

ORMAT TECHNOLOGIES, INC.
Putting the Earth First:

SUSTAINABILITY REPORT 2018

Our Economic, Environmental and
Social Performance Highlights



ORMAT



*Olkaria III geothermal complex,
Kenya, 150 MW*

**CHAPTER I.
A MESSAGE
TO OUR
STAKEHOLDERS**



*Don A. Campbell geothermal complex,
NV, U.S., 39 MW*



GENERATING FOR GENERATIONS

Dear Stakeholders,

Ormat puts the earth and the energy needs of its people first. It's who we are; it's what we do.

Ormat's employees, their passion and relentless pursuit of excellence generates valuable energy from renewable sources, fueling economic, social and environmental progress and a stronger, more sustainable future for all.

We are proud of the impact that our activities generate for people and the planet. This sustainability report aims to reflect the sustainable aspects of our activities in 2018, what we do and how we do it.

AT THE FOREFRONT OF DEVELOPING AND DELIVERING RENEWABLE ENERGY

For more than five decades, Ormat has demonstrated unique vision and leadership when it comes to developing renewable energy solutions. We understand what it takes to build resilient, world-class renewable energy capacity and capabilities that endure.

In 2018, Ormat achieved record

revenues of US\$719 million, due to our renewable energy abilities and activities. These results speaks to the growing demand for clean, renewable power. It reflects the hard work our people do in providing renewable energy safely, economically and in an environmentally responsible manner. Our Company recognizes the importance of the fight against climate change and the imperative of lowering greenhouse gas (GHG) emissions, as well as how critical it is to address poverty and social inequality by encouraging local economic growth and employment opportunities. This is evident in the sustainable value Ormat generates by employing a global workforce that contributes to the social fabric of the communities in which we operate.

Another aspect of this strong performance is rooted in Ormat's business structure. As a vertically integrated Company with significant involvement in every aspect of the energy value chain, we are able to envision the challenges and opportunities in the renewable energy sector from the vantage point of an inventor, explorer, developer, operator and manufacturer. Leveraging these perspectives gives our Company and our stakeholders superior insight and agility.

This report demonstrates our Company's sustainability proposition, which is based on our dispersed portfolio of geothermal, solar, recovered energy and energy storage facilities that provide clean and renewable energy. Our renewable assets, which have little emissions, mitigated 5.5 million tons of GHG emissions in 2018, with electricity generation totalling 5.9 million Megawatt hours (MWh).

ADOPTING THE GRI REPORTING STANDARDS

Ormat believes that consistent and rigorous performance measurement yields meaningful and ongoing improvement. Ormat applies these principles in the management of its business operations and we seek to apply them as the basis for further elevating our sustainability reporting practices. This sustainability report for 2018 is Ormat's first report developed in alignment with the Global Reporting Initiative's (GRI) Sustainability Report Standards (SRS). Adopting this well-established global reporting standard for sustainability disclosure on environmental, social and governance (ESG) issues is an important step forward for us. Up until this report, and since 2010, we regularly shared with our stakeholders bi-annual updates on our general sustainability progress and environmental and social initiatives. Through this, our first sustainability report compiled according to the GRI Standards' Core reporting option, and paired with our commitment to continue reporting annually according to internationally-recognized reporting standards, we seek to ensure that our data is more comprehensive, and transparent. We believe this will enable us to better analyze and improve our

performance over time.

Furthermore, this year's report represents our Company's response to requests from our stakeholders to broaden our disclosure on sustainability and environmental initiatives and adopt a global perspective on sharing that information.

As such, a materiality assessment was among the first activities carried out as part of our GRI-reporting pathway in 2018, which was carried out through a survey distributed to key stakeholders. This exercise enabled Ormat to "hear" what stakeholders identify as the most important environmental, social and economic issues that we impact. These insights enabled us to align our sustainability report content more closely with these expressed viewpoints, ensuring that each performance area is objectively and thoroughly evaluated, and that the data presented is material, clear, consistent and readily comparable. Ormat's materiality assessment process identified the following key content priorities:

- **Climate Mitigation:** Ormat believes that fighting climate change is of the utmost importance and that CO2 emissions must be addressed and significantly lowered, largely by making renewable energy options more accessible and by developing new strategies and technologies to increase the adoption of lower or even emissions-free renewable energy solutions.
- **Ethical Business Conduct and Transparent Corporate Governance:** Ormat employees, management and Board members must comply and adhere with all regulations for corporate financial disclosure, sound business practices, ethics and corporate governance, everywhere we operate.
- **Legal Regulatory Compliance and**

Risk Management: Ormat places high value in compliance with all relevant regulations. Applying best practices in risk management throughout our business is key to helping us achieve this goal.

• **Geothermal Resource (Brine and Steam) Management:** Ormat employs sound, environmentally prudent strategies to manage the geothermal resource, made up of brine and steam. We use predominantly closed loop systems to minimize brine by-products (as almost all of the geothermal fluid is re-injected into the geothermal formations) and we support research and development to further reduce impacts.

• **Local Employment and Development:** Ormat believes local people and communities should benefit from having Ormat as a neighbor. That's why we have a policy of hiring locally, as well as providing training programs to increase local employment and economic opportunities.

• **Occupational Health and Safety, Operations and Emergency Planning:** Wherever Ormat's people work, we recognize our responsibility to provide the appropriate health and safety training, personal protective equipment and safety awareness programming to achieve a zero harm and an incident-free workplace. Safety is a top priority for Ormat and its stakeholders. Ormat continually works to ensure all our facilities are operated in a safe and responsible manner in order to protect employees, contractors, local community members and others.

We invite you to read in this report more about the specific achievements Ormat has made in these areas throughout in 2018 across our operational portfolio. We also invite you to regularly visit our corporate website (www.ormat.com) for updates on our

sustainability progress. In summary, Ormat is pleased to submit this sustainability report to you, our stakeholders. Our commitment to encouraging the use of renewable power and to reducing GHG emissions are embedded in Ormat's corporate DNA. We are firmly committed to these goals as a Company and as concerned members of the global society. We believe this report, and the effort our Company makes in collecting and analyzing the data it contains will help accelerate learning, engagement and support meaningful change.

Thank you for your interest.

Sincerely,

Isaac Angel
Chief Executive Officer

CHAPTER II. ABOUT ORMAT

Value for the Environment,
Society and Our Key
Stakeholders



*Steamboat geothermal complex,
NV, U.S., 65 MW*

ORMAT AT A GLANCE

US\$3B

Total Assets
Electricity, Product
& Other

US\$719M

FY 2018
Revenues

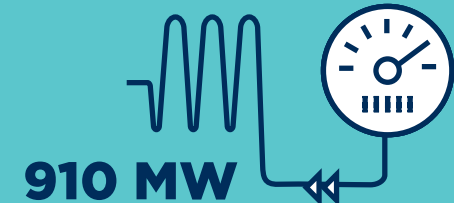
US\$368M

FY 2018
Adjusted EBITDA*



Headquartered
in **RENO, Nevada**
U.S.

~1,350
Employees
Worldwide



910 MW
in **25 Plants**
owned & operated**

Over **180**
Power Plants
Installed**

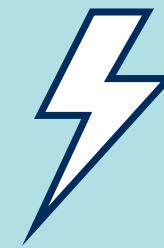


Over **2,900 MW**
supplied**



Present in

33 
Countries



Largest
Geothermal
power producer
in the U.S.

100%

Local
Empolymment



54

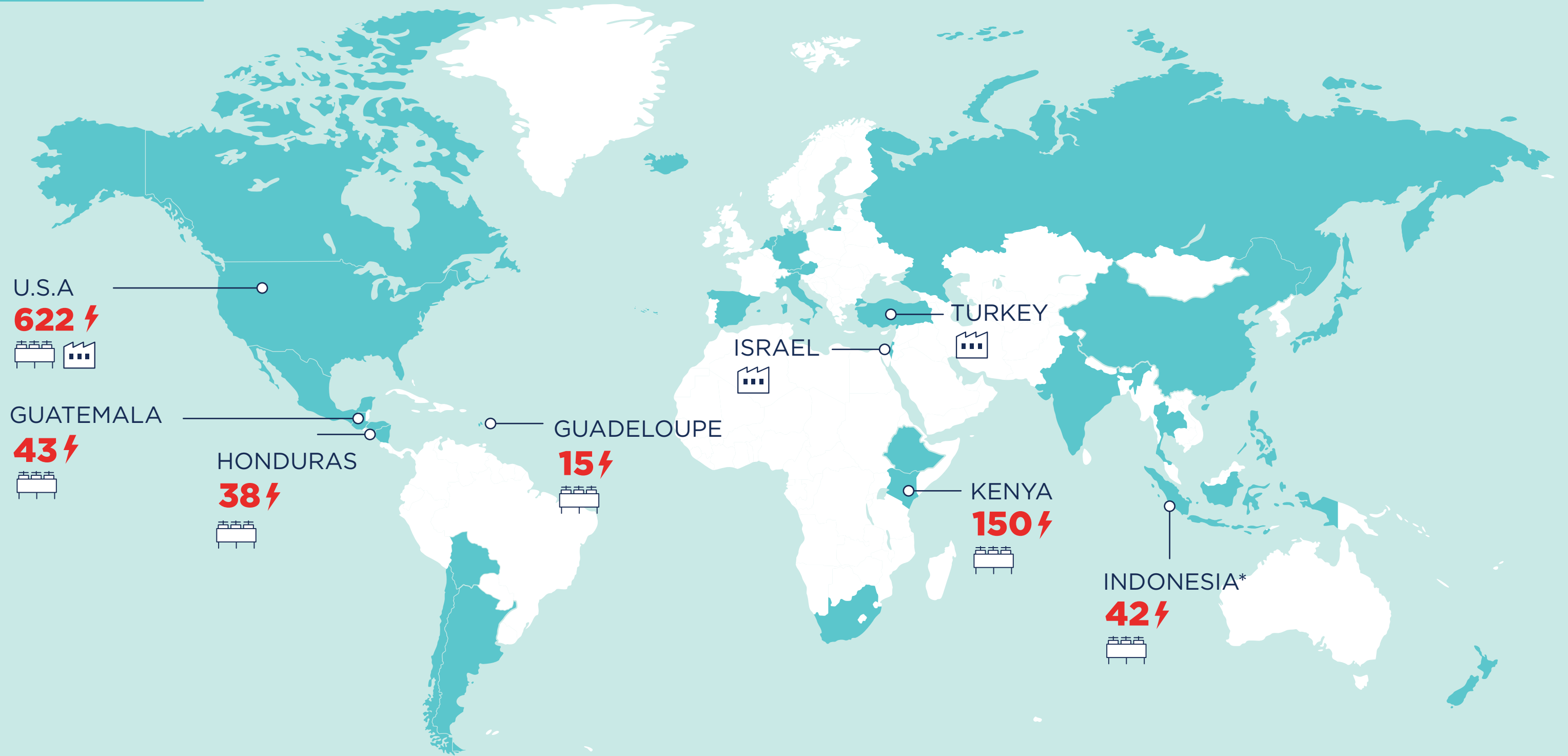
Years of
Experience

18  Years
Weighted
Average PPA

ORA traded
on **NYSE** 
since 2004

* For Reconciliation to U.S. GAAP Financial Information see page 95
** As of year end 2018

ORMAT PRESENCE



*Ormat owns 12.75% interest in the 330 MW Sarulla Complex

 Ormat power plants |
  Capacity (MW) |
  Ormat manufacturing facilities |
  Countries in which Ormat supplied services and equipment over the years

ORMAT: WHAT WE DO

Ormat Technologies, Inc. (“Ormat” “We”, “Our”, “Us”, or “the Company”) is a leading renewable energy Company with over five decades of experience. Ormat is vertically integrated – engaged in the execution of all stages of development and energy generation – at our geothermal and recovered energy power plants. These stages include: exploration, development, drilling, design, manufacturing, construction, and operation. Our Ormat Energy Converter – a power generation unit that converts heat into electricity – is the basis for the solutions and services that we offer our diverse array of customers.

ABOUT OUR BUSINESS

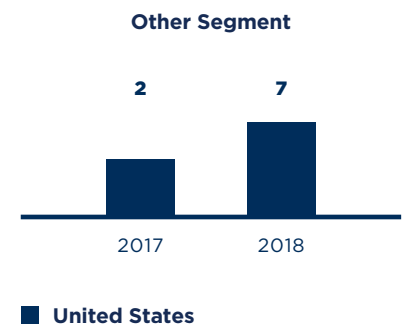
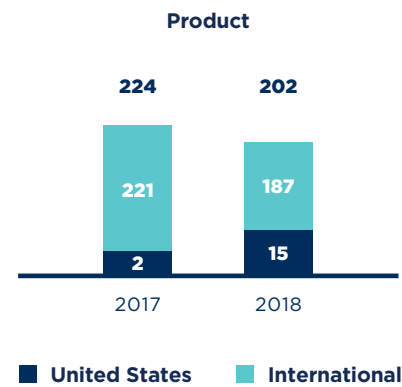
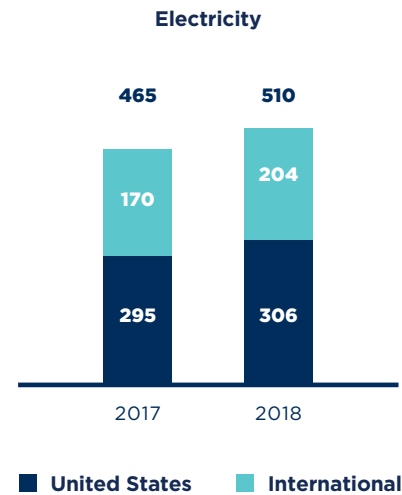
Our business is divided into three main segments:

1. Electricity Segment – the power generation business, where we sell renewable energy generated to different entities.

2. Product Segment – sale of our geothermal and recovered energy-based power plants that we design and manufacture.

3. Other Segment – provision of energy storage, demand response and energy management-related services.

Net Revenues¹ by geographical location and business segments:



Exploration



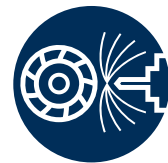
Development



Drilling



Design



Manufacturing



Construction



Operation



Geothermal Power Plants

Ormat is a global leader in the geothermal market. Geothermal power is a clean, practically emission-free renewable energy resource generated from reservoirs of hot water that are heated by magma, deep beneath the earth’s surface thus producing steam and brine, which are used to turn our geothermal power plants’ turbines and produce electricity.

Geothermal energy power plants harness a natural and locally available energy source and enables providing baseload electricity 24/7. Most importantly, usually geothermal energy offers an environmentally friendly energy alternative that produces practically no GHG emissions.



Recovered Energy Power Plants

Our Recovered Energy power plants produce electricity from recovered energy or “waste heat”. Recovered energy power plants utilize residual heat that is generated as a by-product from a variety of industrial processes (cement manufacturing, gas compression turbines, etc.), which would otherwise be wasted to generate electricity without burning additional fuel or generating emissions.



