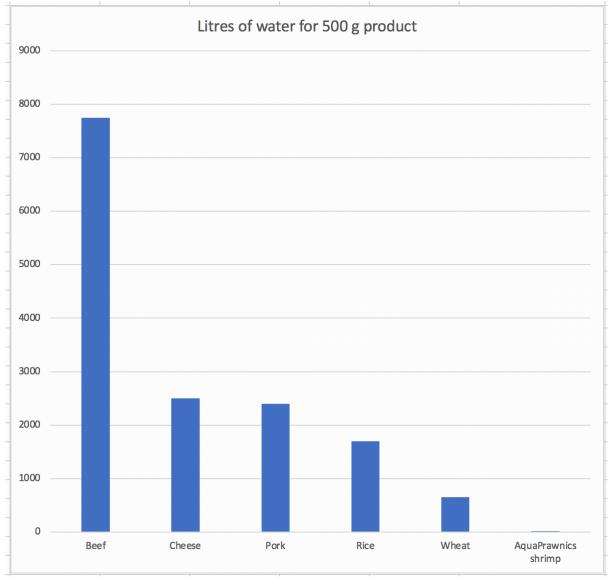
Land use in square meters per 100 g of protein produced

ARM water footprint

Only 10% of our water consumption is related to industrial products and only 5% to household use. About 85% of humanity's water footprint is related to the consumption of agricultural products, particularly animal products, as they generally use much more water per caloric value than crops. This means that if people are considering reducing their water footprint, they need to look at their diet rather than at their water use in the kitchen, bathroom or garden⁶.

The AquaPrawnics methodology has enormous benefits compared with open pond/water exchange systems. Normal aquaculture run 1-2% water exchange per day, some have as high as 10% per day. Our system is a zero exchange system (closed system) and reuses the water in the system over many cycles, only adding back the inorganics that are depleted with metabolic uptake. We have only evaporative loss replacement of water⁷.





Water footprint per 500 g product

The water footprint generally breaks down into three components⁷:

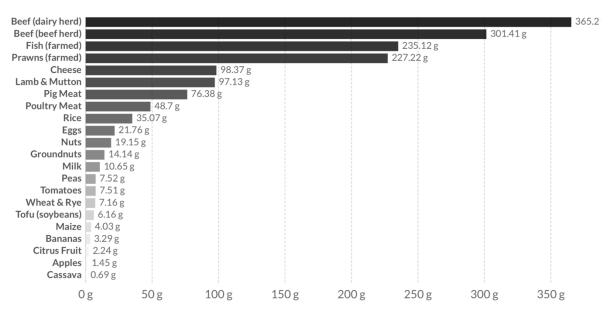
- The blue water footprint is the volume of fresh water that is consumed from surface and groundwater.
- The green water footprint is the volume of water consumed from rainwater stored in the soil.
- The grey water footprint is the volume of water that is required to dilute polluted water to such an extent that the quality of the ambient water remains above agreed water quality standards.

Emissions through runoff of excess nutrients into the surrounding environment and waterways is one of the largest water pollutions in agriculture. It is called "**eutrophying emissions**" and are measured in grams of phosphate equivalents (PO₄eq). The graph below compares the eutrophying pollution of different food production in terms of phosphate equivalents⁷. Data is based on global average values of a large meta-analysis of food production covering 38,700 commercially viable farms in 119 countries⁸.



Eutrophying emissions per kilogram of food product

Eutrophying emissions represent runoff of excess nutrients into the surrounding environment and waterways, which affect and pollute ecosystems. They are measured in grams of phosphate equivalents (PO₄eq).



