My great-grandfather’s death in a coal-mining accident marked my grandmother’s childhood with the kind of uncertainty that no child should ever endure. Our region suffered that degree of uncertainty again in 2020 facing the pandemic combined with the country’s highest employment rates.

Central Appalachia has long powered our country, but the rapid collapse of the coal industry in the wake of the positive advances in renewable energy has left our community in dire need of a more resilient economy.

This idea of resiliency is at the core of our beliefs here at AppHarvest, and, simply put, it’s because America’s systems have failed us.

- As coal mines closed and no businesses replaced them, our leaders watched as nearly 30% of our friends and neighbors, including 37% of children, endured poverty. Appalachia desperately needs investment from responsible companies, creating jobs that prioritize the worker.

- America has fashioned a neatly coined term of “food deserts” to explain how difficult it is to buy fresh fruits and vegetables. But access is just one part of the problem. We also lack the education to teach kids why it’s so important to eat healthy. Obesity has long reached epidemic proportions. Outside of Appalachia, 37% of Americans are obese. Inside Central Appalachia, that rate is nearly 30% higher.

- Beyond making it difficult to even buy fruits and vegetables, America’s decision to outsource their farming has left us with tasteless, chemical-laden produce at grocery stores. More than 70% of fresh vine crops, everything from tomatoes and berries to cucumbers and peppers, started their journey here from foreign countries. Traveling days on trucks, they ripen along the way, having been picked by workers earning far less than living wages.

It’s past time for America to address these failings and time for businesses to take the lead.

We founded AppHarvest as a public benefit corporation (PBC), became certified as a B Corp and are now one of the first publicly-traded PBCs. We believe in good and are inspired daily by the faith and grit of those who’ve chosen to share their talents with us and join our mission. This small group refuses to back down from challenges, having built and opened one of the world’s largest facilities in the midst of a global pandemic — this group constructed a high-tech indoor farm the size of 50 American football fields that produces up to 48 million pounds yearly, and that’s just the first with 11 more facilities planned by 2025. Together with our friends and neighbors, our goal is to build a more resilient food system and an economy that creates a better safety net for those like my grandmother, who grew up under circumstances that no one should ever experience.

I encourage you to read on to learn more about why our work matters and how our team steps up day in and day out to build a better future.

Sincerely,
Jonathan Webb
PUBLIC BENEFIT CORPORATION

AppHarvest is a NEW kind of company. We are both a public benefit corporation and a certified B Corporation because we believe in collective benefit over individual gain. We believe growing healthy fruits and vegetables are good business, and new technologies can deliver clean produce with safer growing methods, which is good for all stakeholders. We are all in this together, for good.

Public benefit corporations are for-profit corporations with a duty to consider the best interests of stakeholders affected by the company’s conduct — including stockholders, employees, communities, customers and suppliers. The company’s charter includes three specific public benefit goals:

Goal 01
Drive positive environmental change in agriculture

Goal 02
Empower individuals in Appalachia

Goal 03
Improve the lives of our employees and the communities in which we operate

B CORP

Certified B Corp is a third-party certification, administered by the non-profit B Lab, that assesses a company on more than 200 ESG questions and awards the certification to those that meet its high standards. In 2019, AppHarvest received certification with a score of 82.8. In February 2021, recognizing both our new status as a public company listed on Nasdaq and our larger operations, AppHarvest Founder & CEO Jonathan Webb notified B Lab we intend to apply for re-certification in 2021.

To measure our environmental, social and governance (ESG) performance, our board has identified three key standards to assess and measure our company’s public benefits as required for compliance with our PBC status:

• B Labs Assessment
• Sustainability Accounting Standards Board (SASB) standards (for Food & Beverage and Construction)
• The UN Sustainable Development Goals (SDGs)

David Lee joined AppHarvest in 2020 to lead the sales, marketing and finance functions. As the former chief financial officer and chief operating officer at Impossible Foods, he brings a wealth of experience in strategy and operations management. He is credited with significant growth accomplishments at Impossible Foods, including securing more than $1.3 billion in funding to accelerate manufacturing, product development and distribution into key national grocery, restaurant and hospitality venues and expand in international markets. Prior to his work there, he served in leadership roles at Del Monte Foods, Zynga and Best Buy.

“Consumers are more educated than ever, and they use that knowledge to support companies they trust. I am a firm believer that when given better options, they will use their dollars to support organizations, like AppHarvest, that have the best interests of all stakeholders in mind by putting people and planet first. As a public benefit corporation and a certified B Corp, environmental, social and governance (ESG) issues are core to our mission and we expect our focus on ESG to be a competitive advantage that props us as we establish a new standard for sustainable food and agriculture.”