Storage & Energy Management

Energy storage systems use a variety of technologies, such as large scale batteries, to utilize surplus, or available electricity, which, in turn, allows the optimization of the electricity grid operations, run generators closer to full capacity for longer periods, and operate the grid more efficiently and effectively. Common applications for energy storage systems involve management of local capacity, frequency regulation, ramping, reactive power, black start and movement of energy from times of excess supply to times of high demand and more².

¹ Presented in USD\$ thousands. Presented in Ormat’s Form 10-K as “Geographic Breakdown of Results of Operations”.

² For more information on energy storage and related terminology, refer to the following link: <https://www.ormat.com/en/renewables/storage/main/>.

OUR HISTORY AND KEY EXPERIENCE

Ormat was established in 1965³ for the principal purpose of developing equipment for the production of energy from clean, renewable and inherently sustainable sources. We have a total of fifty-four years of experience in the renewable energy sector pertaining to both technological development and the provision of products and services.

Our first product, developed in 1966 and installed in the African country of Mali, was a solar pump, directly connected to a turbine that is rotated by vapor generated through solar panel heat. This pump was used to pump water from a well to provide members of the local community with access to water resources. Later, we engaged in the manufacturing, ownership and operation of solar ponds for energy generation in Israel and the United States (U.S.). Eventually, we ceased production of both products, but the technology and operational models are the basis for current day Ormat.

In 1983, Ormat began to set up its first geothermal power plants in the U.S. state of Nevada. We began by selling our power plants to geothermal developers, which later evolved into the development, ownership and operation of our own power plants. Today, we continue to grow our business by selling power plants to developers worldwide and through the development and acquisition of additional geothermal power plants in the U.S. and internationally, with the goal of positioning Ormat as the largest producer of geothermal power in the U.S. and a leader in the international market.

Since our establishment, Ormat has built over 180 geothermal and recovered energy power plants in a number of countries. As of 2018, Ormat owns and

operates 910 MW of geothermal and recovered energy-based power plants, predominantly using equipment that we design and manufacture. With the acquisition of the Viridity⁴ business in 2017, we manage curtailable customer loads of over 875 MW across nearly 3,000 sites across the United States and own and operate 41MW of battery storage power plants.

Our headquarters are located in Reno, Nevada and our major manufacturing facility is located in Yavne, Israel. As of the date of this report, Ormat operates power plants that are located in the U.S., Honduras, Indonesia, Kenya, Guatemala and Guadeloupe (French Caribbean).

OUR CUSTOMERS

Ormat's main customers fall under two major categories: those who buy power plants and those who buy electricity.

Ormat provides electricity from renewable energy solutions to customers worldwide. Most of the Company's revenues arise from fully-contracted energy and/or capacity payments under long-term power purchase agreements (PPAs). In the U.S., the purchasers of power from our power plants are typically investor-owned electric utility companies or electric cooperatives including publicly-owned utilities. Outside of the U.S., our purchasers are either state-owned utilities or privately-owned entities and we typically operate our facilities pursuant to rights granted to us by a governmental agencies under concession agreements.

In the sale of power plants, our customer base and contract scope differ. The scope varies from the supply of equipment to full, turn-key solutions. Our customers for the geothermal power units that we design, manufacture and sell

include contractors, geothermal plant developers, owners and operators. The customers for our recovered energy solutions include companies engaged energy intensive industrial processes such as cement and glass production as well as gas processing.

The target customers for our energy storage business are grid operators, retail energy providers and large commercial and industrial customers.

OWNERSHIP STRUCTURE

Ormat Technologies, Inc. was formed as a Delaware corporation in 1994 by our former parent Company Ormat Industries⁵. In February 2015, Ormat Technologies, Inc. completed the acquisition of Ormat Industries in an all-stock merger, eliminating its majority ownership and control of Ormat Technologies, Inc.

In 2017, ORIX (a Japan-based financial services group) acquired approximately 11 million shares, representing a 22 percent ownership stake (purchased from FIMI ENRG limited partnership, FIMI ENRG and L.P. Bronicki Investments Ltd.).

Ormat is a publicly traded Company. The Company's common stock is dually listed on the New York Stock Exchange (NYSE) under the ticker "ORA" since 2004 and the Tel Aviv Stock Exchange (TASE) since 2015⁶.

The Company's Board of Directors is fully independent (according to the NYSE definitions) and is made up of nine members.

Beneficial Ownership

No shareholder holds a controlling interest in the equity structure of the Company. As such, the below table presents our ten largest shareholders as of December 31st, 2018:

| Significant Shareholders | Percentage of Institutional Ownership |
|--|---------------------------------------|
| ORIX Asset Management Corp. | 21.65% |
| Vanguard Group Inc. | 7.73% |
| Clal Financial Management Ltd. | 6.32% |
| Migdal Insurance & Financial | 6.05% |
| BlackRock Inc. | 5.61% |
| Phoenix Holdings Ltd. | 4.93% |
| Menora Mivtachim Pensions & Gemel Ltd. | 4.83% |
| Impax Asset Management Group plc | 3.46% |
| Harel Insurance | 3.32% |
| Dimensional Fund Advisors LP | 3.03% |

³ Ormat Technologies Inc. was initially established as a subsidiary of Ormat Industries in 1994. On February 12, 2015, Ormat Technologies Inc. completed the acquisition of Ormat Industries in an all-stock merger, eliminating its majority ownership and control of Ormat Technologies.

⁴ In March 2017, we entered the energy storage, demand response and energy management markets following the acquisition of substantially all of the business and assets of Viridity Energy, Inc., a Philadelphia-based Company. The acquired business and assets comprise our Other segment. We are using our Viridity business to accelerate long-term growth, expand our market presence in a growing market and further develop our energy storage, demand response and energy management services, including the VPower™ software platform. We plan to continue providing services and products to existing Viridity customers, while expanding our service offerings to include development and EPC into new regions and targeting a broader potential customer base.

⁵ Ormat Industries was originally established in 1965 as Ormat Turbines Ltd. The entity was later renamed Ormat Industries.

⁶ Ormat Industries was listed on the Tel Aviv Stock Exchange in 1991, but in February 2015, it was delisted and Ormat Technologies common stock began trading on the TASE under the ticker symbol "ORA".

AN ORGANIZATION SHAPED BY VALUES

At Ormat, sustainability is not just another target we aim to achieve; it is at the core of our business and our way of life. Ormat was founded and has flourished as a Company whose purpose is to continually renew the earth's energy future, a

goal that Ormat strives to achieve in the spirit of environmental and social responsibility. Sustainability has been part of our corporate DNA since our inception and continues to be the inspiration for the growing number of renewable energy sectors that we participate in and for the diverse array of products and services that we offer. This way of life is also demonstrated in our core values as detailed below. Together, these values sustain our organization and

propel Ormat forward as we seek an even larger platform and position in the global renewable energy sector of tomorrow.

These, the core values that Ormat is built on, are reflected in the way we work and operate our Company, every day, in every location. We believe that honesty, openness and fairness must be demonstrated by every Ormat employee, manager or director, at all times.

OUR FIVE CORE VALUES

CONSTANT RENEWAL



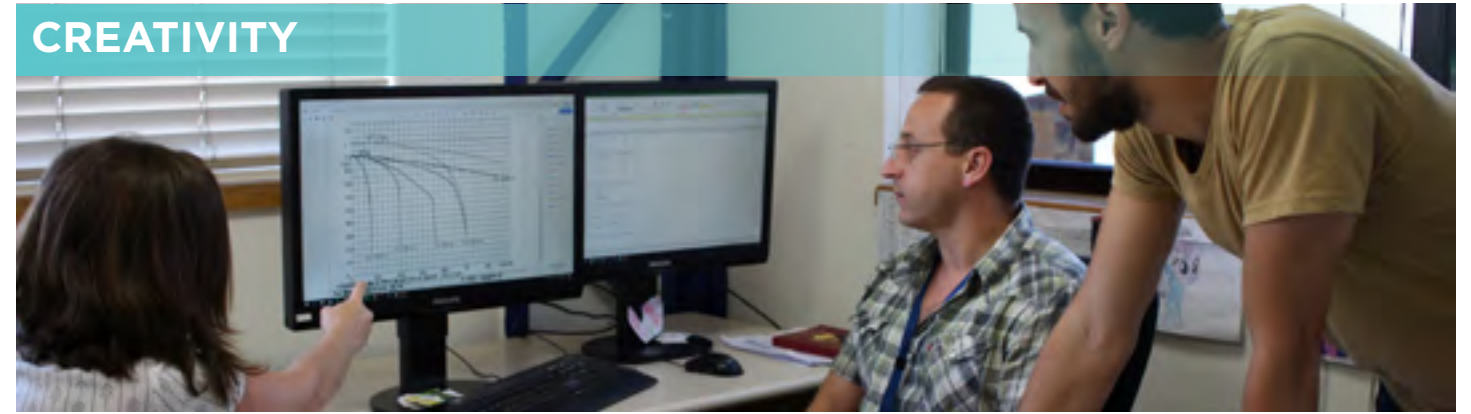
Constant renewal has kept Ormat at the forefront of renewable energy development since our first turbine design back in 1965. It's a promise that we fulfill by continually seeking out new challenges, by advancing new technologies, entering new fields and testing out new business models - a promise that is the basis for our sustainable value proposition.

STABILITY



Stability is a core value that has helped establish and sustain our Company over the years. We strive to implement long-term action plans and to advocate for thoughtful, well-planned renewable energy developments supported by firm financial foundations. In addition, we believe that a stable workforce, technology, product and operations are all hallmarks of an organization with well-integrated sustainable management systems.

CREATIVITY



Creativity is a core value that reflects our appreciation for the uniqueness of our stakeholders and our understanding that creativity is vital to delivering robust solutions that can address their expectations and needs.

FULL COMMITMENT



Full commitment to our stakeholders and a sustainable future is a value central to our brand's promise. That means that wherever we operate, we are fully committed to delivering safe, reliable, clean renewable energy products and services that minimize environmental impacts and promote a clean energy future for generations to come.

COURAGE



Courage comes from leveraging our collective knowledge, experience, prudent risk management and unwavering focus to continually delivering the very best results for our customers.

KNOWING OUR IMPACTS – STAKEHOLDER ENGAGEMENT STRATEGY

As a global Company that understands the inherent value of sustainability as a business strategy, we work to assess our impacts on the environment, society and local communities, as well as relevant impacts for our key stakeholder groups. As a result, we have developed processes for identifying, communicating with and addressing grievances from our key groups of stakeholders. As part of this engagement strategy, and to better understand these risks and opportunities, we engage in on-going stakeholder dialogue and have developed an organization-wide Stakeholder Engagement Policy that can be accessed at the following [link](#).⁷

STAKEHOLDER GROUPS ENGAGED BY THE ORGANIZATION

Ormat regularly engages with various groups of internal and external stakeholders in the context of our business operations. Ormat's management and relevant representatives from our various business units who engage directly with stakeholder groups – for example representatives from the Human Resources Department and from the Legal Affairs Department – initially identified the stakeholder groups listed below. However, in order to better assess the methods of engagement and the material interests of these stakeholders, and as part of the Company's materiality assessment that we conducted according to the best practice recommendations of the GRI, Ormat surveyed stakeholder groups to verify management's and the various departmental representatives' assessments of relevant stakeholder groups for Ormat.

The main stakeholder groups that were identified as relevant for the organization are the following:



OUR APPROACH TO STAKEHOLDER ENGAGEMENT

Ormat has developed a business strategy that places both environmental sustainability and social responsibility at the forefront of our activities. Our stakeholders play a central role in the realization of our sustainability strategy and it is our intent is to develop productive and fruitful relationships with these stakeholder groups while also expanding on the opportunities available for engagement with Ormat.

Our approach to stakeholder engagement is demonstrated in our Stakeholder Engagement Policy that is publicly available on our website at the following [link](#).⁸

The policy sets out our promise of productive, transparent and equitable relationships with stakeholders.

| Stakeholder Group | Methods of Communication |
|--|--|
| Employees  | Employee communication portal and newsletters, periodical career and professional performance reviews, participation in employee health and safety committees, organized employee evaluations and open dialogue between employees, managers and human resources representatives, events and conferences for employees. |
| Customers  | Communication through our website, customer service framework, and on-going sales and business development relationships. |
| Investors & Shareholders  | Communication and updates delivered through the Investor Relations arm, investors conferences and non-deal road shows, general shareholder meetings, earnings calls and relevant updates, through the 'Investor Relations' page on Ormat's website ⁹ , annual and quarterly reports, SEC filings and newsletters. |
| Financing Entities  | Engagement through environmental and social impact assessments, compliance reviews and action plans, annual and quarterly reports and SEC filings, and on-going communication through our finance department, mostly through the Investor Relations arm. |
| Public Authorities, Policy Makers & Regulators  | Engagement through industry organizations, lobbying activities, participation in workshops, conferences and events, compliance reviews and action plans, and on-going communication. |
| Local Communities  | Communication through our global Stakeholder Engagement Policy and relevant local communication strategies, tours and meetings at Ormat's local facilities. |
| Social & Environmental NGOs  | Active participation in relevant events and conferences, donations, contributions and volunteering activities and cooperation in social and environmental projects and industry initiatives. |
| Media  | Communication through Ormat's website, press releases and informational notes, tours at Ormat's various facilities, and on-going communication. |
| Academia  | Cooperation with Ormat in conducting research and development activities specifically with our Resource Department, providing support for scientific initiatives and expansion of educational opportunities, and tours at Ormat's various facilities. |

In addition to these methods of communication, all stakeholders can submit their grievances, questions or comments concerning the Company's activities to info@ormat.com.

⁷ <https://www.ormat.com/Warehouse/userUploadFiles/Image/Ormat%20Stakeholder%20Engagement%20Policy.pdf>
⁸ <https://www.ormat.com/Warehouse/userUploadFiles/Image/Ormat%20Stakeholder%20Engagement%20Policy.pdf>
⁹ <https://investor.ormat.com/>

OUR STAKEHOLDERS' KEY INTERESTS AND CONCERNS

We believe that an adequate and clear understanding of our stakeholders' interests and concerns encourages closer and more productive relationships with our stakeholders. It also helps Ormat as an organization understand the needs and concerns of those closely affected by our activities where possible. This insight enables us and to refine our business strategy in order to meet these needs and concerns.

As part of our materiality assessment conducted in 2018, our employees identified issues such as employment, career and professional development – including training opportunities, occupational health and safety,

workplace diversity, employee well-being and local employment – as relevant to their stakeholder group. Our customers identified reliability of our product and/or service, customer service, innovation and data privacy and security of information as key issues of concern. Investors, shareholders, financing bodies, public authorities, policy makers and regulators identified economic performance, operational efficiency, corporate governance performance, risk management and local community engagement as key issues. Local communities and social and environmental NGOs identified issues such as local community engagement, local employment, corporate governance, philanthropy and volunteering as relevant issues. Finally, relevant stakeholders in the media and academia identified

corporate governance, local community engagement, innovation and the encouragement of green energy as relevant issues.