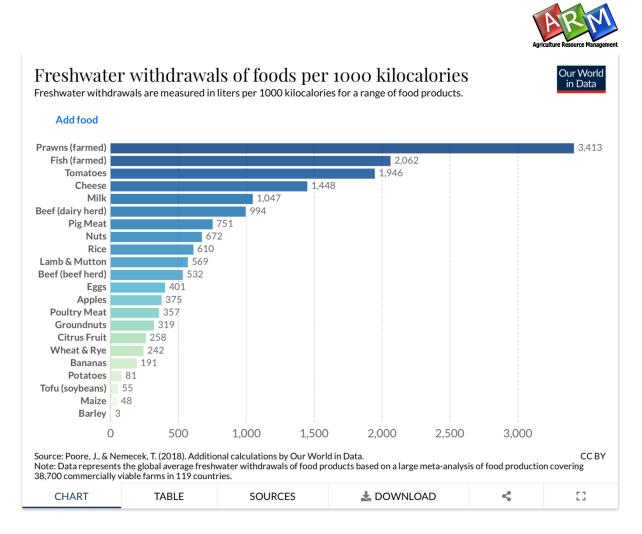
Add food

Source: Poore, J., & Nemecek, T. (2018). Reducing food's environmental impacts through producers and consumers. CC Note: Data represents the global average eutrophying emissions from food products based on a large meta-analysis of food production covering 38,700 commercially viable farms in 119 countries.

Not surprising is the high impact of beef. However, surprising is the high phosphate equivalents-value for farmed fish and farmed prawns per kilogram of food product (see chart above). In regard to prawns, which is AquaPrawnics` main product, high eutrophic pollution in average shrimp and prawn farming is mainly caused by Asian farming in ponds. The animals live in ponds where their feces pollute the water and cause health issues. In order to survive in such a polluted environment, antibiotics and chemicals are added to the water. With that the farmers are able to reduce mortality to an economically acceptable level, which still does not exceed 50%. With other words, half of the animals die in these heavily polluted environments. It is a known fact that imported shrimp from Asia are so contaminated with antibiotics that they are not accepted in the US or Europe for imports. Unfortunately, US border control is executed randomly. Polluted shipments are often taken back on the boat, shipped outside of US waters, re-packed and imported again.

Freshwater withdrawals (blue water footprint) of food gives a useful indicator of their environmental impact and scarcity. A scarcity-weighted water footprint reflects areas with the most impact on freshwater, which in some regions are a highly critical resource.

Interestingly enough, seen from this perspective, farmed prawns and shrimp are by far the largest polluters of limited freshwater resources per 1,000 kilocalories. That has very much to do with the mentioned pollution in Asian farms. The blue footprint of prawn was in this respect more than 3 times larger compared to beef production, which in other respect is the largest user of water in agriculture (see page 4).



Some years ago, these ponds were positioned close to the shore and the polluted water in the ponds ran off into mangroves. This had partly a devastating effect on mangroves around the world. These mangroves are vital for wildlife and coastal fisheries, and serve as buffers to the effects of storms. Their loss has destabilized entire coastal zones, with negative effects on coastal communities. This practice is fortunately stopped.

However, it is a widely known fact in Asia that the polluted ponds need to be put out of use after three years due to heavy pollution. These ponds need after the three years of use thirty years to recover from the mixed pollution of feces, chemicals and antibiotics.

In opposite to these techniques, AquaPrawnics shrimp grow-out is based on new breeding technology. The shrimp are not grown in open ponds, but indoors. Our system is a closed system with almost zero water exchange. The only water leaving our tanks are the evaporative losses.

Feces and urin from the shrimps are taken up by biofloc technology, which is an environmentally friendly and sustainable aquaculture technique. The technology is considered a new "blue revolution" in aquaculture. Such technique is based on an "on site" production of microorganisms, which plays three major roles:

• maintenance of water quality, by the uptake of nitrogen compounds generating microbial protein in the tanks;



- nutrition, increasing culture feasibility b reducing feed conversion ratio and a decrease of feed costs; and
- competition with pathogens, which keep the animals healthy.

