



Culture Playbook

Our culture of innovation and
high performance

Enphase Energy, Inc.
2023

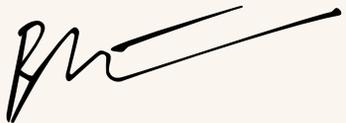


Preface

This culture playbook, inspired by what we learned from others such as Netflix, was developed by a cross-functional team at Enphase. The purpose of this playbook is to provide our current and future employees with an easy-to-read document stating our purpose, our core values, examples of how we work together, and how we get results within the company.

When we first considered this playbook, we traveled to all key Enphase sites around the world and worked with small groups to capture our collective thinking. We analyzed our company culture using employee surveys to identify the areas that we wanted to further develop. We also organized and attended key culture “unfreezing” sessions, first with our Executive Staff and senior leadership, and then with all employees in North America, India, New Zealand/Australia, and Europe.

We captured the learnings and worked with our culture transformation team to create this playbook. This will be the fourth year using the playbook. We evaluate and update it each year to most accurately reflect the journey we are on together and continue growing as a company. We hope you find this helpful. As always, your feedback is valued and appreciated.



Badri Kothandaraman
President and CEO



Our purpose

Advancing a
sustainable
future for all



What is culture?

Workplace culture is the environment that we create together. It plays a powerful role in determining our work satisfaction, relationships, and progression.

It is the mix of our organization's leadership, values, traditions, beliefs, interactions, behaviors, and attitudes that contribute to the emotional and relational environment of our workplace.

These factors are generally unspoken and unwritten rules that help to form bonds between our colleagues.



Six pillars of our culture

Pillars that are aligned to our purpose and values.

1. **Our core values**
2. High performance
3. Recruiting and retaining the best
4. Openness and transparency
5. Accountability and execution
6. Learning organization



Our core values

Our company values will show up in how we work together, how we perform, and how we all get rewarded.

Our core values

At Enphase, we promote and reinforce these five core values:

Customer First

Integrity

Innovation

Teamwork

Quality



Our core values

Customer First

We exist for our customers.

We listen to our customers and measure our success based on their feedback.

We take action to deliver the best customer experience.



Our core values

Integrity

We tell the truth at all times, without making excuses.

We do what's best for the company.

We take ownership of our behaviors and results.



Our core values

Innovation

We value innovation and recognize that it is the cornerstone of our existence.

We encourage risk taking and challenge the status quo to find solutions.

We actively promote innovation through curiosity and continuous learning.



Our core values

Teamwork

We appreciate and respect different behavioral styles and perspectives.

We collaborate globally to achieve more together than we can on our own.

We actively work to break down silos.



Our core values

Quality

We place safety and quality above everything else.

We measure everything that matters and drive continuous improvement.

We make the highest quality products.



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Quality

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Our core values

We are each responsible for upholding our values and acting in a manner consistent with them.

Values are reinforced in hiring and in everyday interactions.



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High performance

“Start by doing what’s necessary, then what’s possible, and suddenly you are doing the impossible.”

Attributed to Saint Francis of Assisi

High performance



We set the standard.



We stretch ourselves to achieve exceptional results.



We are relentless in pursuit of excellence.



High performance

We set the standard.

We see innovation like Enphase's Ensemble operating system (enOS) software as something capable of setting the direction for the entire industry. Our technology can now seamlessly generate usable power from solar even when the grid goes down. Enphase invented something that others did not think was possible.



High performance

We stretch ourselves to achieve exceptional results.

We stretch ourselves to deliver results for our investors. In early 2017, the company was in financial trouble. We had little cash left and our gross margin percentage was below twenty percent. At that moment, we introduced a 30-20-10 operating model (30% gross profit, 20% operating expenses, and 10% operating income). Enphase achieved this new operating model in less than two years. We introduced our 35-15-20 baseline financial model at our Investor Day in 2019 and operate at those targets today.



High performance

We are relentless in pursuit of excellence.

Quality and customer service are top priorities for Enphase. Thousands of installers sell and install Enphase products in homes and small businesses across the planet. We have customer care centers around the world that offer 24/7 support. Enphase strives to keep call times under one minute, and eventually no wait at all. We want to simply answer the phone when it rings. We are quickly creating a seamless, best-in-class commissioning process. We will never be satisfied with average.



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Recruiting and retaining the best

“Train people well enough so they can leave, treat them well enough so they don’t want to.”

Richard Branson | CEO | Virgin Group

Recruiting and retaining the best



We hire only the best.



We reward and retain the best.



We promote our people who get results.



Recruiting and retaining the best

We hire only the best.

At Enphase, we only hire the best, including top-ranking new college graduates from the world's leading universities. Our recruits are not only high performers, but also tenacious learners, always eager to acquire new skills and contribute in innovative ways to our cutting-edge technology projects. We believe that our new college graduates are future Enphase leaders; therefore, a high potential for growth is required. Additionally, there's a chance you might be interviewed by the CEO.

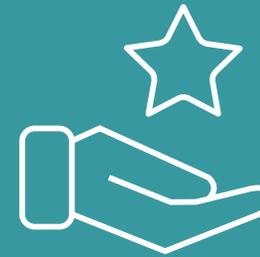


Recruiting and retaining the best

We reward and retain the best.