– David Lee, President

ABOUT APPHARVEST

We are among a handful of companies that are
PUBLICLY TRADED
B CORP CERTIFIED
PUBLIC BENEFIT CORPORATIONS
OUR MISSION

AppHarvest’s farmers and futurists combine science with world-changing inspiration. Our leading-edge technology, sustainable use of natural resources and farming know-how allow us to grow more with less. Our large-scale indoor farms create quality jobs and prosperity in the heart of Appalachia, as well as contribute to a climate-resilient, domestic food supply. Fresher foods. Healthier diets. Rewarding jobs. This is farming now.

OUR VALUES

Faith + Grit.
You embrace challenges with courage and resolve. Your strength of character and work ethic define you.

Passion and Dedication.
You constantly strive for excellence as you work for change in the agriculture industry and seek to improve lives in the community.

Radical Transparency and Trust.
You operate openly and honestly, taking full responsibility for your actions.

Proactive, Entrepreneurial Mindset.
You embody a “we can figure it out” mentality and challenge any notion that “this can’t be done.” You’re not afraid to tackle big problems through rapid experimentation.

Collaborative and Inspiring Leadership.
You seek opportunities to strengthen team culture and work more effectively. You constantly challenge and inspire your fellow team members.
Nature gives us two free resources: water and sunlight

Our design takes advantage of those natural resources every day to maximize efficiency and sustainability. A life cycle assessment from the World Wildlife Foundation shows that across different types of controlled environment agriculture systems, hydroponic farms — AppHarvest’s approach — are also less energy intensive than vertical systems due to benefits of passive solar.

RAINWATER
With almost 63 acres of roof surface area and 10 acres of pond surface area, our gutter system works to collect rainwater for irrigation so we are independent of municipal water.

SUN
Our biggest asset is our access to passive solar, reducing our daytime lighting demands significantly and enabling us to be more energy efficient.

ZERO AG RUNOFF
Our re-circulating irrigation system doesn’t discharge water to local water systems and only requires low-tech, on-site treatment, such as through UV filters.

NON-GMO
Our 60 acres mimics a large farm, and we use natural seedlings, not genetically modified seedlings.
When I decided to join AppHarvest, what inspired me was the uniqueness of a new company combining all the aspects of ESG issues, a field I’ve been working in for more than 25 years. We’re responding to the most serious threats of climate change, loss of nature and growing water shortages. As a mother of three, I also know how important it is to serve food free of chemical residues. And with the past year’s Covid-19 challenges, addressing social issues is more important than ever. Finally, we’re building excellence in governance to enhance long-term value.”

- Jackie Roberts, Chief Sustainability Officer

In 2020, AppHarvest hired its first chief sustainability officer, Jackie Roberts, who also served as the Carlyle Group’s first chief sustainability officer after an early career at the Environmental Defense Fund and U.S. Environmental Protection Agency (EPA).

Growing food in an indoor environment is highly resilient to a changing climate. Indoor farms can provide a buffer against extreme weather events, such as flooding, heat waves, droughts and freezing temperatures. In 2020, California tracked 8,112 wildfires that burned more than 1.4 million acres that year alone. Research from Lawrence Berkeley National Laboratory also found tomato crops were at highest risk from warming temperatures across all major crops grown in California. They concluded the potential loss of land historically used for tomatoes could range from as little as 13% to as much as 68%, depending on future climate impacts. Finally, between 2014-2016, California endured an estimated $3.8 billion of direct statewide economic losses in the agriculture sector as a result of drought.

Indoor farms benefit from using computer-aided design that predict patterns of wind shear and heavy rain to ensure resilient structures. For AppHarvest, the abundant rainfall in our region and the ability to use highly efficient re-circulating irrigation systems provide resiliency, particularly against droughts.

Climate adaptation can also mean growing more food locally, so our food system is not at risk from disruptions to supply chains during extreme weather events. We are strategically located in Appalachia, where we can reach 70% of the U.S. population within a day’s drive. This shift in where your tomatoes come from reduces emissions by more than 80%. Our products spend more time on the vine and less time on the highway.
AppHarvest’s operations are designed to use 90% less water than open-field agriculture, but we also run on 100% recycled rainwater. We capture rainwater on our 2.8 million square foot roof and send it to a 10-acre retention pond that can hold the volume of nearly 70 Olympic-sized swimming pools. We filter that rainwater using sand and UV light and use it in our closed-loop irrigation system, which protects the local watershed from agricultural runoff. Rainwater is an excellent source of water compared with city water or groundwater because it requires little treatment. By not using municipal water, we save energy upstream as municipal or city wastewater treatment plants use a lot of energy to treat and pump water to their users.

