



Enphase Energy, Inc.
2021

CUL TURE

PLAYBOOK

Our culture of innovation and high-performance.

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.

We traveled to all key Enphase sites around the world and worked with small groups to capture our collective thinking. We evaluated our most recent culture survey to identify areas of our culture 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. We plan to evaluate this each year to most accurately reflect the journey we are on together. 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 you create for your employees. It plays a powerful role in determining their work satisfaction, relationships, and progression.

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

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

Six pillars of our culture

Pillars that are aligned to our purpose and values.



Our core values



High performance



Recruiting and retaining the best



Openness and transparency



Accountability and execution



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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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

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

Attributed to Saint Francis of Assisi

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High performance



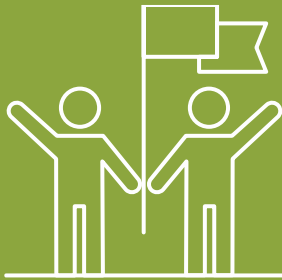
We set the standard.



We stretch ourselves and push the limits.



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 and push the limits.



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 by December 2018 when many thought it was not possible. Pushing ourselves to achieve financial excellence led to significant growth for Enphase, which ultimately increased our enterprise value and enabled us to join the S&P 500 in January 2021.



High performance

We are relentless in pursuit of excellence.

Thousands of installers sell and install Enphase products in homes and small businesses across the planet. As a top global energy company, customer experience is one of our top priorities. We have customer care centers around the world that offer 24/7 support. Our call wait times are under a minute, which is among the best in our industry. However, we are simply not satisfied. We want customers not to wait at all. How about we simply answer the phone when it rings?



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

Richard Branson | CEO | Virgin Group

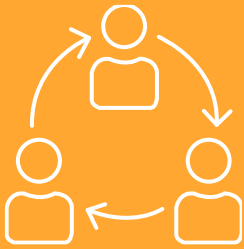
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Recruiting and retaining the best

Outstanding employees build a high-performance company.

Imagine if everyone at Enphase is someone you respected and learned from.

Wouldn't that be energizing?





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 have a rigorous merit focal process with peer manager feedback. Every employee is reviewed across the company within their job grade. We provide Enphase stock to all new hires and ensure they are closely coupled to the company's success. We target top-of-market compensation for our high performing employees through a combination of salary, bonus, and stock.

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.





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Openness and transparency



Accountability and execution



Learning organization

Openness and transparency

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Truth never damages a cause that is just.

Mahatma Gandhi

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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

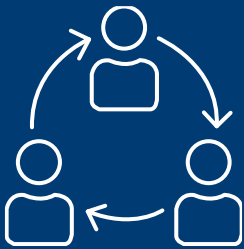
We are curious and encourage new ideas.

Historically, management didn't do a good job listening to our people. 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.



When we first started measuring Net Promoter Score (NPS), our scores were terrible. By making it public within the company, we made everyone aware and accelerated change. Our NPS improved significantly as a result. Our intention is to constantly improve this metric over time.

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Openness and transparency



Accountability and execution



Learning organization

Accountability and execution

“

Vision without execution is hallucination.

Thomas Edison,
Inventor of the light bulb

”

accountability ladder



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 and execution

We acknowledge reality and get things done without making excuses.



In 2021, we had to put a key R&D project on hold. The project was not staffed to the level needed for success with neither timely nor predictable market entry. While on hold, the team was a laser focused on filling the key engineering hires and we were able to take the project off hold a month later, and now plan to launch the product in early 2022.

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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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 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.



Often, management is quick to dismiss new ideas. The employees gave overwhelming feedback that we need to focus more on innovation. Our answer is to make a commitment to innovation by unleashing our creative thinkers and adding more resources to the Chief Technology Officer's team to bring breakthrough innovations to the market.

Learning organization

We develop employees through coaching and feedback.



In the culture unfreezing sessions, we were introduced to a simple, yet powerful way to give feedback. It is a two-part process indicated below:

Part 1: “What I really appreciate about you is”

Part 2: “And, I believe you could be even more effective if....”

8-D

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. This approach is relevant for product quality and across all other functional areas of the company!

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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Accountability and execution



Learning organization

Our culture is a work in progress.

Every year we try to refine our culture further as we learn more.



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