The topics identified by our stakeholders are addressed in the scope of this report, in our existing policies and engagement frameworks and in our on-going business activities. We consistently seek out opportunities for active engagement with our stakeholders and embrace every opportunity to hear their opinions and concerns regarding our organization and our business activities.

OUR STRATEGY - DEFINING WHAT'S MATERIAL TO ORMAT

Ormat began work to identify our material issues in 2018 by conducting a materiality assessment. Both the stakeholder survey (described above) and the materiality assessment were conducted with the assistance of independent consultants. This approach that enabled us to maintain objectivity in recording and analyzing the answers from our various groups of stakeholders.

Ormat's internal and external stakeholders were surveyed for their opinions and viewpoints regarding two aspects: the groups of stakeholders that are relevant to

Ormat's business and the issues that are of critical interest or concern to the stakeholder group within the context of their specific relationship to the organization. With regards to the latter, stakeholders were asked to rank a range of material issues according to the level of importance of the issue to their specific stakeholder group.

The list of issues presented to our stakeholders was compiled based on our understanding of relevant best practices and recommendations for compiling material issues for presentation to stakeholders, such as those indicated in the Sustainability Accounting Standards Board's (SASB) standards for Electric Utilities and Power Generators¹⁰, information from the news media and from benchmark studies on relevant issues for our business sector.

The materiality results presented below show the relative correlation between matters of interest to Ormat's stakeholders and management in accordance with their significance to the Company's impacts on the one hand and our business strategy on the other. These issues – addressed in the scope of this report - reflect the significant economic, environmental and social impacts of the organization together with their degree of influence on the assessments and decisions of our groups of stakeholders.

The results of the materiality survey are presented below in two ways. In the first, the table where the material issues which are presented according to their level of significance to both our stakeholders and the Company, and are classified according to Economics & Governance, Environment and Social. In the second, in a graph matrix shows all the material issues together.



Stakeholders visiting Steamboat complex

MATERIAL ISSUES

Economics & Governance

- Ethical Business Conduct
- Legal and Regulatory Compliance
- Ormat's Operational Efficiency
- Innovation in Products & Services
- Risk Management
- Corporate Governance
- Executive Compensation

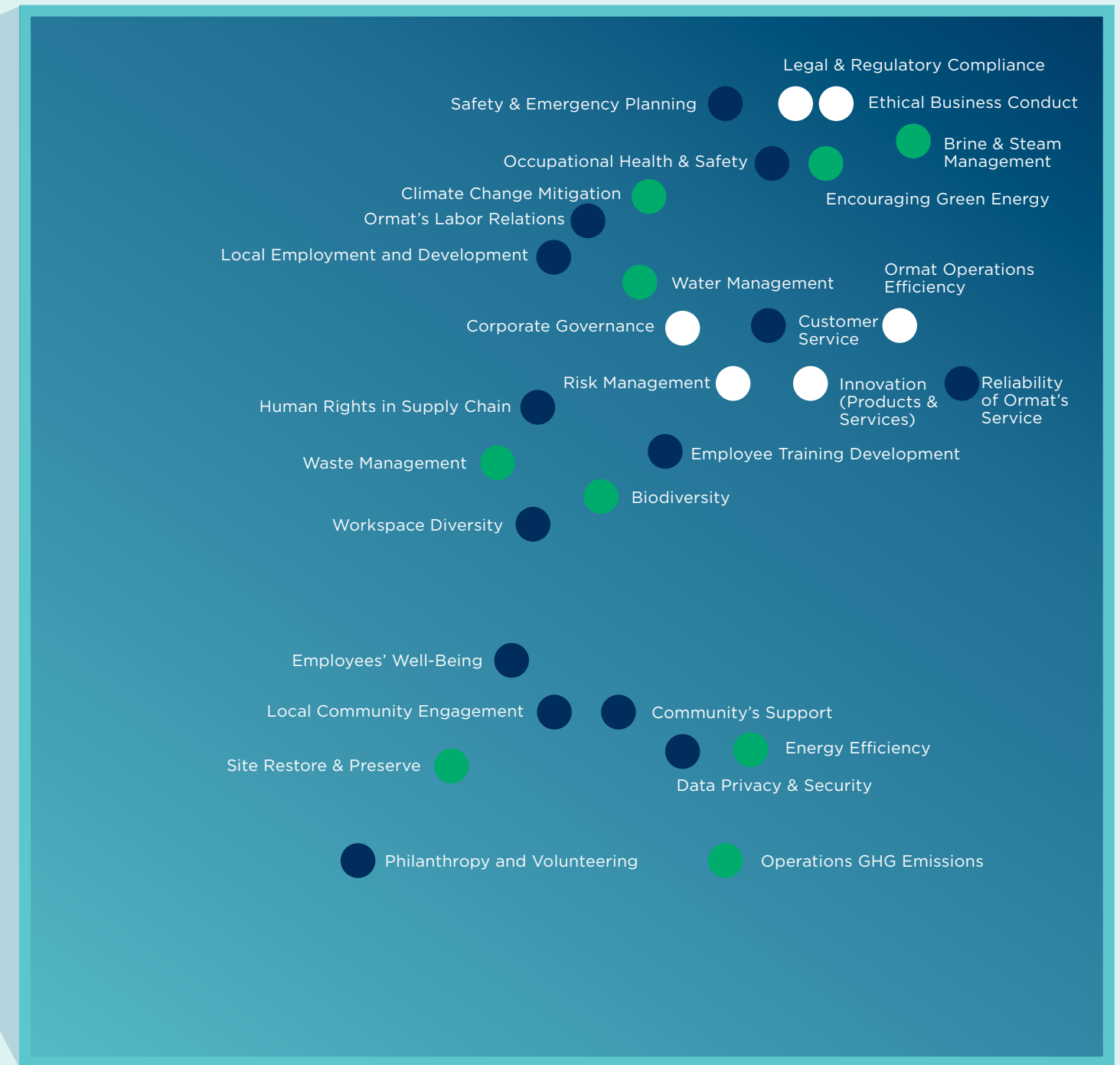
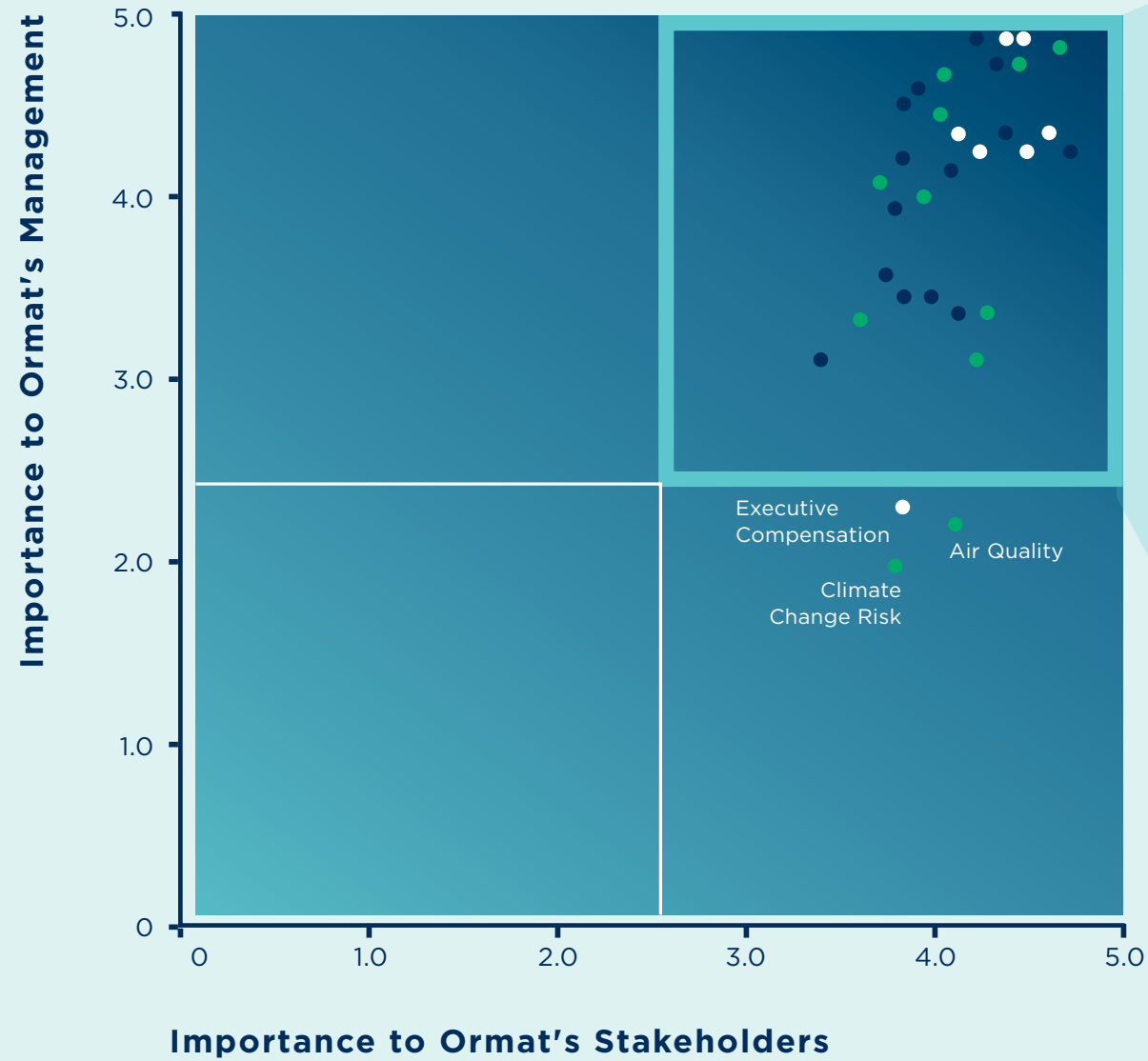
Environment

- Brine & Steam Management
- Encouraging Green Energy
- Climate Change Mitigation
- Water Management
- Biodiversity
- Waste Management
- Energy Efficiency
- Greenhouse Gas Emissions from Operations
- Site Restoration and Preservation
- Air Quality
- Climate Change Risk

Social

- Safety and Emergency Planning
- Occupational Health and Safety
- Reliability of Ormat's Service
- Ormat's Labor Relations
- Customer Service
- Local Employment & Development
- Employee Training & Development
- Human Rights in the Supply Chain
- Workplace Diversity
- Data Privacy & Security
- Community Support
- Employees' Well-Being
- Local Community Engagement
- Philanthropy & Volunteering

¹⁰ As per the "Electric Utilities & Power Generators Sustainability Accounting Standard," Industry Standard Version 2018-10.



● Social ● Economics & Governance ● Environment

EXTERNAL INITIATIVES

We endorse a number of external initiatives that assist us in realizing our environmental, social and corporate governance commitments.

We have reported on our GHG emissions to the CDP since 2010. We also report data on our carbon dioxide and GHG emissions to the Israeli Ministry of Environmental Protection's voluntary business reporting initiative, a practice that we have engaged in since 2011.

In addition, Ormat was part of the Frontier Observatory for Research in Geothermal Energy (FORGE) initiative (in partnership with Sandia National Laboratory and others) initiated by the U.S. Department of Energy. FORGE yielded new insights and techniques for characterizing potential enhanced geothermal system (EGS) sites as well as tested new techniques and tools in the field of geothermal drilling technologies. Currently, Ormat is partnering on several proposals to the Department

of Energy for federally-funded research on drilling technology and machine learning.

In the U.S., we sponsored the Women in Geothermal Program (Wing Program) that supports the role of women in the geothermal industry and works to promote gender equality in the sector. We shared information on the organization with our relevant groups of stakeholders and supported the organization's mission at the 2018 Geothermal Resources Council Annual Meeting.

ORMAT'S MEMBERSHIPS OF ASSOCIATION - The table below outlines the main organizations of which Ormat is a member and that are related to our various business and ESG activities.

| Type of Organization | Relevant Memberships |
|--|---|
| 1 Geothermal Organizations | <ul style="list-style-type: none"> Geothermal Resources Council (GRC) - U.S. International Geothermal Association (IGA) Indonesia Geothermal Association Jesder - Turkish Geothermal Association |
| 2 Energy Organizations | <ul style="list-style-type: none"> California Energy Markets California Energy Storage Alliance (CESA) Energy Storage Association - U.S. Society of Petroleum Engineers - U.S. Utah Clean Energy Green Energy Association of Israel World Energy Council |
| 3 Health and Safety Organizations | <ul style="list-style-type: none"> The American Society of Mechanical Engineers (ASME) National Safety Council - U.S. National Fire Protection Association (NFPA) - U.S. Alliance for Industrial Efficiency American Society of Safety Professionals (ASSP) CA OPC Engineers Board California Community Choice Association (CalCCA) |
| 4 Chambers of Commerce | <ul style="list-style-type: none"> CalChamber - California, U.S. Churchill Economic Development Authority - Nevada, U.S. Hawaii Island Chamber of Commerce Elko Chamber of Commerce - Nevada, U.S. Israel Export Institute Manufacturers Association of Israel Israel-Asia Chamber of Commerce Israel Turkey Business Council Israel Latin America Association |

OUR STRATEGIC SUSTAINABILITY COMMITMENTS AND SUSTAINABILITY PLAN

Ormat is committed to principles of Environmental, Social and Governance-related (ESG) responsibility - commitments that are achieved through our business activities, policies, frameworks for stakeholder engagement and strategic objectives.

We pursue sustainable innovation and leadership in renewable energy across several areas - namely geothermal energy, recovered energy generation and energy storage. Each of these directions allows our Company to advance existing practices and push forward to improve our performance in ways that minimize material and energy inputs, maximize energy output and our operational efficiency.

For example, one of our established development practices involves the incremental increase of energy production capacity for geothermal plants. We work to better understand the specific properties of a geothermal reservoir and add new energy generation capacities progressively in stages. As such, we strive to deliver more renewable energy while maintaining substantially the same developmental footprint. Similarly, when it comes to developing new renewable energy plants, we work to fully understand the needs and concerns of the local stakeholder community and to build lasting relationships and specific community engagement programs designed to meet those needs and concerns.

Ormat applies these and other sustainability principles to the way we evaluate opportunities and develop, manufacture and operate renewable energy facilities around the world.






ORMAT'S CONTRIBUTION TO THE UNITED NATIONS' SUSTAINABLE DEVELOPMENT GOALS (SDGS)

The United Nations (UN) adopted the Sustainable Development Goals (SDGs) as part of the 2030 Agenda for Sustainable Development (the "2030 Agenda"). The 17 SDGs and the related 169 targets were designed to address the world's most pressing social and economic issues. More information on the SDGs is available at the following [link](https://sustainabledevelopment.un.org/)¹¹. Furthermore, businesses play a role in achieving the SDGs, while the goals simultaneously present businesses with unique opportunities for engaging in innovation, social impact projects, managing risks, improving relationships with stakeholders and for developing a common and shared language for their social and environmental sustainability programs.