We target top-of-market compensation and benefits for our high-performing employees. We have a rigorous merit focal process with peer manager feedback. Every employee is reviewed across the company within their job grade.

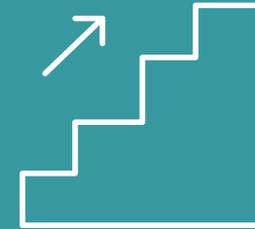
Additionally, we embrace the new way of working, providing hybrid and remote working environments for qualified employees, including comprehensive mental and physical healthcare benefits, and providing the technology to support a more modern work environment.



Recruiting and retaining the best

We promote our people who get results.

We have a promotion process that occurs when the individual has demonstrated exceptional performance over time, and they have the potential to accomplish so much more for our company in a new or expanded role. We support employees' professional growth by supporting career progression avenues like job rotation programs and continuing education.



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Openness and transparency

“Truth never damages a
cause that is just.”

Mahatma Gandhi _____

Openness and transparency



We are curious and encourage new ideas.



We recognize that people have different styles and encourage diverse perspectives.



We openly discuss issues and want to learn rapidly from our mistakes.



Openness and transparency

We are curious and encourage new ideas.

Historically, management didn't do a good job listening to our people. As a result, we implemented measures including our annual eNPS survey, All Hands Q&A, and HR Connect sessions to actively listen and understand our employees' concerns. Additionally, our cultural unfreezing sessions expose us to new concepts such as the 'Mood Elevator' and 'Be Here Now' that allow us to actively listen and be more receptive.



Openness and transparency

We recognize that people have different styles and encourage diverse perspectives.

Each of us is different. Some of us want to control the details, some want to analyze problems in depth, some want to promote their vision and others want to support and be included. It takes a healthy mix of styles to get results. If we understand each other's styles, we can work better together.



Openness and transparency

We openly discuss issues and want to learn rapidly from our mistakes.

Our CEO and leadership team participates in weekly "Installer Roundtables" to listen and learn from our customers. We also solicit feedback from our employees through surveys and discussions to improve our work environment. Direct feedback on customers' and employee issues help Enphase identify problems and create solutions rapidly.



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Accountability and execution

“Vision without execution
is hallucination.”

Thomas Edison

Accountability and execution



We acknowledge reality and get things done without making excuses.



We measure what matters and manage our performance through metrics.



Our metrics have clear targets that don't change on a whim, and we publish progress against these each quarter.

Accountability ladder



Accountability and execution

We acknowledge reality and get things done without making excuses.

The commissioning times for our battery products did not meet customers' expectations. It was hard to commission, and the batteries were not working as intended. Instead of making excuses, we took immediate steps to address the problems, including moving away from the poor choice of wireless communication interfaces. We established 24/7 battery support call centers and grew our customer service teams to reduce call wait times and improve customer experience.



Accountability and execution

We measure what matters and manage our performance through metrics.

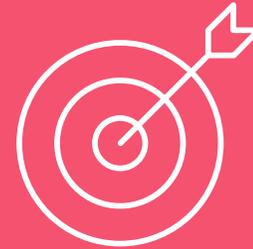
At Enphase, we dashboard everything. For example, the Ease of Doing Business dashboard measures wait times, call volumes, Net Promoter Score (NPS), etc. Human resources has a dashboard which measures spans, layers, turnover, etc.



Accountability and execution

Our metrics have clear targets that don't change on a whim, and we publish progress against these each quarter.

In the beginning of the year, we set an annual operating plan (AOP) with quarterly targets that we publish to the entire company. We stay disciplined to not change these AOP targets during the year. This requires diligence in planning up front. This forces us to say what we will do and actually do what we say.



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Learning organization

“An organization's ability to learn and translate that learning into action rapidly, is the ultimate competitive advantage.”

Jack Welch

Learning organization



We encourage innovation.



We develop employees through two-way coaching and feedback.



We learn from our mistakes using a structured problem-solving approach known as 8-D.



We document and share knowledge freely.



Learning organization

We encourage innovation.

Every week our Chief Technology Officer hosts a collaborative meeting with the top functional leaders at the company to review and discuss innovation projects. These are the projects that will keep our company evolving ahead of the competition, drive outstanding quality, and enable us to provide our customers with an industry-leading experience.



Learning organization

We develop employees through two-way coaching and feedback.

It's a fundamental rule of management that to lead and develop others you need to practice frequent and open communication. Enphase's CEO encourages employees and managers to conduct one-on-one meetings consistently. These conversations can become great opportunities to have open dialog about strategic topics such as career development and job satisfaction.



Learning organization

We learn from our mistakes using a structured problem-solving approach known as 8-D.

In order to sustain ourselves as the highest quality supplier, we must have a zero-defect mentality. It starts with systematically analyzing every failure and drilling down many levels until we understand the root cause. Once we get to the root cause, the solution becomes evident. When we introduced our first storage products, for example, commissioning times were three (3) hours. Through our learning process, we have driven commissioning times for our third generation to under 30 minutes.



Learning organization

We document and share knowledge freely.

We have many internal systems to grow our knowledge base in the company including the Memo System, Goals System, Document Management System, Information Repository, Ticket System, and more. These systems preserve institutional knowledge. When we want to try out new ideas, we can leverage this knowledge for future innovation.



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Our culture is a work in progress.
Every year we try to refine our
culture further as we learn more.



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