

/ Our Approach to Materiality

Introduction

As an industry leader in technologies that promote the spread of affordable clean, energy around the world, our business is inherently focused on sustainable development. However, being a sustainable and responsible business is more than the goods and services we sell – it’s also about how we do business, how we engage with those we interact with and how we are accountable for what we do.

Sustainable business and sustainable development are broad concepts that are relevant to everything we do at SolarEdge. Focusing on what matters most to SolarEdge and to our stakeholders, after a careful process of prioritization and validation, enables us to allocate resources appropriately in areas where we can make a difference for people and the planet.

Material topics: We define material topics using the definition of the Global Reporting Initiative (GRI) Standards: topics that represent the company’s most significant economic, environmental and social impacts and/or topics that substantively influence the assessments and decisions of stakeholders.

Stakeholders: We define stakeholders as groups (or individuals) that can reasonably be expected to be significantly affected by our activities, products and services, or whose actions can reasonably be expected to affect our ability to successfully implement our strategies and achieve our objectives.

Our Approach

SolarEdge is committed to a strategic approach to sustainability and strives to continuously improve its contribution to sustainable development while minimizing areas of negative or potentially negative impact. Therefore, SolarEdge believes in the importance of defining and prioritizing sustainability topics in a structured process that can serve as a basis for strategy development, action planning, resource allocation, stakeholder engagement and sustainability communications. Sustainability topics defined as material are incorporated in our sustainability strategy and targets. We review these topics every year to ensure they remain relevant and conduct a full materiality assessment every 5 years to capture underlying changes in our business and emerging trends. We conducted our first full materiality assessment in 2020.

2020 Materiality Assessment

Our 2020 Materiality Assessment was conducted according to the following process:

Defining stakeholders

First, we defined the stakeholder groups that are most relevant for SolarEdge, based on our assessment of our impact on them and their ability to impact our business. Our stakeholders are defined as:

Primary stakeholders	Means of engagement	Key expectations
Employees	A range of internal communications channels throughout the year	Meaningful work, fair compensation, ability to learn and develop, fair and ethical treatment. A company that they can be proud to work for. Competent leadership. Safe and empowering work culture.
Customers	Meetings, customer service surveys, professional training events	Product quality, fast and reliable service, improved carbon footprint, reliability, safety, responsiveness to needs, competitive pricing.
Suppliers	Periodical meetings and discussions	Fair dealing, opportunity to compete (especially diversity or minority suppliers), opportunity to engage in new developments.
Regulators	As needed to support current and emerging regulatory requirements	Compliance with climate change initiatives. Transparent disclosure.
Investors/ Stockholders	Periodical meetings, dialogue with investors and research analysts	Return on investment, reliable financial and production forecasts, strong governance and responsible and ethical conduct. Transparent disclosure.
Communities	Community events, volunteering in communities where we have a presence	Safeguarding the environment and ecological impacts in communities. Supporting communities in improving lives. Local hiring. Local economic contribution.
Environmental organizations	Targeted engagement on specific topics, conferences, industry events	Environmental contribution, mitigation of negative impacts, remediation, engagement and dialogue on environmental matters.

Defining the universe of relevant sustainability topics

In order to define our most important impacts across all dimensions of our business, we scanned our value chain universe using several inputs, representing the various voices of our stakeholder groups and global expectations, including:

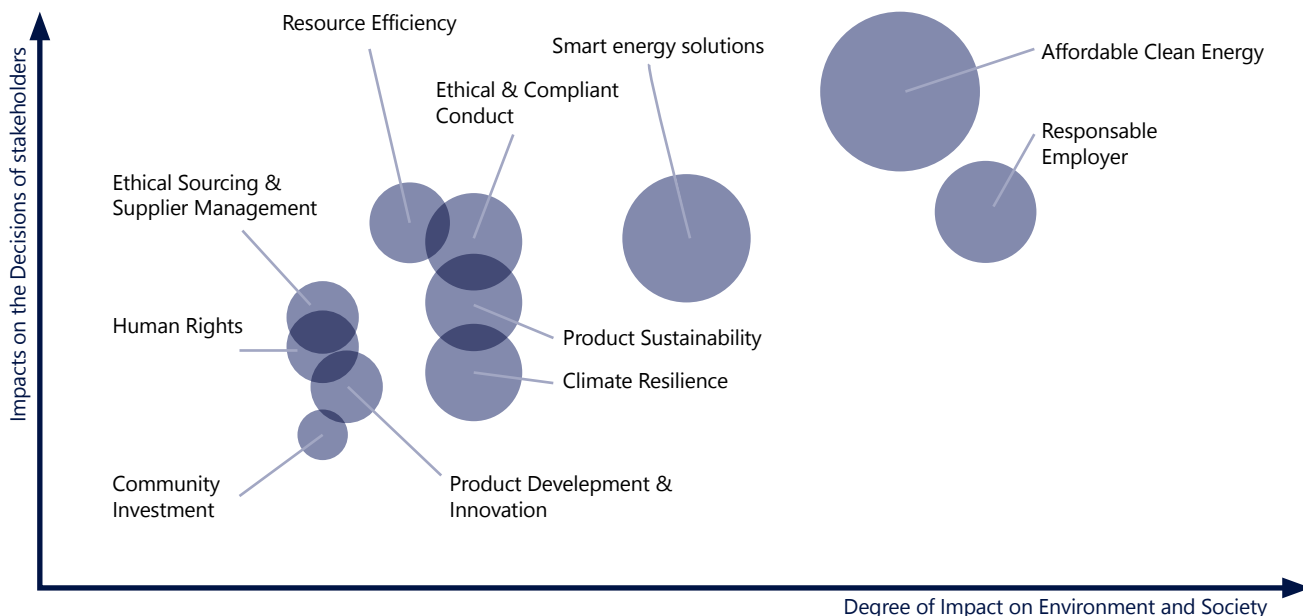
- / SolarEdge businesses and core capabilities;
- / Globally relevant sustainability frameworks and disclosure platforms including: Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB), UN Global Compact, CDP climate change framework, UN Guiding Principles on Business and Human Rights, OECD Guidelines for Multinational Enterprises and the UN Sustainable Development Goals;
- / Investor priorities through investor and sell side analyst feedback;
- / Peer performance and focus areas based on public disclosures;
- / Industry trends, including emerging issues and current and developing regulatory frameworks, and
- / Insights gathered through periodic meetings and interactions with customers, employees, suppliers, local communities and environmental organizations.

This assessment yielded 74 individual topics, representing the overall sustainability universe for SolarEdge.

Prioritizing sustainability topics

In several interactive rounds of dialogue with senior management, we prioritized these topics based on our assessment of their degree of impact, using a scoring system to evaluate likelihood and scale, including the level of stakeholder concern.

SolarEdge Proposed Materiality Assessment



This process resulted in **11 priority focus areas** that we define as our most material sustainability topics.

- / Four topics relate to the impacts of our core business on our markets, installers, customers, end-users and overall sustainable development
- / Seven topics relate to the way we operate our business, from ethical conduct and accountability, to protecting people and human rights and using natural resources efficiently.

SolarEdge's Material Sustainability Topics (2020)	
Topics related to our core business	Topics related to our business practices
<ul style="list-style-type: none"> / Affordable Clean Energy / Smart Energy Solutions / Product Development and Innovation / Product Sustainability 	<ul style="list-style-type: none"> / Responsible Employer / Climate Resilience / Resource Efficiency / Ethical Sourcing & Supplier Management / Community Investment / Ethical and Compliant Conduct / Human Rights

Review and approval

Our 11 most material sustainability topics were approved by our Chief Executive Officer and senior management, and also by our Board of Directors.

Application

These most material sustainability topics have been used to develop our sustainability strategy and establish relevant targets for 2025. For more details, please see our annual Sustainability Reports on our website:

<https://www.solaredge.com/us/sustainability>

Last updated: August 2021