As a leading renewable energy Company with global operations, Ormat recognizes the role we play in achieving the SDGs and the related targets in our countries of operation and through our activities. We strive to address relevant SDGs through our business activities and social and environmental engagement plans for local communities.

The following table details the most relevant SDGs and targets that we address through our business activities and social and environmental engagement plans.

¹¹ <https://sustainabledevelopment.un.org/>

| Sustainable Development Goal | Relevant Targets | Relevant Business Activities |
|---|---|---|
|  <p>Affordable and Clean Energy</p> | <ul style="list-style-type: none"> • 7.2: Increase substantially the share of renewable energy in the global energy mix • 7.A: Enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology • 7.B: Expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all in developing countries, in particular least developed countries, small island developing States, and land-locked developing countries, in accordance with their respective programs of support | <ul style="list-style-type: none"> • Ormat is one of the leading providers of geothermal energy generation solutions worldwide, thus helping countries and communities address their renewable energy targets. In addition, Ormat provides recovered energy generation solutions and solutions for energy storage, which contribute to the feasibility of renewable energy alternatives. • We work with governments and through international frameworks to promote our renewable energy solutions, including support for research and development in the geothermal and energy storage fields, collaborations with relevant industry organizations and with leading renewable energy companies. • Ormat works to develop its renewable energy technologies in developed and developing countries alike, with several plants in developing countries such as Indonesia, Guatemala and Honduras, among others. Many of these projects support national renewable energy goals and international commitments in developing countries. |
|  <p>Decent Work and Economic Growth</p> | <ul style="list-style-type: none"> • 8.2: Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labor-intensive sectors • 8.3: Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services • 8.4: Improve progressively, through 2030, global resource efficiency in consumption and production and endeavor to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programs on sustainable consumption and production, with developed countries taking the lead • 8.5: Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value • 8.8: Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment | <ul style="list-style-type: none"> • Ormat prides itself on 100 percent local employment at all of our operational facilities and power plants. • We work to develop the skills and knowledge of our employees, including at our manufacturing facilities thus encouraging the upgrading of skills for labor-intensive sectors. • Through our renewable energy solutions, we seek to help countries decouple economic growth from environmental degradation caused due to the burning of fossil fuels and from the use of non-renewable resources for energy generation. • We promote equality in employment for all of our employees regardless of gender, race, cultural background, religion, physical disposition, or other irrelevant factors. • Ormat has an advanced health and safety framework that is implemented through our Quality, Environment, Health and Safety policy. We seek to uphold the highest level of health and safety standards at all of our sites. • We fully support the labor rights of all our employees and honor their basic rights to decent work and fair pay. We manage human resources at our Company with employees' rights in mind. |
|  <p>Industry, Innovation and Infrastructure</p> | <ul style="list-style-type: none"> • 9.1: Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all • 9.4: Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies • 9.A: Facilitate sustainable and resilient infrastructure development in developing countries through enhanced financial, technological and technical support to African countries, least developed countries, landlocked developing countries and small island developing States | <ul style="list-style-type: none"> • Ormat's power plants act as significant energy generation infrastructure in the countries where we operate. Often, the power plants are completely new infrastructure. In addition, the nature of renewable energy infrastructure works to increase the overall level of resilience in the country of operation. • Through our power plants and renewable energy solutions, we actively encourage the adoption of clean and environmentally-sound technologies, namely in developing countries that may have limited access to such solutions. • Our recovered energy power plants enable industries to produce clean electricity in-house without generating excess emissions. |
|  <p>Responsible Consumption and Production</p> | <ul style="list-style-type: none"> • 12.2: Achieve the sustainable management and efficient use of natural resources • 12.4: Achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment • 12.5: Substantially reduce waste generation through prevention, reduction, recycling and reuse | <ul style="list-style-type: none"> • Ormat encourages the sustainable use of materials and resources, including natural geothermal resources. • We encourage and track the generation of waste products and the use of materials (namely non-renewable materials) at our operational sites. • We actively promote and enforce practices for recycling, reclamation and reuse of materials at our operational sites, with a specific emphasis on our manufacturing facilities. |
|  <p>Life on Land</p> | <ul style="list-style-type: none"> • 15.1: Ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements • 15.9: Integrate ecosystem and biodiversity values into national and local planning, development processes, poverty reduction strategies and accounts | <ul style="list-style-type: none"> • Throughout the development process of geothermal resources, we work to preserve and take the surrounding natural environment - including the native flora and fauna - into account. As such, we conduct environmental impact assessments to ensure that we have an adequate understanding of our impacts. • As part of the environmental impact assessments that we conduct, we consult with local communities and local government administrators. |

**CHAPTER III.
ABOUT THIS
REPORT**



*McGinness Hills geothermal complex,
NV, U.S., 140 MW*

ABOUT THIS REPORT

Ormat's 2018 sustainability report highlights our environmental, social and governance (ESG)-related measures, initiatives and activities for the period of January 2018 through December 2018, i.e. the reporting period. This is the Company's inaugural sustainability report. This report has been prepared in accordance with the GRI Standards: Core option.¹² To assist readers in locating relevant information throughout the report, we provide a GRI content index on pages 102-121 of this report. In addition, the report references the Sustainability Accounting Standards Board's (SASB) reporting standards for Electric Utilities and Power Generators.¹³

Previously, the Company generated sustainability briefs and/or updates for our stakeholders, based in principle on the GRI Standards, for the years 2010-2017. All previous sustainability publications are available on the Company's website at the following [link](#).¹⁴ The most recent sustainability report published covered the period of 2016-2017.

This is the first sustainability report compiled in accordance with the GRI Standards: Core Option and there are no restatements of information that have to do with mergers or acquisitions, changes in base years or periods, changes in the nature of business, or changes in measurement methods. As such, the only significant and notable change from previous reporting periods is the application of the GRI Standards to the organization's sustainability reporting framework. Specifically, there are no changes in the list of material topics and topic Boundaries as this is the first time that the organization is conducting a materiality assessment and defining topic Boundaries per the GRI Standards. Following this report,

we intend to publish a sustainability report on an annual basis, as opposed to our former practice of publishing a sustainability brief and/or update on a biennial basis.

In compiling this report, Ormat has followed the GRI's requirements and recommendations in defining the reporting Boundaries, as outlined in the section below. We have taken into account our material entities over which the Company has control, including those in which we have significant influence over the activities that are material for the Company according to their economic, environmental and social aspects.

For the purposes of this report, "Ormat" "We", "Our", "Us", or "the Company" refer to the U.S.-based Company Ormat Technologies Inc. and its controlled entities that are included in the Company's consolidated financial statements. Details regarding the entities included in our consolidated financial statements can be found in our Annual Report filed with the SEC at the following [link](#).¹⁵ All of the entities included in our consolidated financial statements or equivalent documents are covered by this report, unless otherwise noted.

Ormat obtains independent external assurance of its annual financial information, the annual accounts and management reports (individual and consolidated with those of its controlled entities) by PricewaterhouseCoopers LLP, which has served as the Company's auditor since 1988. We did not receive external assurance for this, our first sustainability report compiled in accordance with the GRI Standards' Core option, but we are considering to secure external assurance for the data reported in our forthcoming sustainability reports.

INFORMATION BOUNDARIES OF

THIS REPORT

Unless otherwise noted, this report includes environmental and social data from internal systems and information from January 1, 2018 through December 31, 2018 and is focused on our material operations that includes our operations in: the United States, Israel, Turkey, Honduras, Guatemala, Guadeloupe (French Caribbean) and Kenya. Ormat has operations or holdings in other locations such as Indonesia, which are not operationally material and hence the data/detailed analysis is not included in this report unless otherwise mentioned. All of the financial or economic information is disclosed according to our Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission (SEC), which should be referred to in case of any discrepancies.

This sustainability report focuses on the environmental and social topics that are material and relevant to Ormat's operations and business, and which are of greatest interest to our stakeholders. The content presented in the report was prioritized through a process of research and consideration of a variety of sources including feedback from our groups of stakeholders, the GRI Standards, including its Reporting Principles for defining report content, which include: Stakeholder Inclusiveness, Sustainability Context, Materiality and Completeness, and the Reporting Principles for defining report quality, which include: Accuracy, Balance, Clarity, Comparability, Reliability and Timeliness. In addition, we roughly consulted the SASB sector-relevant standards, and other relevant third-party sustainability reporting frameworks. We expect the content and data quality of our report to improve and evolve moving forward as we further develop our sustainability strategy and as we continue to receive relevant and worthy feedback from our stakeholders.

CONTACT POINT FOR QUESTIONS

REGARDING THIS REPORT

We have strived to provide all of the relevant data and information regarding our sustainability performance and activities for 2018 in the scope of this report. Stakeholders who are interested in understanding or clarifying the information presented, or who have questions regarding the content of the report, can contact us through one of the following channels:

Mail requests:

Ormat Technologies, Inc.
6140 Plumas Street
Reno, NV 89519-6075
U.S.

Requests for general information:
info@ormat.com

Requests for sustainability-related information:
sustainability@ormat.com

Online form:

www.ormat.com/en/company/contact/main

FORWARD-LOOKING STATEMENTS

This report may contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements involve estimates, expectations, projections, goals, objectives, assumptions and risks, and activities, events and developments that may or will occur in the future. When used in or during the course of this report, the words "may", "will", "could", "should", "expects", "plans", "anticipates", "believes", "estimates", "predicts", "projects", "thinks", "forecasts", "guidance", "continue", "goal", "outlook", "potential," "prospect" or "target", or the negative of these terms or other comparable terminology are intended to identify forward-looking statements, although not all forward-looking statements

contain such words or expressions. Such forward-looking statements include, but are not limited to: statements about our business strategy; statements about Ormat's competitive strengths; statements about Ormat's development and operation of electricity generation, storage and energy management assets, including distributed energy resources; statements about Ormat's other plans, expectations, objectives and targets; statements about Ormat's views on market and industry developments and economic conditions, and the growth of the markets in which Ormat conducts its business; and statements about the growth and diversification of Ormat's customer base and Ormat's future revenues, expenses, earnings, capital expenditures, regional market penetration, electricity generation, and other operational performance metrics, among others. All of these and other forward-looking statements made in or during the course of this report are made only as of the date hereof and Ormat undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise, except as required by law. You are cautioned not to place undue reliance on the expectations, projections and other forward-looking statements made in or during the course of this report as actual future results and developments may differ materially from such expectations, projections and forward-looking statements due to a number of risks, uncertainties and other factors, many of which are beyond Ormat's control. These risks, uncertainties and other factors include, but are not limited to, the risks, uncertainties and other factors described in Ormat Technologies, Inc.'s Form 10-K filed with the SEC from time to time, in Ormat's quarterly reports on Form 10-Q that are filed with the SEC.

¹² According to the Global Reporting Initiative, "Consolidated Set of GRI Sustainability Reporting Standards 2016." The Standard is issued by the Global Sustainability Standards Board (GSSB). The Standard applied is effective for reports or other materials published on or after 1 July 2018.

¹³ Sustainability Accounting Standards Board, "Electric Utilities & Power Generators Sustainability Accounting Standard," Industry Standard Version 2018-10.

¹⁴ <https://www.ormat.com/en/company/engagement/view/?ContentID=140>
¹⁵ <https://investor.ormat.com/Doc/Index?did=50940528>

**CHAPTER IV.
GENERATING
ENVIRONMENTAL
VALUE AND
MEASURING OUR
IMPACTS**



*Zunil geothermal power plant,
Guatemala, 23 MW*

MITIGATING CLIMATE CHANGE RISKS WHILE ENCOURAGING RENEWABLE ENERGY SOLUTIONS

Ormat is a global leader in renewable energy solutions: geothermal energy, recovered energy and energy storage and management. We have developed and manufactured over 2900 MW¹⁶ of geothermal and recovered energy power plants since our Company was established over 50 years ago. All of these power plants operate without fossil fuel consumption. At Ormat, our motivation to mitigate climate change, reduce GHG emissions, advance energy efficiency and promote the use of renewable energy sources. These aims lie at the heart of our business and represent our key value proposition for our customers. They also have been identified as highest priority by the stakeholders who participated in our materiality assessment.

The following chapter provides an overview of our renewable energy solutions and their key environmental benefits, mainly their significantly low GHG emission and energy impacts for both our Company and our stakeholders. We do this by providing details of the emissions and energy used in our drilling and manufacturing operations, offices and owned and operated power plants. In addition, the chapter details how we work to manage both the geothermal resources, waste and water resources associated with our operations, as well as relevant biodiversity impacts that are measured and assessed through environmental impact assessments.

ABOUT OUR GEOTHERMAL SOLUTIONS

Geothermal energy is produced by heat energy derived from the earth's molten core and transported to the surface by movements of crustal plates, intrusion of molten magma and deep circulation of groundwater. Reservoirs of hot water under pressure result from these forces, and it is these underground reservoirs that Ormat identifies, develops and harnesses energy from. Drilling wells into geothermal reservoirs enables the steam and high-pressure hot water to be captured and directed to drive turbines in power plants. This converts earth-bound energy into electrical energy. (figure a)

Geothermal energy offers numerous benefits for a world seeking alternatives to polluting and emissions-ridden fossil fuels. Geothermal energy is a naturally occurring and locally available resource in a number of locations worldwide. It provides firm, flexible and reliable base-load electricity. Equally vital, geothermal is a low carbon alternative that consumes fewer resources such as land and water and has a much lower impact on the environment compared with conventional fossil fuel combustion.