Rainwater effectively carries nutrients to the plants, but we also can enhance the ability of the plants to absorb nutrients in the water by aerating the irrigation system. Aeration introduces nanobubbles, which increase the oxygen level. That in turn makes the transfer of nutrients from the water to the plants more seamless.

We use hundreds of sensors to measure how much water the plants precisely need and deliver it perfectly to enhance quality. Finally, the irrigation system delivers nutrients to the plants based on real-time analysis through sensors designed to ensure the plants also get exactly the amount of nutrients needed for optimal growth. All nutrients stay in the indoor farm and are recirculated.

Water is a precious resource in agriculture. In most regions of the world, more than 70% of the world’s fresh water is used for agriculture. Increasingly, that water is needed for other human activities. A 2019 multiagency report warned that in the next 50 years, the world will see a 33% reduction in its water supplies. As the demand for water increases, we acknowledge agriculture needs to be resource efficient.
We design each indoor farm so that people, plants and technology work together to deliver non-GMO fruits and vegetables that are free of chemical pesticides. How do we avoid chemical pesticides? Our farm uses what’s called integrated pest management (IPM), which means using good pests to take care of bad pests. Our farms fight disease and pest 24/7 using an industry-leading scouting team and world-class technology. Our approach is described in more depth in our Chemical Pesticide Policy.

We train our IPM scouts to identify pests and pathogens. Once trained, our scouts execute a regimented daily scouting plan. We supplement the human eye with digital scouting technology that uses AI imaging. This use of technology allows for real-time analysis of our crop from anywhere. Biological controls (the “good pests”) are another important form of IPM. They protect our crop by introducing the natural enemy of common indoor farm pests, such as the whitefly. Botanical oils, which are biologically derived, may be used selectively as well.

IPM keeps our indoor farm running efficiently and protects workers’ and consumers’ health. While the EPA has set maximum residue levels (MRLs) for synthetic pesticide residues, these tolerance levels typically don’t account for the effects of consuming residues from many different pesticides. And many consumers say they prefer “clean produce” — residue-free food. AppHarvest aims to meet these consumer preferences.

Our controlled system is also designed to minimize food contamination, reinforced by extensive sanitation measures for anyone entering or exiting the indoor farm. While fruit and vegetable recalls, such as E. coli in romaine lettuce, have risen since 2008, the Food and Drug Administration has deemed controlled environment agriculture fruits and vegetables safe and unaffected by these growing outbreaks. AppHarvest is part of the movement to deliver cleaner, healthier food to Americans’ plates every day.

In recent testing, the U.S. Department of Agriculture found 90% of tomatoes on grocery store shelves contained at least one pesticide residue. Even more alarmingly, 35% of samples contained residues from five or more different pesticides. Of this group, 10% contained pesticide residues that exceeded Environmental Protection Agency’s MRLs.

“AppHarvest is committed to advancing applied IPM by using good pests, advanced technology and botanicals at our farm. The options we can use today to grow fruits and vegetables are dramatically different than traditional agricultural methods, and, we believe, enable us to deliver safer, more sustainable and cleaner food to our customers and community.”

– Jason Paquette, Integrated Pest Manager
Meanwhile, the COVID-19 pandemic exposed severe faults in the world’s food systems, threatening food security and amplifying supply chain issues. The U.S. Department of Agriculture’s most recent survey of tomatoes in 2016 during its Pesticide Data Program tracked 52.3% of the total samples as having been imported from Mexico. The USDA reported 2019 vine crop imports even higher at 71.2%, up 43% in the last 10 years.

Indoor farms also achieve significant yield without damaging soils. According to a 2016 report from the National Science and Technology Council, agriculture faces significant soil loss each year, averaging 4.1 tons of soil lost per acre. That’s calculated based on the current erosion rate averaging 4.6 tons per acre, while formation rate only averages 0.5 tons per acre. Our growing methods avoid reliance on soil and allow us to farm with growth substrates that deliver nutrients directly to the plants. Going forward, agriculture must increase the efficiency of our food system by growing more with less land.

Our team has grown from fewer than 20 employees at the start of 2020 to more than 500 in April 2021 and a promise of 12 indoor farms to be built by 2025. That growth is already under way with two new facilities in Richmond, Ky., and Berea, Ky., and will add even more jobs when completed in 2022.

### Using Technology

**TO DELIVER THE BEST FRUITS & VEGETABLES**

AppHarvest intentionally grows with a blended recipe of human talent and investments in technology that enable us to deliver a better product, drive higher yields and support sustainability. Here are some of the tools our world-class growers use:

- **Nanobubble Technology**
  By supplementing our rainwater with oxygen, we increase nutrient absorption. This reduces the temperature of the plants’ root zones, decreases stress and increases overall yields.