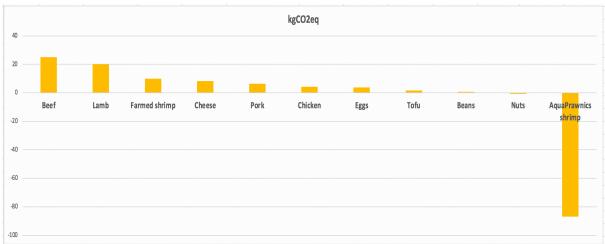
The stability of zero or minimal water exchange depends on the dynamic interaction among communities of bacteria, microalgae, fungi, protozoans, nematode, rotifer, etc., that will occur naturally. Such consortia of microorganism will help the water quality maintenance and recycling wastes to produce a high-value food. In a study with stable isotopes, it was estimated a daily nitrogen retention of 18-29% into the shrimp obtained from biofloc.

Usually, organic matter and nitrogen wastes are a huge problem in aquaculture. These organic wastes are taken up by biofloc, which after a certain time is exchanged and is used as an ingredient to our organic fertilizer production. With that, the AquaPrawnics system does not produce any waste of its own. With other words, there is zero eutrophying emissions in from our indoor tanks. The only water footprint of our grow-out system is based on use of water in shrimp feed production⁹.

Carbon footprint

Carbon emissions connected to food production accounts for over a quarter (26%) of global greenhouse gas emissions². Experts recommend to consumers of animal protein who want to mitigate the effects of climate change to rather change their diet to vegetarian food. With our integrated environmental business concept, AquaPrawnics is wildly carbon negative and mitigate GHG emissions in a much larger extend than any vegetarian food.

According to our internal investigations, we have a high negative carbon footprint per produced lb. of shrimp of over -95 lbs. of carbon (CO_2 equivalent). To a great extent, this high negative carbon footprint is due to our production methods, and especially because we have found an economic and sustainable way to produce shrimps in the US. With that, transportation from South-East Asia to the US and the associated GHG emission is avoided. The only fruits on the market with a negative carbon footprint per 100 grams of protein are nuts with -0.8 lbs. of carbon.



Carbon footprint of 100 g of protein



Moral footprint

According to Paolo Bray, founder and director of 'Friend of the Sea', "animal welfare in seafood production is going to play an ever more relevant role".

There has long been global acceptance that mammals and birds have the capacity to suffer and can experience both pleasure and pain. This fact gives rise to our moral obligations towards them. This causes an ever-expanding global body of legislation, which seeks to protect animal welfare and prevent unnecessary suffering of farmed animals.

Despite fish and shellfish possessing similar neurochemistry and physiology to mammals and birds, their capacity to suffer was ignored, avoided or actively rejected until very recently. Meanwhile it is clearly demonstrated in research that fish and shellfish have the requisite physical anatomy to feel pain, react consciously to painful stimuli and demonstrate evidence of suffering as a result of pain being inflicted. Given the lack of regulation or historical concern for fish, the way in which fish are treated in the process of production capture and slaughter for human consumption shows an extraordinary lack of regard for their welfare and unquestionably causes immense suffering. Meanwhile, 79% of people (in Europe) think that the welfare of fish should be protected to the same extent as the welfare of other animals we eat¹¹.

The aim in our shrimp grow-out operations is to take care in a highest possible way the welfare of our shrimps. These concerns go systematically through the entire life cycle of the animal, from hatchery to grow-out, transport and slaughter. Atrocious conditions like the ones found in Asian shrimp ponds like pollution through feces, chemistry and antibiotics is not accepted in our operations. Shrimps are kept in conditions that allow natural behaviors. They are killed quickly and painlessly and the workers in our utility have good working conditions. It is obvious that slave or child labor is strictly forbidden in our utilities.

For example, water quality is one of our main focus areas in terms of sufficient oxygen levels, avoidance of excess carbon dioxide, excess ammonia, wrong temperatures and too high or low pH-values.

Also, data transparency is an issue in our animal welfare concept. The number of shrimps produced will be reported as number of individuals, not by tonnage. This shall reflect our attitude towards the animals, and welfare indicators are generally recorded, including health issues and mortality rates.

Author: Walter Kraus, Chairman of the Board of ARM

October 30, 2020



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