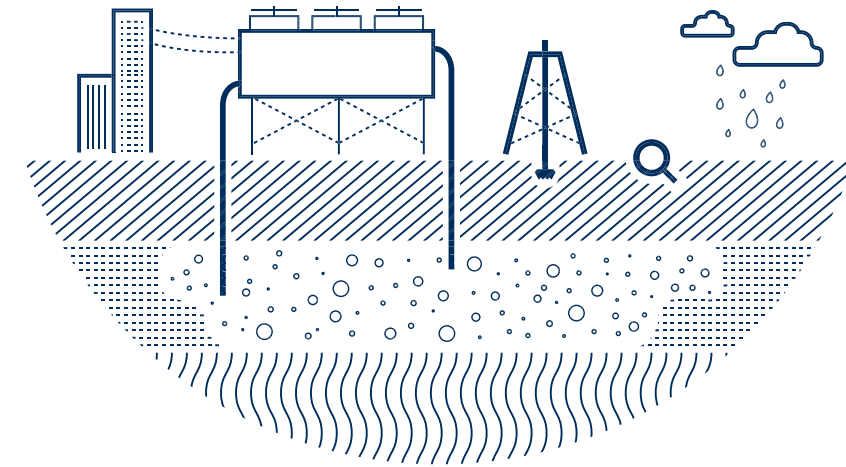
There are two main types of geothermal power plants - binary and flash systems:

Binary systems - Geothermal fluid is extracted from the underground reservoir and flows from the wellhead through a gathering system to a vaporizer that heats a secondary working fluid (typically an organic fluid, such as pentane or butane) that is vaporized and is used to power the turbine. The organic fluid is then condensed in a condenser, which may be cooled directly by air or by water from a cooling tower, and sent back to the vaporizer through a pump. The cooled geothermal fluid is then reinjected back into the reservoir. Binary technology can be utilized on a wide range of resources from low enthalpy to high. Multiple high enthalpy binary facilities are in service around the world. (figure b)

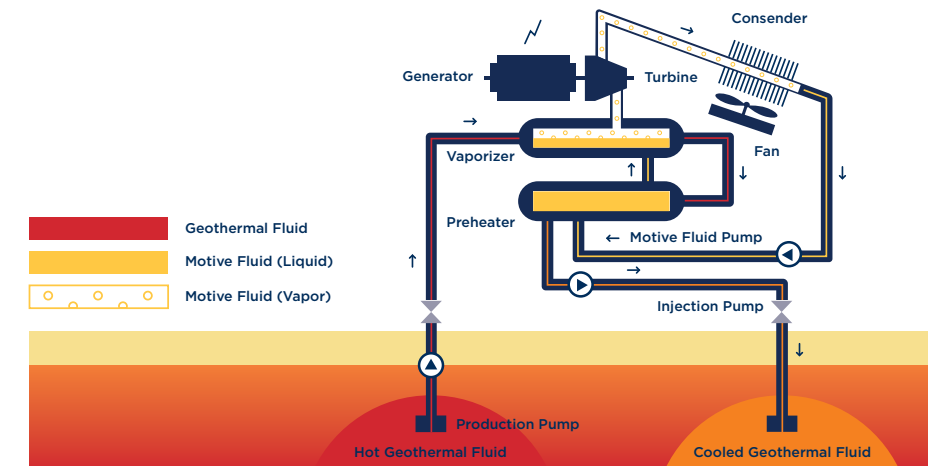
Flash systems - Geothermal fluid is extracted from the underground reservoir and flows from the wellhead through a gathering system to flash tanks and/or separators. There, the steam is separated from the brine and sent to a demister, where any remaining water droplets are removed. This produces a stream of dry saturated steam, which powers a steam turbine coupled to a generator to produce electricity. In some cases, the brine at the outlet of the separator is flashed a second time (dual flash), providing additional steam at lower pressure used in the low-pressure section of the steam turbine to produce additional power. Steam exhausted from the steam turbine is condensed in a surface or direct contact condenser cooled by cold water from a cooling tower. The non-condensable gases (such as carbon dioxide) are removed by means of a vacuum system in order to maintain the performance of the steam condenser. The resulting condensate is used to provide make-up water for the cooling tower. The hot brine remaining after separation of steam is injected (either directly or after passing through a binary plant to produce additional power from the residual heat remaining in the brine) back into the geothermal resource through a series of injection wells. (figure c)

There are a number of environmental advantages to binary geothermal power plants as compared to flash geothermal steam turbine plants: Firstly, reinjection of all of the geothermal resources exploited-promotes superior efficiency. By continuously recharging geothermal systems and reducing production-related pressure drawdowns, binary geothermal power plants help maintain the overall geothermal reservoir pressure. In addition, air-cooled binary plants do not consume water for cooling (for additional details on amount of water used in different geothermal plants see the water use table presented below). Finally, air-cooled binary power plants have a low profile with minimal visual impact, as they do not emit a plume.

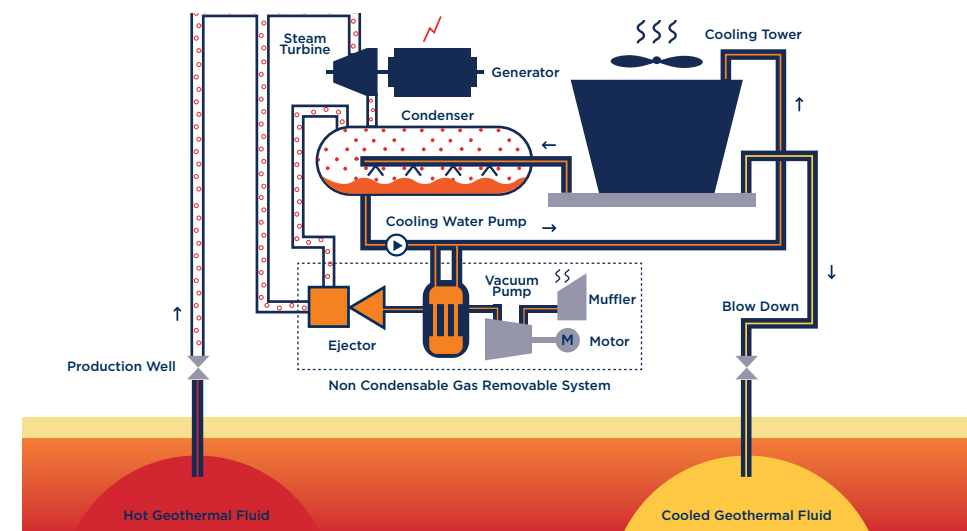
Geothermal Power (figure a)



Binary Systems (figure b)



Steam Systems (figure c)



16 As of December 2018.

Exploration and Evaluation of Geothermal Resources

Ormat's structure as a vertically-integrated Company enables us to engage in every element of the geothermal energy process, from start to finish. As such, and before we are able to engage in a geothermal power project, we carry out exploratory and evaluation activities to ensure that the geothermal resource is significant and sustainable for the generation of renewable power over time.

Starting from the initial evaluation phase in the exploration of geothermal resources, we map the natural features of the potential geothermal site, such as springs or lakes in close proximity, as well as other relevant elements of the natural habitat. We also conduct surveys of the surrounding area

including geological, geochemical and geophysical surveys, surface water analyses, soil surveys and geologic mapping. We begin design and construction of the plant once the exploration and drilling phases are completed, and it is determined that the geothermal resource is worth pursuing in terms of resource accessibility and cost.

ABOUT OUR RECOVERED ENERGY SOLUTIONS

Recovered energy is a green energy solution whereby electricity is generated from recovered energy or "waste heat". Recovered energy comes from residual heat generated as a by-product of many heat-producing processes. These include gas turbine-driven compressor stations and a variety of industrial processes, such as cement manufacturing. Residual

heat may be captured in the recovery process using a similar power plant to Ormat's OEC geothermal power plant, which is used by recovered energy power plants to generate electricity without burning additional fuel. As such, recovered energy power plants present high-functioning solutions in the context of circular economy and circularity, or economic systems aimed at minimizing waste generation and making the most of existing resources. Recovered energy generation is therefore another critical part of our sustainable energy portfolio, generating electricity with practically no emissions. The market for the recovery of waste heat is present in locations where available electricity resources are expensive or where the regulatory environment facilitates construction and marketing of power generated from these sources. However, typical recovered energy projects tend to be smaller than 9 MW.

Ormat's Geothermal and Recovered Energy Power Plants in Operation as of 2018¹⁷

The table below summarizes the portfolio of power plants and complexes that Ormat owns and operates, whether developed by Ormat or acquired:

| Project | Location | Application | Operational Since ¹⁸ | Capacity (MW) ¹⁹ |
|---------------------------------------|-------------------|-------------|---------------------------------|-----------------------------|
| Amatitlan | Guatemala | Geothermal | 2007 | 20 |
| Bouillante | Guadeloupe Island | Geothermal | 1995, 2004 ²⁰ | 15 |
| Brady | Nevada, U.S. | Geothermal | 1992, 2004, 2007 | 26 |
| Brawley Complex | California, U.S. | Geothermal | 2011 | 13 |
| Don A. Campbell Complex ²¹ | Nevada, U.S. | Geothermal | 2014, 2015 | 39 |
| Heber Complex | California, U.S. | Geothermal | 1985, 1993, 2005, 2006, 2008 | 81 |
| Jersey Valley | Nevada, U.S. | Geothermal | 2011 | 10 |
| Mammoth Complex | California, U.S. | Geothermal | 1984, 1990 | 29 |
| McGinness Hills Complex | Nevada, U.S. | Geothermal | 2012, 2015, 2018 | 140 |
| Neal Hot Springs | Oregon, U.S. | Geothermal | 2012 ²² | 22 |

| | | | | |
|---|---|----------------------------------|------------------------------------|--------------------------------------|
| Olkaria III Complex | Kenya | Geothermal | 2000, 2009, 2013, 2014, 2016, 2018 | 150 |
| OREG I - CS7, CS9, CS10, CS11 ²³ | North Dakota and South Dakota, U.S. | Recovered Energy on Gas Turbine | 2006 | 22 |
| OREG II - CS3, CS5, CS8, CS12 ²⁴ | North Dakota, Minnesota and Montana, U.S. | Recovered Energy on Gas Turbine | 2009 | 22 |
| OREG III - GRE - CS13 ²⁵ | Minnesota, U.S. | Recovered Energy on Gas Turbine | 2010 | 5.5 |
| OREG IV - Peetz | Colorado, U.S. | Recovered Energy on Gas Turbines | 2009 | 3.5 |
| Ormesa Complex | California, U.S. | Geothermal | 1987-1989, 2005-2007 | 39 |
| Platanares ²⁶ | Honduras | Geothermal | 2017 | 38 |
| Puna Complex ²⁷ | Hawaii, U.S. | Geothermal | 1993, 2011, 2012 | 38 |
| Raft River | Idaho, U.S. | Geothermal | 2008 ²⁸ | 11 |
| San Emidio | Nevada, U.S. | Geothermal | 2012 ²⁹ | 11 |
| Sarulla | Indonesia | Geothermal | 2017, 2018 | 330 (Ormat's share represents 42 MW) |
| Steamboat Complex | Nevada, U.S. | Geothermal | 1992, 2005, 2007-2008 | 65 |
| Tungsten Mountain | Nevada, U.S. | Geothermal | 2017 | 27 |
| Tuscarora | Nevada, U.S. | Geothermal | 2012 | 18 |
| Zunil | Guatemala | Geothermal | 1999 | 23 |
| TOTAL | | | | 910 |

¹⁷ We indirectly own and operate all of our power plants, although financial institutions hold equity interests in one of our Opal Geo subsidiaries, which owns the McGinness Hills Phases 1 and 2 geothermal power plants, the Tuscarora and Jersey Valley power plants and the second phase of the Don A. Campbell power plant, all located in Nevada. In the table above, we list these power plants as being 100 percent owned because all of the generating capacity is owned by Opal and we control the operation of the power plants.

¹⁸ In power plants that were built in phases, the year of each new phase is indicated.

¹⁹ In power plant owned by Ormat the capacity figure given is the net to the grid generating capacity, which is defined in Ormat's 10K reports. In solar power plants the MWdc is indicated.

²⁰ Acquired by Ormat in July 2016. Ormat owns a 60 percent stake in the project company Geothermie Bouillante SA.

²¹ Ormat owns a 63.3 percent stake in Don A. Campbell complex.

²² The Neal Hot Springs power plant was acquired by Ormat in April 24, 2018 and 40 percent interest is held by Enbridge.

²³ Ormat owns a 63.3 percent stake in the OREG I facilities.

²⁴ Ormat owns a 63.3 percent stake in the OREG II facilities.

²⁵ Ormat owns a 63.3 percent stake the OREG III facilities.

²⁶ Ormat holds the assets under a Build, Operate and Transfer (BOT) structure for approximately 15 years.

²⁷ Ormat owns a 63.3 percent stake in the Puna Complex.

²⁸ The Raft River power plant was acquired by Ormat in April 24, 2018. Ormat provided EPC services and installed its proprietary technology in Raft River to its former owner U.S. Geothermal in 2007.

²⁹ The San Emidio power plant was acquired by Ormat in April 24, 2018.

ABOUT OUR ENERGY STORAGE AND ENERGY MANAGEMENT SOLUTIONS

We continually look for ways to advance and stay at the forefront of new thinking and approaches in the renewable energy market. Energy storage is one such sector.

Energy battery storage systems utilize surplus, or available electricity, that enables utilities to optimize the operation of the grid, run generators closer to full capacity for longer periods, and to operate the grid more efficiently and effectively. Many renewable energy sources, such as wind and solar are characterized by fluctuation in the production of power. As the penetration of renewable energy generation increases, so too does

the need for services, such energy storage systems, that can “balance the grid”. Common applications for energy storage systems include ancillary services, wind/solar smoothing, Peaker replacement, and transmission and distribution deferral. More information on the aspects and benefits of energy storage solutions can be found on the Storage & Energy Management section of our website at the following [link](#).³⁰

In March 2017, we entered the energy storage, demand response and energy management markets following the acquisition of substantially all of the business and assets of Viridity Energy, Inc., a Philadelphia-based Company. The acquired business and assets comprise our Other segment. We are using our Viridity business to

accelerate long-term growth, expand our market presence in a growing market and further develop our energy storage, demand response and energy management services, including the VPower™ software platform. We plan to continue providing services and products to existing Viridity customers, while expanding our service offerings to include development and EPC into new regions and targeting a broader potential customer base.

Ormat believes energy storage and advanced energy management solutions will play an increasingly important role in the renewable energy sector in the coming decade and our Company plans to accelerate further growth in this area.



*Plumsted storage unit, NJ, U.S.
20 MW*

EMISSIONS FROM OUR POWER PLANTS AND OPERATIONS

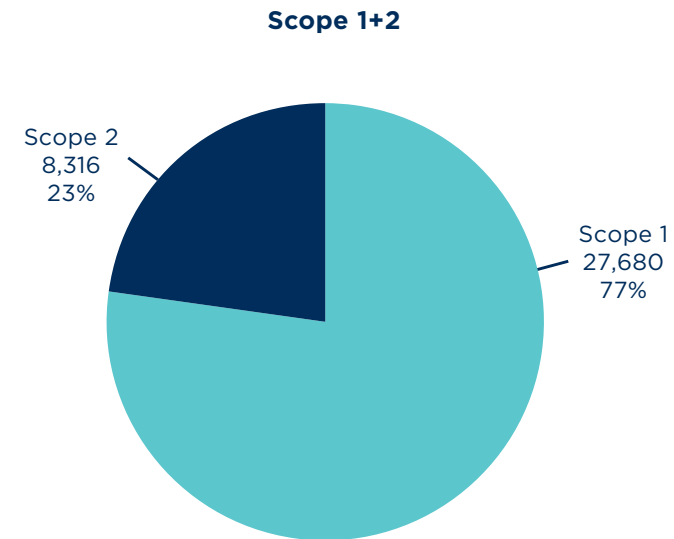
Our geothermal and recovered energy power plants have negligible levels of emissions. That said, we actively work towards the reduction of the GHG emissions³¹ generated through our operations and business practices, which includes commitments to reducing any subsequent climate change effects arising from our operations. The consolidation approach for the calculation of our carbon footprint is operational control. In order to improve the internal measurement of our GHG emissions, we have expanded our methods for data collection from our relevant operational sites with the goal of estimating our level of impact and generated emissions and have set 2018 as the base year for our calculations. We make concerted efforts to both track and minimize our direct (Scope 1) and indirect (Scope 2) GHG emissions from our power plants and operations and to regularly report on our progress to the CDP and the Israeli Ministry of Environmental Protection.³²

Our renewable energy power plants emit little GHG emissions and thus enable our customers to control their own levels of emissions and resulting climate change effects. As such, these issues were identified as material by our key groups of internal and external stakeholders.