- **State-of-the-Art Computer Vision**
  High-resolution cameras attached to robots travel through each row, mapping every square foot of the facility and providing real-time alerts of pest and disease risks.

- **Machine Learning**
  We use AI to fine tune environmental and nutritional settings for the crops in real time, so we can grow more consistently and efficiently. This system continuously gathers and interprets data about the indoor farms microclimate from more than 300 sensors, allowing us to know exactly what the plants need to thrive.

- **LED Luminaries**
  With our hybrid lighting array that uses LEDs and high-pressure sodium (HPS) lighting, we can apply higher levels of light to plants with 67% less radiant heat than 100% HPS lighting and reduce energy costs. In cooler months, the heat emitted from the HPS lighting helps warm our facility.

- **Climate Screening**
  This high-tech energy screen helps us precisely control the indoor environment, updating conditions for higher quality yields, reducing heating costs and extending the harvesting days.

### Production Yield: Up to 30X

Indoor farms allow us to grow more with fewer resources – our goal is to achieve up to 30 times the yield of conventional agriculture per acre. Why use 1,800 acres to grow what you can on 60 acres? By farming horizontally in a controlled environment, we believe we can start to tackle one of the most pressing issues facing the next generations: feeding a growing population. The United Nations forecasts global food production will need to increase up to 70% by 2050 to feed the growing global population.

As our planet’s climate changes, the way we feed our communities must also change. Many of the places that supply the food for our tables have been ravaged by droughts, floods, fires and disease over the past year. According to the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services’ (IPBES) 2018 report to the United Nations policymakers, 25% of the earth’s arable land has become unusable due to climate change, soil degradation, water loss and development. Without a change, we will see increasing disruption in our food supply, both local and global, that will cause food insecurity, malnutrition and even the potential for violence.

Whether it is reducing the rates of preventable diseases in our communities or feeding a global population, creating a food system resilient to climate change is an immediate need. By using less land, water and zero chemicals, AppHarvest is rising to meet this challenge, all while shortening supply chains and ensuring everyone can access fresh, local fruits and vegetables.

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<tr>
<th>2020</th>
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<td>1 INDOOR FARM</td>
<td>12 INDOOR FARMS</td>
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With only two-and-a-half months of operations under way in 2020 (first planting in October 2020), our baseline year for our operational carbon footprint will be 2021. Using data from our engineering designs, we estimate our carbon footprint will be about 70% attributable to electricity consumption (Scope 2 emissions) and 30% to natural gas use (Scope 1 emissions).

We are already pursuing several mechanisms to address our carbon footprint and aim to scale these initiatives as AppHarvest grows so we can continuously address our emissions.

Energy Efficiency: AppHarvest’s investment in LED lighting has achieved an almost 20% reduction in electricity consumption at our Morehead facility relative to the standard of all high-pressure sodium lights (HPS). Our current mix of 50/50 LED/HPS lights takes advantage of the 40% higher efficiency of LEDs. In addition, our 2.6 million-square-feet of glass allow for passive solar energy to reach our tomatoes. This means during any given year, we only use our lighting array around 40% of the total available hours for supplemental lighting. We continue to evaluate opportunities to increase resource efficiency throughout our operations.

Renewable Energy: The transformation of the power grid generally toward renewable energy generation sources will benefit all infrastructure that relies on electricity. Our indoor farms will benefit, too, but we’re not waiting for this larger transformation. We expect to complete a full evaluation of renewable options in 2021. As members of the Renewable Energy Buyers Alliance (REBA), we recognize the range of strategies available and seek to create the best portfolio of solutions as soon as possible.

We have engaged Schneider Electric’s market-leading Energy & Sustainability Services team to help us undertake this evaluation. A number of factors will figure into our consideration, ranging from whether we will invest in new versus existing projects to whether we will seek projects in our operational — or adjacent — grid regions.

AppHarvest recognizes that we cannot address emissions reductions entirely through efficiency and renewable power procurement. To that end, we continue to evaluate other means to reduce our overall carbon footprint. For example, the location of our Kentucky facility enables us to reduce diesel emissions through the reduction in transport miles required to ship our fruits and vegetables to local customers. We’re less than a day’s drive from 70% of the U.S. population. Indoor farms also eliminate potential release of nitrous oxide, a gas more than 300 times more potent than carbon dioxide, that is included in fertilizers applied in open-field farming.
Collin is a 27-year-old Morehead, Ky. native and father of two who still lives on the same farm within the “little hollow” where he grew up.

