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/ SolarEdge: Our Approach to Supplier Management

Introduction

As a company that aims to maintain the highest standards of ethical, responsible and transparent conduct throughout its operations, SolarEdge places great importance on the conduct of the organizations with whom we engage for the manufacture, storage, supply, maintenance and delivery of products and services. SolarEdge views its suppliers as an extension of its own business and therefore aims to ensure that the same high standards are observed through SolarEdge's entire supply chain. This is not only the right way to conduct business and mirrors our own ethical conduct guidelines and standards, and legal compliance, it also aims to ensure we are not unwittingly complicit in unlawful, unethical or unsustainable practices that could present risk for our business, our employees, our customers or any other stakeholders. We clarify our expectations of suppliers in our Supplier Code of Conduct and require our suppliers to agree to upholding this Code as a condition of doing business with SolarEdge. We perform monitor our suppliers' performance during the life of their engagement with SolarEdge.

Definition

We define supplier as any organization that sells products and/or services to SolarEdge.

Our Approach to Supplier Management includes several dimensions:

Positive Partnership Relationships

SolarEdge aims to maintain positive, mutually beneficial relationships with all its suppliers and is respectful and considerate in all interactions with them. We seek to develop long-term partnership relationships with key suppliers so that we can grow sustainably together. Where possible, we aim to source products and services from local suppliers in our different markets, and our inclusive approach encourages small enterprises and diverse suppliers to engage with us. We communicate openly with suppliers on performance reviews, opportunities and resolution of issues as they arise.

We expect our suppliers to adhere to our strict supply standards, including ethical conduct, and in cases where, after due process to address non-conformances, suppliers are unable to meet these standards, we may terminate our relationship with them.

Responsible Supplier Engagement

We commit to being a responsible customer to our suppliers. We pay competitive rates for our products and services and are mindful of the need for our suppliers to maintain a sustainable, profitable business. Our payment terms are competitive in our local markets and we strive to pay suppliers on time and in line with our contracts. We maintain an open-door policy for suppliers to discuss issues on any topic relating to their relationship with SolarEdge and make efforts to promptly resolve issues that arise.

Supplier Due Diligence

As part of its ongoing supplier management, SolarEdge does not knowingly engage suppliers that do not meet SolarEdge's requirements in legal, financial, environmental, social, human rights and governance matters.

Ethical Sourcing and Conflict-Free Supply Chains

We aim to source products through suppliers that meet our strict social standards as outlined in our Supplier Code of Conduct. Such conduct includes proactive confirmation of the ethical supply of finished goods, components, products and services throughout our supply chain. Where our suppliers engage other suppliers in their supply chain, we expect them to apply these same standards. In particular, given the nature of our business, we have identified conflict minerals as a specific area of focus, and expect suppliers to observe best practice to ensure a conflict-free supply chain for SolarEdge. See our Policy on Conflict Minerals.

Supplier Code of Conduct

Our Supplier Code of Conduct was developed to provide explicit guidance to suppliers relating to our expectations of them in the work they do for SolarEdge.This is a non-negotiable condition of doing business with the Company.
The Supplier Code of Conduct covers four main areas of performance:

- Operating lawfully and ethically
- Upholding labor and human rights
- Maintaining health and safety in the workplace
- Operation with respect for the environment

Monitoring Supplier Adherence

We monitor the adherence of contract manufacturers, strategic suppliers and general suppliers to our Supplier Code of Conduct. Monitoring is performed in line with our risk-based assessment and may include physical audits, remote audits, self-reporting and/or legal and media scans, depending on the supplier assessed risk level. In all cases, where non-conformances are observed, we formulate a corrective action plan with suppliers that includes specific actions to be addressed in a specified timeframe. Where necessary, we may provide training and/or other resources to assist suppliers in addressing these issues.
Where suppliers repeatedly fall below our defined standards, and have been unable to address non-conformance, we will define a timeframe for cessation of our relationship with them.

Supplier Education and Support

We aim to help our suppliers meet our strict supply standards, and we recognize that, in some cases, this may be challenging, especially in their own extended supplier base that may include suppliers that support the provision of products and services to SolarEdge. Where possible, and appropriate, we provide training and/or other resources to assist suppliers in meeting our standards.

Governance of Supply Management at SolarEdge

Accountability for the compliance of suppliers with our position on supplier management rests with our Chief Financial Officer, whose responsibilities include procurement and supplier relationship management. The CFO reports to the Chief Executive Officer and is a member of SolarEdge's Executive Management Team.

Related Documents

Policy on Conflict Minerals
Our Approach to Human Rights
Supplier Code of Conduct

Validity

This Approach to Supplier Management is endorsed by SolarEdge's Board of Directors and Executive Team. It is supported by internal procedures and reporting mechanisms that support effective implementation.

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