OUR CARBON FOOTPRINT AND GHG EMISSIONS AVOIDED

Ormat's operating activities from owned facilities and purchased electricity (Scope 1 and 2)³³ emissions, which include manufacturing facilities and machinery, offices, power plants, corporate automobile fleet, drilling rigs and electricity consumption at our facilities, among other sources, generated **35,997 tons CO2 equivalents** in 2018.³⁴ * More information on the breakdown of our carbon footprint calculations for 2018 is provided in the graphs and charts below.

The majority of our direct Scope 1 emissions arise from the operation of our geothermal power plants, i.e. auxiliary emissions from our power plants. Following auxiliary emissions, use of vehicles at our various facilities are the second largest source of Scope 1 emissions, which are used for travel and maintenance at our sites, including at our power plants and drilling locations and to transport materials and parts at our factories and workshops. The third most significant source of direct emissions is from the drilling rigs used in the geothermal exploration and power plant construction phases. Other less



³⁰ <https://www.ormat.com/en/renewables/storage/main/>

³¹ "Greenhouse gases" are defined by the U.S. EPA as "gases that trap heat in the atmosphere. These gases include: carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O) and fluorinated gases, or high global warming potential gases.

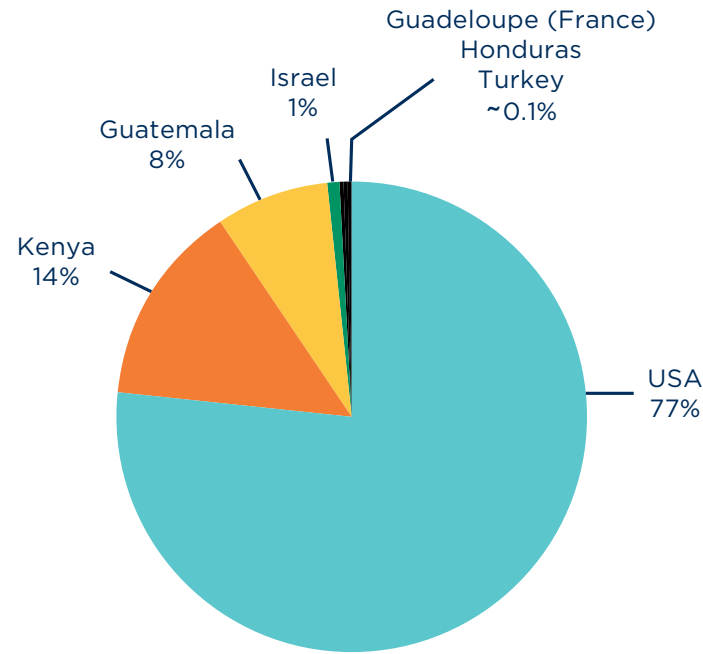
³² Through the voluntary GHG reporting framework.

³³ Scope 1 GHG emissions are direct emissions from sources that are owned or controlled by the Company, including auxiliary emissions from our power plants. Scope 2 emissions are indirect GHG emissions from the consumption of purchased electricity.

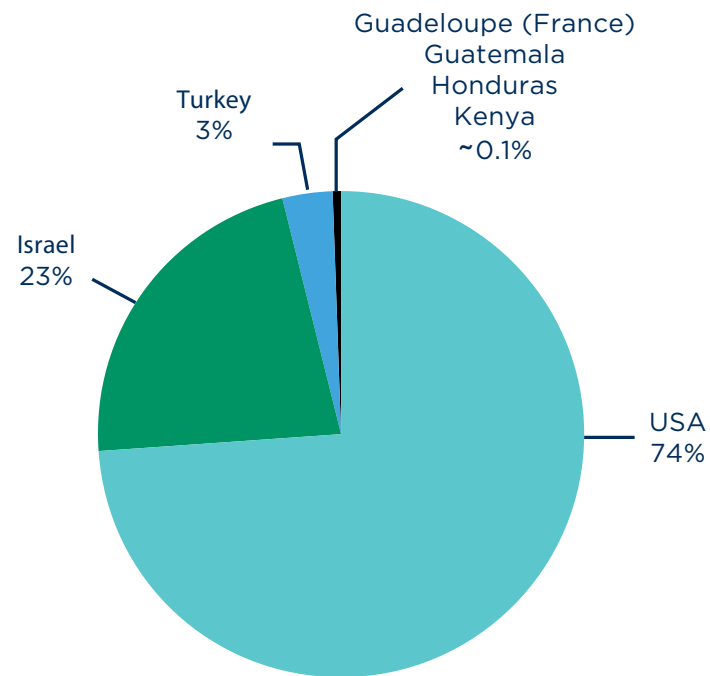
³⁴ The source of the emission factors and global warming potential is the United Kingdom's Department for Environment, Food & Rural Affairs (DEFRA). As such, the gases included in our carbon footprint calculation are CO2, CH4, and NH4.

* In the process of calculating our CO2 emissions for 2019, we noted a miscalculation in the auxiliary emissions of our power plants in 2018 - an aspect included in our Scope 1 emissions calculations. Corrected figures for our 2018 Scope 1 emissions are provided below.

Scope 1 by Country



Scope 2 by Country



significant sources of direct emissions include diesel generators, which are used for emergencies or, at some of our power plants, in the event of outages or maintenance shut downs (planned or unplanned), to power on-going operations at our on-site offices,³⁵ as well as from air conditioning units used in our factories at our offices, heavy-duty trucks used to transport materials and machinery and from machinery that is owned by the Company and used in our factories and workshops (such as forklifts, cranes and welding machines, among others).

The majority of our binary geothermal power plants with 100 percent geothermal fluid reinjection and all of our recovered energy power plants do not generate emissions and therefore were not included our Scope 1 emissions calculations. However, some of our steam and binary plants that are unable to engage in 100 percent geothermal fluid reinjection due to constraints tied to the nature of the local geothermal resource do generate GHG emissions.³⁶ As such, another source of direct emissions that was included in our

calculations is derived from the auxiliary power consumed by those geothermal power plants, which was calculated according to the relevant emission factors for steam plants.

The Scope 1 emissions for 2018 from the above-mentioned sources totaled 27,680 tons CO2 equivalents.

We also measure the emissions from electrical energy consumption from the grid - i.e. Scope 2 or indirect emissions - at our offices, manufacturing facilities and power plants.

At our manufacturing facility in Yavne, Israel, we generate solar electricity through the use of rooftop Photovoltaic (PV) panels. The relevant emissions are calculated according to an emissions factor of zero. The electricity that we generate through the solar panels in used for self-consumption and is sold back to the local electrical utility. In 2018, self-consumption of solar energy at our manufacturing facility totaled **1,603,480 kWh**. The energy generated sold to the local electrical utility was

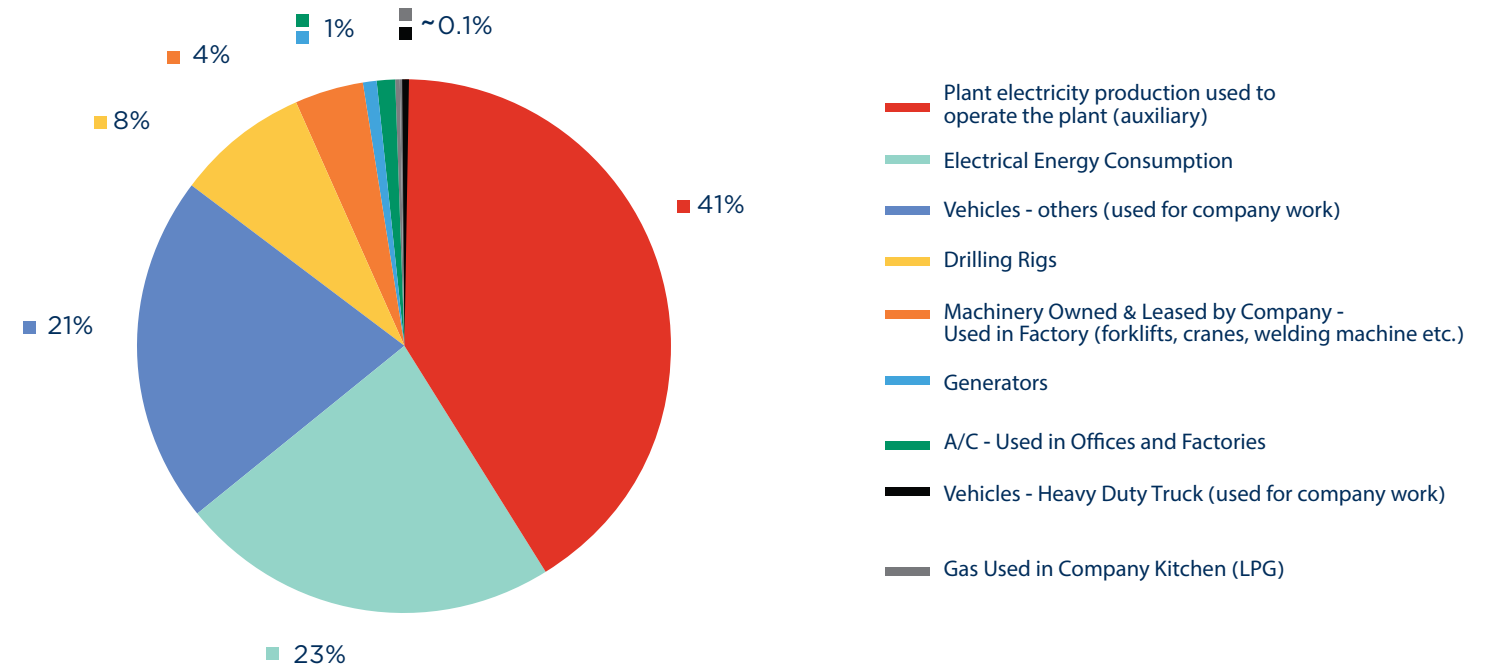
457,960 kWh and resulted in the avoidance of emissions totaling **260 tons CO2 equivalents** in 2018.³⁷

We continue to make efforts to improve the energy efficiency of our facilities and to encourage a transition to renewable energy sources in our manufacturing facilities, in line with our overarching mission and commitment to renewable energy.

The total Scope 2 emissions for 2018 from electricity consumption at our operational sites was 8,316 tons CO2 equivalents.

Our GHG emissions intensity calculation, i.e. the relative intensity of our emissions compared to revenues in FY2018³⁸ was **0.0000501 CO2 equivalents/FY2018 revenues**. This calculation, which marks 2018 as the base year for comparison in future calculations, acts as a point of comparison for us to track the intensity of our emissions over time, assisting us in accurately accounting for the extent of our environmental impacts.

Scope 1+2 by Source



³⁵ The air conditioning unit data that was included in the calculations included data for the majority of Ormat's relevant sites, but the main source of emissions from A/C units arises from our manufacturing facilities in Yavne, Israel.

³⁶ These geothermal power plants include: Ormesa, Herber 1, Brawley Complex, Amatitlan, Zunil, Olkaria III, Steamboat Hills and Desert Peak.

³⁷ The presented data was not taken into account in the calculations of Ormat's total Scope 2 CO2 emissions, i.e. deduction of the solar offset of 260 tons CO2 equivalents.

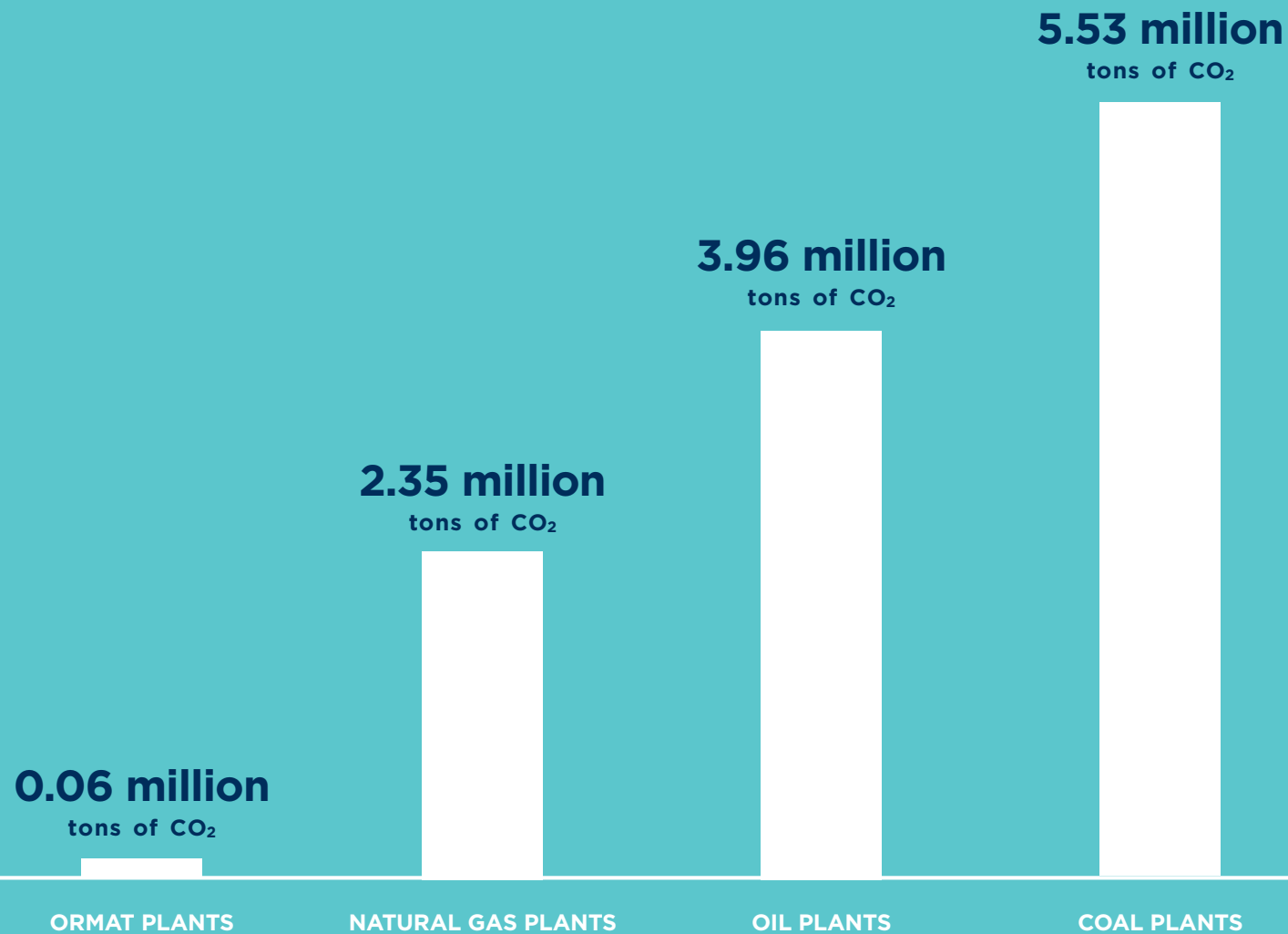
³⁸ Ormat's revenues in RY2018 total approximately USD \$719,000,000, which was used as the basis for the energy intensity calculation.