“Several of my coworkers have healthcare for the first time. They’ve worked their entire lives, and they’re thankful to not only have healthcare but to be part of a team that has a bright future.”

– Collin Alexander, Corporate Recyclable Material Coordinator
500 JOBS AT A LIVING WAGE

AppHarvest was founded to create the right kind of jobs. As of March 31, 2021, we have created 500 jobs, and we are just beginning. Our team has grown from fewer than 20 employees at the start of 2020 to a plan of 12 indoor farms to be built by 2025. That growth is already underway with two new facilities in Richmond, Ky., and Berea, Ky., and will add jobs when completed in 2022.

Marcella joined AppHarvest in 2020 and brings more than 30 years of operations, consulting, compliance and HR experience to the company. Prior to AppHarvest, she was the chief people officer at Impossible Foods and the senior vice president of People at Opower, an enterprise software company. She held roles in people operations and in corporate development at Google and executive roles at Sanford C. Bernstein and Pershing Square Capital.

EMPOWERING INDIVIDUALS IN APPALACHIA

To us, ‘empowering individuals’ means creating a life-changing experience for employees and their families. As a public benefit corporation, we understand that our stakeholders include both shareholders and employees, and we want to generate the returns for our employees in terms of opportunity, just as we want to generate financial returns for our shareholders.”

-Marcella Butler, Chief People Officer

500 LIVING WAGE JOBS
BETTER BENEFITS

AppHarvest has a benefits package that we believe is the best-in-class in the agriculture sector and that can equal up to hundreds of dollars a month for our employees, especially those with families. We offer a portfolio of medical, dental, vision and life insurance options to all our employees and their families. Regardless of title or rank, AppHarvest pays 100% of all premiums on the coverage. Similarly, we offer a competitive 401(k) match for everyone in the company. We also promote healthy lifestyles, provide free healthy snacks to our employees, serve a healthy vegetarian soup once a week and provide a locally sourced Community Supported Agriculture (CSA) box of healthy foods to take home every month.

In a region with a number of well-documented health disparities compared with the rest of the nation, complete healthcare coverage is truly life-changing in Appalachia. Protecting employees and their families — the whole family — is one way we recognize our employees are our greatest asset.

Traditionally, many agricultural workers in the U.S. have been H-2A, temporary agriculture workers, who at best are offered housing and other perks if they’re seasonal. We believe our bundle of an entry-level wage, benefits, stock ownership and piece-rate productivity program is unparalleled for agriculture workers.

BETTER WAGES AND COMPANY OWNERSHIP

Creating jobs with steady paychecks is the first step to creating community living standards.

That’s why we have completed a Living Wage Assessment with Businesses for Social Responsibility (BSR) and have been verified as a living wage company. By paying each of our employees a living wage, we ensure all 500 members earn wages that equate to a standard of living that takes into account recent social, cultural and economic conditions. A single entry-level worker at AppHarvest earns 71% of the median household income of $36,411 in Rowan County.

AppHarvest makes every employee a stakeholder. All employees receive equity incentives when they are hired— from the entry level up to the C-suite. And based on productivity, we give employees the chance to earn a “piece rate,” where our team members can earn up to $20 an hour — more than twice the federal minimum wage.

100% of AppHarvest employees are verified to be paid a living wage
Thomas is a part-time traditional music instructor at Morehead State University and professional musician who plays the pedal steel guitar, acoustic guitar, electric guitar, bass, banjo and mandolin.

“I think [AppHarvest Founder & CEO] Jonathan Webb understands the people of Appalachia. For so many years, there’s been an unpleasant history of big corporations. We’ve needed something sustainable and something that will lift up the people of this area while also lifting up the region.”

~ Thomas Albert, Crop Care Specialist

By upskilling employees and growing our own growers rather than bringing in people laterally, we’re nurturing a burgeoning AgTech hub in Appalachia.

But don’t just take our word for it…

Grace is a 2019 graduate of Berea College with a degree in agriculture and natural resources and minors in Spanish, peace and social justice studies, and environmental sciences.

“A lot of the industry that ends up here in this region is pretty extractive. But this feels very different from all of that. AppHarvest provides resources to people who otherwise wouldn’t have them, and it’s doing a lot of good.”

~Grace Kinner, Crop Care Specialist

Raymond has traded mines for vines, joining AppHarvest after years of experience hauling coal in Pikeville, Ky.

“Even the application process felt different. The team here cares about the region and its people.”

~Raymond Sparks, Crop Care Specialist
Upholding Diversity, Equity & Inclusion is not only the right moral and ethical policy, it also makes good business sense. We have made a particular commitment to second-chance/fair-chance employment. We work with community partners who help prepare those potential candidates for employment with us. To ensure a fair shot, our interviewers are never aware interviewees are from second-chance or fair-chance programs. AppHarvest has successfully hired and employs great colleagues from this pool.

From top to bottom, AppHarvest aims to hire a team of people as diverse as our nation and then empower them as individuals.

AppHarvest grows more than fresh, sustainable fruits and vegetables — we also grow our people. We give employees the resources to grow their careers. Through a variety of engagement and upskilling events, workshops and programs, we help AppHarvest employees become experts at what they do, learn the new skills they need to advance and feel empowered to take better care of themselves and their families.

For example, a large hiring wave in October 2020 brought in 138 new indoor farm employees. By the end of 2020, when they had gained eight to 12 weeks of experience, we learned who wanted to work in the indoor farm long-term and who wanted to move into other areas, such as our IPM program. We are now training those looking to switch career tracks for different jobs.

We have programs where our head grower works with the assistant growers to bring team members up the learning curve so they can become head growers themselves. And we have started to work with the crop care specialists who want to explore future careers in agriculture to make that possible and accessible for them.

AppHarvest further offers workshops that address the real and relevant issues that impact our Appalachian communities. For example, we held a workshop on addiction and substance abuse for anyone on our staff who manages people. People who had addiction issues themselves or in their families felt safe to share their stories. And it was eye-opening for managers to learn how to support people they think might have an addiction.

AppHarvest Board Members Kiran Bhatraju, Jonathan Webb and Anna Mason

“‘You’re not just building a company or a product. You’re not just building a platform. You’re trying to foster and seed an ecosystem. To do that in a sustainable way, there has to be reinvestment almost out of the gate. And one of the most powerful ways to reinvest in a community is through education.’

-Anna Mason, AppHarvest board member and Managing Partner of Revolution’s Rise of the Rest Seed Fund

DIVERSITY, EQUITY & INCLUSION

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A Kentucky native, Amy’s focus includes community partnerships and educational programs. Prior to joining AppHarvest, she provided operations management for a regional land trust in Kentucky and spent several years with The Nature Conservancy. In support of university extension, Amy has also provided community planning outreach and research coordination.

“We have a unique opportunity to establish an AgTech hub in Appalachia. Our team and community partners believe in this region and all that is possible here.”

— Amy Samples, Director of Community Outreach and People Programs

**BUILDING AN AGTECH COMMUNITY IN APPALACHIA**

In June 2020, AppHarvest and the Netherlands announced a strategic partnership. The Netherlands has long been known as a leader in indoor farming. AppHarvest brought together more than a dozen organizations, including the governments of the Netherlands and Kentucky, Kentucky’s leading institutions for higher education, the world’s premier AgTech research institutions in the Netherlands and private companies, to commit to the creation of America’s AgTech capital in Appalachia.

**APPHARVEST EDUCATION PROGRAM**

One of our unique collaborations is our education program, where we work with Eastern Kentucky high schools to incorporate AgTech curriculum materials. We provide high-tech container farms retrofitted from shipping containers to offer students a hands-on opportunity to grow their own food and to learn about nutrition. To date, we have invested $535,000 in our container farms (see below) and announced in February 2021, in partnership with Cowen, an additional investment of $250,000 to the program.

The container farms are 2,880 cubic feet, weigh 7.5 tons and include space to grow up to 4,608 seedlings and 8,800 mature plants all at once. The container’s unique design uses cutting-edge LED lighting and closed-loop irrigation systems to allow students to grow far more than traditional open-field agriculture.

In 2020, the education program that began in Shelby Valley High School in Pikeville, Ky., continued and two new programs launched: one at Rowan County Senior High School in Morehead, Ky., in October 2020, and a container farm in partnership with the U.S. Department of Agriculture at Breathitt High School in Jackson, Ky., in December 2020.

As of March 1, 2021, just more than two years since the program began, 236 students have been involved in the education program and 12,366 servings of leafy greens have been donated. AppHarvest announced two additional programs in February 2021 in partnership with financial services firm, Cowen. Additional container farms are in the pipeline for early 2021, and the AgTech program continues to grow. The program will expand to engage more youth in the business, social and science aspects of AgTech complemented by hands-on experience with hydroponic controlled environment agriculture.
GOAL TO INVEST $1 BILLION

With our Morehead farm completed and purchased and two more farms under construction, AppHarvest is bringing more than $300 million in capital investment. Our goal is to more than triple that investment in the Appalachian region to reach almost $1 billion in capital invested by 2025.

AppHarvest wants to be a good neighbor in the communities where our facilities operate to help build a new chapter in Appalachia’s storied agrarian history. Our stakeholder engagement plan and a team of dedicated outreach specialists create opportunities to listen to community members and identify mutual goals and areas to collaborate.