EMISSIONS FROM OPERATIONS

In 2018, Ormat-owned power plant facilities generated **5,857,963 MWh** of electricity. Note that the reported MWh is not counted as part of our calculation of direct (Scope 1) and indirect (Scope 2) emissions as the electricity generated is sold to utilities and is counted as part of their own emissions reporting.

The chart shows the renewable electricity offset recorded by Ormat in 2018 compared with other base load electricity generation methods, such as conventional fossil fuel-based methods.³⁹ These figures present only the emissions that were avoided through the generation of renewable power at Ormat's owned power plants in 2018. Ormat's contribution to global GHG mitigation is strengthened through the avoidance of emissions in the geothermal and recovered energy power plants that Ormat has sold to

power producers and utilities over the years, which have an installed base of more than **1,700 MW**.



³⁹ The emissions from Ormat's power plants and the relevant calculation are explained above. The other electricity sources are from "CO2 Emissions from Fuel Combustion Highlights 2018" International Energy Agency (IEA), 2018.

ENERGY USE, EFFICIENCY AND FUEL RESOURCE MANAGEMENT AT ORMAT

Ormat strives to ensure optimization and ultimate efficiency in its use of energy resources throughout our value chain and in our internal operations. As an energy generator, we seek to improve our efficiency by using advanced technologies and equipment in order to optimize the energy generated by our power plants. As an energy consumer, we work to improve our performance through designated action plans and by raising employee awareness regarding the use of energy in our operations, offices, buildings, facilities and transportation.

ENERGY CONSUMPTION IN THE ORGANIZATION

The fuel consumption figure in terms of energy (GJ) is obtained from direct measurement of the fuel used at each facility based on its calorific value (NCV), and applying the accepted units of fuel conversion from the "UK Government GHG Conversion Factors for Company Reporting".

The internal electricity consumption within the organization and the total amount of electricity generated and sold by the organization was calculated using inputs on energy purchased or generated, and using the following formula: $electricity\ (GJ) = electricity\ (MWh) \times 3.6\ GJ/MWh$

The table below reflects our internal energy consumption 2018, which includes the energy resources used in our global operations:

| Energy consumption in the organization (GJ) | 2018 |
|---|----------------|
| Fuel Consumption in the Organization⁴⁰ | |
| Gasoline | 119,784 |
| Diesel | 29,333 |
| Red Diesel | 35,419 |
| Kerosene | 477 |
| FOD | 484 |
| LPG | 461 |
| Electricity Consumption in the Organization⁴¹ | |
| Electricity Consumption | 100,385 |
| Total Energy Consumption in the Organization (GJ) | 274,793 |

The table below reflects the electricity generated and sold by the organization:

| Electricity Sold by the Organization (GJ) ⁴² | |
|---|------------|
| Electricity Sold by the Organization | 21,090,315 |

⁴⁰ As of 2018, Ormat did not consume any renewable fuel, and therefore this metric is not reported.

⁴¹ As of 2018, we did not separately measure our heating, cooling and steam consumption as these are not material energy uses and of our heating, cooling and steam energy needs are generated through electrical energy.

⁴² Ormat does not sell heating, cooling or steam energy resources, and therefore only data on the electricity sold by the organization through generation in our power plants is reported.

ENERGY INTENSITY

We calculated the energy intensity for our organization, or the measure of the efficiency or inefficiency in the use of energy resources in the organization, by dividing the absolute energy consumption by our organization as presented above - 274,793 GJ by our revenues for 2018, i.e. US\$719,000,000, to reach an energy intensity ratio of **0.000382** GJ/US\$. This is our organization-specific metric that we plan to report on in a comparative fashion in forthcoming reports.

EFFORTS TO IMPROVE ENERGY EFFICIENCY

We make concerted efforts to monitor and reduce our energy consumption. Most of these efforts are implemented at our manufacturing facilities through measures such as switching outdated equipment and machinery for newer models with better energy efficiency and fuel consumption, among other initiatives. Each

factory or workshop manager is responsible for assessing and mapping potential areas for energy efficiency improvements and then implementing the identified projects at their operational location. This is added to our Company-wide commitment to encouraging the responsible use of energy resources at all levels of the Company. Some of the Company-wide initiatives we have implemented in recent years include refurbishing our manufacturing facilities with LED lighting, installing more efficient air conditioning and cooling units and setting goals for improving the energy efficiency of our manufacturing facilities.

At our manufacturing facility in Israel, we have initiated a system for measuring energy consumption in different parts of the factory. Findings are analyzed to identify opportunities for increasing energy efficiency. This analysis led to an initiative to reorganize working shifts so that the daylight hours are maximized,

resulting in reduced electricity consumption during the evening surge hours.

Our largest vehicle fleet is in the United States, where most of our power plants are located. Our operational locations there are taking strides to reduce the carbon footprint from vehicle use, while also decreasing our fleet expenses. To achieve this goal, Ormat has partnered with a third party fleet management Company to not only manage the purchase and sale of vehicles, but to manage vehicle maintenance and fuel expenses by creating a system of "Green Scores" that rate the drivers in each group according to their average mileage per gallon and the number of "unfavorable" events on the road such as hard braking, hard acceleration, or speeding.

In addition, Ormat's drilling department works to improve optimization and increase energy efficiency by replacing aging semi-trucks with more efficient and safer vehicles.

MANAGEMENT OF GEOTHERMAL BY-PRODUCTS AND WATER RESOURCES

The management of the geothermal resources required for geothermal energy generation and non-geothermal water resources are of key importance to Ormat and our stakeholders. We work to manage our impacts on the local hydrology and natural environment both through our commitments to various regulatory requirements and in our environmental action plans. Geothermal by-products and water impacts are managed by the power plant managers at our operational sites, while the nature of their activities and initiatives is inspired by our commitment to minimizing environmental and health-related impacts as detailed in our Integrated Quality, Environment, Health and Safety Policy.

MANAGEMENT OF THE GEOTHERMAL RESOURCE AND ITS BY-PRODUCTS

A key sustainability driver for geothermal power generation is the conservation and recycling of the geothermal resources - steam and

brine - which are composed of water, salts and other minerals that carry the heat from deep underground to the geothermal power plant on the earth's surface.

We develop geothermal power plants that involve reinjection and recirculation of the geothermal resource in what are known as "closed loop" systems. This method continuously recharges geothermal systems by maintaining consistent geothermal fluid flow and pressures. Reinjection of brine and condensate help reduce production-related pressure drawdown and promote enhanced thermal energy extraction from the heated rocks within the reservoir. Importantly, reinjection also avoids by-products from emitted geothermal steam and the need for disposal of wastewater as well as visual impacts in the form of an emitted plumes from the cooling process (as discussed above).

MANAGEMENT OF WATER RESOURCES IN OUR OPERATIONS

We engage with water resources from diverse sources to operate our power plants, manufacturing facilities and offices.

We use water resources for various purposes, such as:

- Operation of our power plants: In our

air-cooled plants, water resources are used only for maintenance activities and for administrative and domestic purposes (gardening, toilets, etc.). In our plants that are located in areas of water scarcity, such as Nevada and Kenya this provides a significant advantage. In our water cooled plants water is used for cooling, mostly due to local weather and atmospheric conditions.

- Manufacturing facility: Water resources are used for various applications by the factory staff and to facilitate the manufacturing process. The main use for water in our manufacturing facility is for testing the viability of our plants in the factory setting, wherein we use recycled water.

- Exploration and drilling: Water is used in drilling activities to generate the mud that is necessary for drilling a geothermal well, for environmental dust control and to maintain fluid for well control. The source of water used for drilling is different at each location and tanks are usually brought onto the drilling site. The water used meets relevant regulatory and environmental requirements that are enforced as conditions of our drilling permits.

As of 2018, we did not discover any negative impacts on the local hydrology in the vicinity of our power plants and manufacturing facilities as a direct result from our operations.



The following table details the volume of water consumption according to its role in various aspects of our operations.

| Use of Water Resource | | Total Volume (m³) in 2018 |
|-----------------------------|--------------------------|---------------------------|
| Operation of power plant | Air cooled power plant | 2,397,553 |
| | Water cooled power plant | 12,234,145 |
| Manufacturing facilities | | 17,379 |
| Drilling activities | | 43,527 |
| Total water consumed | | 14,692,604 |

Impacts of Our Operations on the Local Hydrology and Aquifers

We conduct the necessary studies - including environmental impact assessments - to uncover and mitigate any potentially negative impacts on local hydrology and groundwater systems.

Ormat has entered into geothermal resources leases with government entities, such as the Bureau of Land Management (BLM) in the U.S., entailing the right to conduct geothermal

development and operations on government-owned or naturally protected lands. These leases legally require us to conduct operations in a manner that minimizes impacts on water and the geothermal resources.

As of 2018, our stakeholders did not submit any material grievances or concerns regarding the management of water resources in the vicinity of our power plants.

In addition, and as part of our

environmental monitoring efforts, we track the sources of withdrawal for the water resources that we consume. We consume water resources at our operational sites mainly through the local water utility, but in other cases we consume groundwater and well water resources. In very rare circumstances, we consume water resources directly from local water sources. However, our interaction with such water sources is managed directly through our engagement with a local water utility.

The following details the sources for various water resources used at our power plants and at our manufacturing sites in 2018.

| Country | Plant or Location | Source | Total Volume Withdrawn (m ³) |
|---------------|------------------------------|---|--|
| United States | Brady ⁴³ | City of Reno | 79 |
| | Don A. Campbell Complex | Gabbs, Nevada | 191 |
| | Heber Complex ⁴⁴ | Colorado River through the Imperial Irrigation District | 6,618,908 |
| | Jersey Valley | Battle Mountain | 77 |
| | Mammoth Complex | Mammoth Community Water District | 64 |
| | McGinness Hills Complex | Callahan Pond | 761 |
| | Neal Hot Springs | Groundwater and on-site water well | 693 |
| | Brawly Complex ⁴⁵ | Colorado River through the Imperial Irrigation District | 1,486,628 |
| | Ormesa Complex ⁴⁶ | Colorado River through the Imperial Irrigation District | 4,128,610 |
| | Raft River ⁴⁷ | Groundwater and on-site water well | 935,896 |
| | REG Power Plants | Different sources ⁴⁸ | 0.076 |
| | Reno Offices | City of Reno | 3,649 |
| | San Emidio ⁴⁹ | Groundwater and on-site water well | 1,423,077 |
| | Steamboat Complex | City of Reno | 202 |
| | Tungsten Mountain | Well water | 58 |
| | Tuscarora ⁵⁰ | Spanish Springs Ranch | 1,136 |

⁴⁸ Each REG plant uses a small amount of water, none for plant operation, each plant purchases from its own local utility

| Country | Plant or Location | Source | Total Volume Withdrawn (m ³) |
|-------------------------------|---|--|--|
| Guatemala | Amatitlan | Well water | 2,074 |
| | Zunil | Water purchased from a third party | 464 |
| Guadeloupe | Bouillante | Bay of Bouillante | 2,128 |
| Honduras | Planatares | Bufa River | 2,642 |
| Israel | Israel manufacturing facility and offices | Israel Water Authority | 17,378 |
| Kenya | Olkaria III Complex | Lake Naivasha through the Lake Laivasha Water Resource Authority | 26,035 |
| Turkey | Turkey manufacturing facility and offices | Izmir Water Company (IZSU) | 0.3 |
| Drilling operations worldwide | Different locations worldwide | Various sources ⁵¹ | 43,527 |



Wilderness alongside our power plant

^{43,44,45,46,47,49,50} Partially or fully water-cooled facility.
⁵¹ The drilling work frequently changes locations and we did not record the different water sources that were used. If there is drilling in an existing plant then typically the water comes from the local utility from which the plant purchases water but in new locations water is usually trucked in containers and brought to the drilling site.

MEASURING AND CONTROLLING ENVIRONMENTAL IMPACTS: WASTE, MANAGEMENT OF MATERIALS AND BIODIVERSITY CONSERVATION

Ormat makes extensive efforts to minimize and mitigate our impacts on biodiversity and to manage our use of materials and resulting waste generation responsibly.

Ormat maintains a multi-year plan for the continuous improvement of our environmental performance while constantly monitoring facility performance and reporting any incidents that may occur. In the context of the plan, we take into consideration relevant legal and regulatory requirements, which are continually mapped and monitored together with the standards set by various international operating guidelines and frameworks. As such we have implemented ISO 14001 at our main manufacturing facility and the standard is used as a guideline for our activities worldwide. In addition, we engage in thorough dialogue with stakeholders, environmental NGOs and local communities to understand their concerns regarding the natural environment and biodiversity surrounding our facilities. We have established grievance mechanisms in most of the communities in our areas of operation, enabling the local population to directly submit any issues of concern regarding waste management or biodiversity impacts directly to responsible individuals. We attempt to address any relevant such concerns in a timely and thorough manner.

WASTE, MATERIAL MANAGEMENT AND RECYCLING

We seek to responsibly manage our waste and material streams and to reuse and reclaim as many materials as possible in order to minimize our impact on the natural environment and ensure the sustainability of our business over time.

Waste and material management is managed through our Integrated Quality, Environment, Health & Safety System Policy that outlines our commitments to standards such as ISO 14001 and relevant environmental and health and safety standards for the management of hazardous waste. Our VP of Quality, Health, Environment and Safety oversees corporate-level policies for the management of waste, materials and recycling. At the local level, safe management of waste, including hazardous waste, materials and recycling efforts are managed on an ongoing basis by the plant managers, who establish the relevant procedures for waste and material management in order to comply with local regulations.