Rowan County, home of AppHarvest’s first facility, is one of the few counties in the region that experienced population growth in the past decade. This opportunity is what we invest in, allowing for the continuation of community partnerships that provide energy and access that would not be possible for just one single organization to create and offer.

FOSTERING HEALTHIER DIETS

AppHarvest also identifies opportunities to advance healthy living opportunities in Appalachia. According to a 2015 report from the U.S. Centers for Disease Control and Prevention, only 10% of Americans eat enough fruits and vegetables. Our team endeavors to move the mark.

In late 2020, AppHarvest launched the Grow Green Eat Green project with the help of six Save the Children field representatives in Eastern Kentucky. The project provided 1,600 fourth-grade students the opportunity to build a hydroponic growing system to grow their own heads of lettuce. Students received live and recorded instructional sessions, and involved teachers covered the history of hydroponics and how to prepare and enjoy the lettuce they grew.

PARTNERSHIPS

AppHarvest strives to engage community members in initiatives to serve mutual goals of economic development, educational advancement and community building.

Competitive wages and employment in a growing sector of the economy provide structural support for Appalachia, and its people and local economies reap the benefits. To engage with experts in workforce development, AppHarvest partners with workforce innovation boards and Area Development Districts to provide vision and counsel on workforce development needs to ensure the region is positioned to provide opportunities for employees and an adequate workforce for employers.

As a public benefit corporation, AppHarvest is dedicated to ensuring our employees have what they need to be successful. In some instances, this includes being paired with supportive services to ensure life’s challenges do not prohibit employees from continuing to be part of the AppHarvest team. AppHarvest has partnership agreements with Goodwill Industries, Addiction Recovery Care, Edgewater Recovery and Fletcher Group. AppHarvest also partners with visioning organizations, such as Shaping Our Appalachian Region (SOAR) and local chambers of commerce, to stimulate business development. We support local businesses whenever we can. For example, we purchase employee apparel from Morehead, Ky.-based New Frontier Outfitters.
**ESG METRICS**

**Materiality Assessment:** In early 2021, we launched our first Materiality Assessment with Business for Social Responsibility (BSR) to further assess which environmental, social, and governance (ESG) issues are most important to AppHarvest’s stakeholders and our business success. Stakeholders include regional economic development organizations, retailers, sustainability experts at BSR and our internal senior management and board members.

While our PBC charter-specific goals broadly relate to our corporate purpose and inform all other ESG efforts, our materiality assessment (which also incorporates SASB standards) and B Lab assessment will drive our specific ESG strategies. Our ESG key performance indicators (KPIs) will align with our material issues to measure our progress. Our first full year of operations, 2021, will serve as our baseline year for reporting ESG KPIs.

Here, for illustrative purposes only, we provide a snapshot of preliminary ESG KPIs for our launch period of November 2020–January 2021, during which we planted our first 30 acres.

**Environmental KPIs**

**PBC Goal 1:** Drive positive environmental change in agriculture

- **94,491 GALLONS**
  Water per acre planted

- **49%**
  Construction waste recycled

- **100% RECYCLED**
  Rainwater in indoor farm operations

- **0 WATER DISCHARGES**
  From indoor farm operations

- **100% OF PRODUCT FREE OF CHEMICAL PESTICIDE RESIDUE**

- **100% NON-GMO PRODUCE**

**Social KPIs**

**PBC Goal 2:** Empower individuals in Appalachia

**PBC Goal 3:** Improve communities in which we operate

- **100% LIVING WAGE**
  Verified by Business for Social Responsibility

- **100% COVERED**
  Cost of health insurance premiums

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Description</th>
<th>Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>36%</td>
<td>Female</td>
<td>All employees</td>
</tr>
<tr>
<td>22%</td>
<td>Female</td>
<td>Board of Directors</td>
</tr>
<tr>
<td>26%</td>
<td>Female</td>
<td>Managers</td>
</tr>
<tr>
<td>4%</td>
<td></td>
<td>All employees from underrepresented groups</td>
</tr>
<tr>
<td>22%</td>
<td></td>
<td>Board members from underrepresented groups</td>
</tr>
<tr>
<td>17%</td>
<td></td>
<td>Managers from underrepresented groups</td>
</tr>
</tbody>
</table>

**Governance**

**B CORP SCORE = 82.8**

Data as of March 31, 2021.
### SDG INDEX

<table>
<thead>
<tr>
<th>SDG Goal Supported by AppHarvest Actions</th>
<th>Relevant targets</th>
<th>Page(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. NO POVERTY</strong></td>
<td>Target 1.2</td>
<td>See p 25 for more</td>
</tr>
<tr>
<td><strong>2. ZERO HUNGER</strong></td>
<td>Target 2.4</td>
<td>See p 33 for more</td>
</tr>
<tr>
<td><strong>3. GOOD HEALTH AND WELL-BEING</strong></td>
<td>Target 3.8</td>
<td>See p 26 for more</td>
</tr>
<tr>
<td><strong>4. QUALITY EDUCATION</strong></td>
<td>Target 4.4</td>
<td>See p 33 for more</td>
</tr>
<tr>
<td><strong>6. CLEAN WATER AND SANITATION</strong></td>
<td>Target 6.3; 6.4</td>
<td>See pp 22-25 for more</td>
</tr>
<tr>
<td><strong>7. AFFORDABLE AND CLEAN ENERGY</strong></td>
<td>Target 7.3</td>
<td>See p 20 for more</td>
</tr>
</tbody>
</table>

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<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>8. DECENT WORK AND ECONOMIC GROWTH</strong></td>
<td>Target 8.2; 8.3; 8.5; and 8.8.</td>
<td>Our Morehead, Ky., farm-added 300+ living wage jobs in a county where 23% of residents live in poverty. See pp 22-25 for more</td>
</tr>
<tr>
<td><strong>9. INDUSTRY, INNOVATION AND INFRASTRUCTURE</strong></td>
<td>Target 9.2; 9.4</td>
<td>Our design takes advantage of nature’s free resources — water and sunlight — maximizing efficiency and sustainability. See pp 9-10 for more</td>
</tr>
<tr>
<td><strong>12. RESPONSIBLE CONSUMPTION AND PRODUCTION</strong></td>
<td>Target 12.2; 12.3; 12.4; 12.5; 12.6; 12.8</td>
<td>AppHarvest is one of only a few companies to register as a public benefit corporation, meet the standards for B Corp certification and be a publicly listed company. See pp 10, 15, 21 for more</td>
</tr>
<tr>
<td><strong>13. CLIMATE ACTION</strong></td>
<td>Target 13.1; 13.3</td>
<td>As an indoor farm in Kentucky with ample sun and annual rainfall, we’re more buffered from severe weather events such as massive droughts and fires than traditional agriculture. In addition, our central location reduces diesel use in transportation by up to 80%. See p 12 for more</td>
</tr>
</tbody>
</table>

The United Nations declared 2021 as the **International Year of Fruits and Vegetables** as a call to action to help achieve the UN Sustainable Development Goals (SDGs).

“The benefits of consuming fruits and vegetables as part of a nutritious diet are vast. Fresh produce items are not only beneficial to consumers, but they also benefit the food system. The fruit and vegetable sector contributes to increasing biodiversity, generating environmental sustainability, and improving the livelihoods of farmers and employees operating along the value chains.”

- QU Dongyu, FAO Director-General
FORWARD-LOOKING STATEMENTS

Certain statements included in this report that are not historical facts are forward-looking statements for purposes of the safe harbor provisions under the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements generally are accompanied by words such as “believe,” “may,” “will,” “estimate,” “continue,” “anticipate,” “intend,” “expect,” “should,” “would,” “plan,” “predict,” “potential,” “seem,” “seek,” “future,” “outlook,” and similar expressions that predict or indicate future events or trends or that are not statements of historical matters. All statements, other than statements of present or historical fact included in this report, regarding expected crop yields and AppHarvest’s plans for expansion are forward-looking statements. These statements are based on various assumptions, whether or not identified in this report, and on the current expectations of AppHarvest’s management and are not predictions of actual performance. These forward-looking statements are provided for illustrative purposes only and are not intended to serve as, and must not be relied on as, a guarantee, an assurance, a prediction, or a definitive statement of fact or probability. Actual events and circumstances are difficult or impossible to predict and will differ from assumptions. These forward-looking statements are subject to a number of risks and uncertainties, including those discussed in the final prospectus/proxy statement filed with the SEC by AppHarvest on January 11, 2021 under the heading “Risk Factors,” and other documents AppHarvest has filed, or will file, with the SEC. If any of these risks materialize or our assumptions prove incorrect, actual results could differ materially from the results implied by these forward-looking statements. In addition, forward-looking statements reflect AppHarvest’s expectations, plans, or forecasts of future events and views as of the date of this report. While AppHarvest may elect to update these forward-looking statements at some point in the future, AppHarvest specifically disclaims any obligation to do so. These forward-looking statements should not be relied upon as representing AppHarvest’s assessments of any date subsequent to the date of this report. Accordingly, undue reliance should not be placed upon the forward-looking statements.