WASTE, MATERIAL MANAGEMENT AND RECYCLING AT OUR FACILITIES AND POWER PLANTS

Waste management at our manufacturing facilities and power plants is managed through our material compliance with ISO 14001 and through the establishment of an Environmental Management System. In line with our commitments and expectations that are outlined in our Integrated Quality, Environment, Health & Safety System Policy, every aspect of the waste management process must be planned, implemented, measured, monitored and continuously improved through strategic objectives. This includes properly handling, storing, labelling, transporting and disposing of waste - namely hazardous waste products or materials - through our

health and safety guidelines and Emergency Action plans, training of our personnel and employees on issues related to waste and the handling of materials and by keeping records of our waste management efforts.

We also have expectations of our subcontractors for the sound management of waste generated through their activities, which are set out in our contractual agreements and are outlined in our list of Environmental Compliance Responsibilities. For instance, we require subcontractors that perform work at our power plants to participate in pre-work Safety Briefings that detail the environmental and cultural resources to be protected in the context of the project, as well as expectations, such as the preparation of a Storm Water Pollution Plan for the compliance of construction-related disturbances in response to storm events.

WASTE AND MATERIAL MANAGEMENT AT OUR MANUFACTURING FACILITIES, OFFICES AND WORKSHOPS

Our manufacturing facilities, offices and workshops generate different types of hazardous and non-hazardous waste. When it comes to relevant types of hazardous waste, we dispose of the waste according to applicable local regulations. In terms of non-hazardous waste, we work to recycle, reuse and repurpose as much of the waste and materials as possible in order to increase our level of efficiency and minimize our impact on the environment. We provide our employees and subcontractors with access to recycling receptacles across our operational locations, and actively encourage the preservation of resources by promoting recycling and the responsible use of materials.

Our manufacturing facilities, offices and workshops generate different types of waste, we aim to recycle as much as possible. Some waste generated at our manufacturing

facilities - such as wood, metal and aluminum - is entirely sold to these third parties for recycling, over 160 tons in 2018. Furthermore, we aim to reuse materials and equipment ourselves. The control rooms in

Ormat's power plants are often made from reused or repurposed shipping containers that we purchase from a variety of suppliers. Our manufacturing facilities also generate a certain degree of construction

waste that is disposed of through a third-party contractor who transports the waste to an authorized landfill.

The following table details the major categories of hazardous and non-hazardous waste that were generated at our manufacturing facilities, offices and workshops in 2018, including details on how the waste products were disposed of or treated.

| Category of Waste | Waste Classification (Hazardous or Non-Hazardous) | Disposal Method | Weight (kilograms) |
|--|---|---|--------------------|
| General Waste Streams | Non-Hazardous | Landfill | 500,240 |
| Metal Scrap (aluminum, chips, etc) | Non-Hazardous | Recycling | 942,290 |
| Nylon/Plastic Waste | Non-Hazardous | Recycling | 829,920 |
| Wood | Non-Hazardous | Recycling | 720,359 |
| Dichlorbenzene | Hazardous | Recycling | 16,000 |
| Used Paint Containers and Paint Thinners | Hazardous | Authorized Disposal Methods | 26,400 |
| Used Oils | Hazardous | Authorized Disposal Methods | 5,700 |
| Lacquer | Hazardous | Authorized Disposal Methods ⁵² | 1,000 |
| Radiographic films | Non-Hazardous | Recycling | 250 |
| Paper and Cardboard | Non-Hazardous | Recycling | 501,712 |

⁵² "Authorized Disposal Methods" refers to authorized third parties that assist Ormat in disposing of certain types of hazardous waste according to relevant local regulations.

WASTE AND MATERIAL MANAGEMENT AT OUR POWER PLANTS

At our various power plants, there are relevant local regulations and requirements governing the management, disposal and storage of waste. In order to fulfill the objectives set out in our environmental action plans and to fulfil relevant standards and regulations, we strictly adhere to and enforce these requirements at our sites under the supervision of the power plant manager.

In order to effectively operate our power plants, Ormat uses flammable materials, including industrial lubricants and organic motive fluids.

These are treated according to local regulations governing storage and disposal of these materials in the relevant country of operation.

A by-product of the utilization of geothermal resource is scale, which we are responsible for treating and disposing. Scale is commonly found to include calcium carbonate, amorphous silica and silicates, and mixed metal oxides and sulfides. Ormat monitors the level of scale in our systems and if we are not able to prevent the scale build-up we have to remove and dispose of it. This disposal is in alignment with regulatory requirements and our Company-wide expectations for sound environmental management.

Additional categories of waste we dispose of and treat at these facilities include cardboard, fluorescent bulbs and batteries that are recycled by third party contractors, as well as plastic waste, which is collected and properly disposed of through recycling, where possible. In general, our power plant managers are encouraged to improve their waste management and treatment efforts based on the findings of the various environmental impact assessments and according to the relevant regulations managing the disposal of hazardous and non-hazardous waste in their country of operation.

The following table details the types of hazardous and non-hazardous waste that were generated at our power plants in 2018 and how the waste products and materials were disposed of or treated:

| Type of Waste | Waste Classification (Hazardous or Non-Hazardous) | Disposal Method | Weight (kilograms) ⁵³ |
|--|---|---|----------------------------------|
| Used Oils, Petroleum Solids, Oily Rags, Pads, Used Filters and Other Oil Contaminated Products | Hazardous ⁵⁴ | Landfill, Recycling, Recovery & Reuse ⁵⁵ | 3,284,469 |
| Motive Fluid ⁵⁶ | Hazardous & Non-Hazardous | Authorized disposal methods | 984,744 |
| Metal, Scrap Metal, Aluminum, Carbon Steel | Non-Hazardous | Landfill & Recycling | 119,550 |
| General Waste Streams | Non-Hazardous | Landfill | 81,000 |
| Wood | Non-Hazardous | Landfill, Recycling, Reuse | 5,700 |
| Paper and Cardboard | Non-Hazardous | Landfill & Recycling ⁵⁷ | 569 |

⁵³ Some of the weights of the waste provided are estimated based on data received from our operational sites.
⁵⁴ The classification of hazardous waste depends on the location of the operations and the legal or environmental regulations that govern the topic in that country and/or locality. Therefore, waste is indicated as 'Hazardous' when it is considered as such in at least one of the locations of operation included in the scope of this report.
⁵⁵ The disposal methods for the oils and solids varies depending on the country of operation. For instance, in Kenya, the oil is reused and repurposed after it is collected by government licensed professionals that collect the oil and treat it accordingly. In Guatemala, the oil is recycled for reuse in the power plant maintenance facilities.
⁵⁶ The categorization of 'hazardous' and 'non-hazardous' in the context of motive fluids depends on the nature of local regulations that govern the topic. The majority of the hazardous waste classifications pertain to state-level waste and by product regulations that govern the nature of our operations in the state of California.
⁵⁷ The waste is disposed of by different methods in different locations, either landfill or recycling. However, Ormat works to encourage the sites to dispose of paper and cardboard materials through recycling programs, where available. Indeed, in 2018, the majority of paper and cardboard waste was recycled, approximately 70 percent.

Below are two examples of how the topics of waste and material management were addressed at two major construction sites in 2018:

At our **Olkaria III** power plant in Kenya, we follow the Environmental Management and Coordination (Waste Management) Regulations that outline the legal requirements for the segregation, transportation, storage, treatment and disposal of hazardous, non-hazardous and radioactive waste in the country. Most waste generated at the power plant is solid waste from the offices, kitchens and maintenance workshops and from infrastructure maintenance activities in the geothermal field.

During 2018, we refurbished one of the plants in the complex, which included the decommissioning of old units – the final stage of a plant’s lifecycle. This created a significant amount of scrap metal and waste compared to previous years, but all scrap metal was removed from the site by government

licensed specialists for reuse and/or recycling. Furthermore, as the power plant is located at a national park, regulations require Ormat to clearly communicate and provide waste receptacles for visitors in the vicinity of the power plant. Solid waste is collected in accessible waste receptacles and there is clear separation of hazardous and non-hazardous waste types. As of 2018, a number of corrective action recommendations were provided for improving waste management at the power plant. These recommendations are currently being implemented by developing a waste management plan that incorporates enhancement of waste segregation at the source, collection and treatment of waste and provision of more advanced collection methods that suit the needs of the plant.

At our **McGinness Hills** power plant in Nevada, the hazardous and non-hazardous waste streams generated in the operation of the plant and in drilling activities (as part of expansion of the project) are closely monitored

through the site’s environmental impact auditing. The types of materials that are used in drilling activities include, among others, diesel fuel, lubricants, hydraulic fluids, anti-freeze and drilling chemicals (drilling mud, caustic soda, barite, etc.), all of which are closely monitored and carefully transported in order to avoid the risk of spills or leakages. As such (and as noted in the “Ensuring a Safe & Healthy Work Environment – Occupational Health and Safety at Ormat” chapter of this report), the site has an Emergency Action Plan that describes relevant emergency action events, how to detect them and what the appropriate actions are to address the event. In the event of a major spill or release of hazardous chemicals, Ormat personnel are trained to identify a spill and to contact the appropriate contractor to clean and treat the spill. Furthermore, Ormat must implement certain measures regarding the storage of necessary hazardous materials onsite, such as secondary containment and classifying the level of anticipated risk from each type of waste.



Construction of the latest plant in the Olkaria III complex

BIODIVERSITY

Our renewable energy solutions are derived from nature itself, and as a result we place utmost significance on assessing the potential impacts on the local biodiversity and the natural and cultural environments surrounding our power plants. Maintaining the natural biodiversity around our plants is important to a number of our key stakeholder groups, such as local communities, environmental NGOs and financing bodies, among others. Accordingly, we strive to design our power generation facilities to blend into the surrounding landscape, taking into consideration the actual physical location of each facility, the configuration of units that are used to build it, landscaping, and the surrounding natural habitat, among other elements.

MAINTAINING THE NATURAL ENVIRONMENT IN THE CONSTRUCTION AND OPERATION OF OUR POWER PLANTS

Before we develop a new facility, we create a detailed environmental plan to minimize impacts to the surrounding natural lands and wildlife ecosystems. Our aim is to control and reduce the level of disruption to the surrounding natural environment in the development of the plant. Our care for the environment around our plants extends to the operation and maintenance phases of their lifecycle, keeping in mind our commitment to minimizing operational costs without compromising on meeting the highest safety and environmental standards. Furthermore, we seek to maintain the sustainable characteristics of geothermal resources through the

intensive geologic and hydrologic studies that we conduct during the exploration and drilling phases. In some cases, Ormat is required to conduct additional studies regarding potential impacts on the natural environment as part of its land and mineral rights lease agreements.

During the construction phase, we require the site manager and construction team to fulfil a list of specified environmental compliance responsibilities regarding biodiversity preservation at various stages of the construction process. These responsibilities vary from site to site, but in general include: attending a pre-construction meeting with Ormat to review the environmental management expectations; preparation of emergency response plans with contingencies for hazardous material spills and disposal; monitoring of dust conditions on site during construction; ensuring the proper storage of waste; recontouring of impacted areas to match the surrounding terrain; providing a buffer around eligible and unevaluated cultural sites that are close to project activities; salvaging and stockpiling soils for use later in the construction process; and ensuring that there is no use of construction paint on the natural surface.

In addition, ongoing research into new equipment helps minimize the environmental impacts from the operation of our facilities. For example, several facilities have been reconfigured to accommodate larger pumps that can more efficiently extract and process fluids from geothermal reservoirs. This, in turn, may reduce the number of wells that are required to properly exploit a geothermal reservoir, thereby reducing our overall land use while simultaneously enhancing overall facility operational capacity. The installation of more efficient, air-cooling equipment in angled positions is another compelling improvement

that has significantly reduced energy consumption and the level of impact on the natural environment surrounding our facilities.

ENVIRONMENTAL IMPACT ASSESSMENTS AND ENVIRONMENTAL AUDITS

At each of the sites where Ormat decides to construct a power plant, we conduct environmental and social impact assessments (ESIAs) or regular environmental audits of our activities as required by relevant and local regulatory requirements.

Impacts analyzed in the context of the environmental and social impact assessments are classified as those related to ecology and nature conservation, landscape and visual impacts, traffic and transport, noise, socio-economic impacts, health, safety and public nuisance, ground, water and air emissions, archaeology and cultural heritage, electric and magnetic fields and electromagnetic interference. Identified impacts are managed and mitigated by Ormat in accordance with best practices. The measures adopted include informing the local population in a timely manner about construction activities and repairing any damage to local access roads, as well as restoring any disturbed lands.

Our local site management team is usually tasked with developing and implementing an environmental action or management plan that addresses the actual and potential impacts on an ongoing basis for regulators and/or the local community.

Though we conduct ESIAs for each of the power plants that we construct, own and those for which we have turn-key contracts, below we present a detailed description of the impact assessments and action plans that we generated for our fully-owned plants in 2018.

Kenya – Olkaria III Power Plant

Our Olkaria III power plant was built in stages, starting with a 13 MW plant in 2000 and has grown every few years since then, adding 11 MW in the refurbishment of the first unit in 2018. The plant has now reached a total generation capacity of 150 MW. The plant is located in Hells Gate National Park, a national park managed by the Kenya Wildlife Service and categorized as an International Union for Conservation of Nature (IUCN) Category II national park⁵⁸ and a tentative UNESCO World Heritage site. Furthermore, the geothermal field is located in close proximity to Lake Naivasha and local flower-growing farms, all of which raised concerns regarding the environmental impact of our operations.

An environmental impact assessment was conducted in order to answer requests from stakeholders such as funding bodies and in order to comply with local Kenyan regulations.⁵⁹ The ESIAs were initiated beginning with the first plant, and have been updated with the addition of each additional stage, following the relevant environmental guidelines. These assessments analyze the following aspects: ecology; geology and soils; hydrology, hydrogeology and water resources; flora and fauna; and social aspects. Hells Gate National Park is home to a variety of wildlife and many species of



Geothermal pipelines designed to accommodate wildlife

birds and insects, such as the rare Lammergeyer,⁶⁰ Griffon vulture,⁶¹ and the magnificent Verreaux's Black Eagle,⁶² among others. Extensive wildlife censuses are conducted biennially in the area around the plant in order to properly observe and manage any changes to the local biodiversity. Each of the species are mapped, counted and categorized according to their proximity to the site and the probability of their natural habitats being affected. The majority of the changes identified in wildlife and mammalian behavior in the environmental audit, which was conducted in 2018, were found to be due to changes in breeding behavior due to climatic factors, and not due to Ormat's own activities.

Ormat entered into an environmental management agreement with the Kenya Wildlife Service (KWS) to effectively manage environmental resources in the Park and to enhance conservation activities. The agreement, requires that all installed infrastructure will not obstruct wildlife movements, breeding or migratory patterns, that no exotic

animals or plants will be introduced, that all rules and regulations of the Park will be followed and that local trees will be planted (with preference for the *Tarchonanthus camphoratus* species) in order to enhance the natural features of the Park. In 2018 an agroforestry tree nursery was established within the plant to provide seedlings to the locals for planting during the rainy seasons. The nursery is managed by employees from the local community.

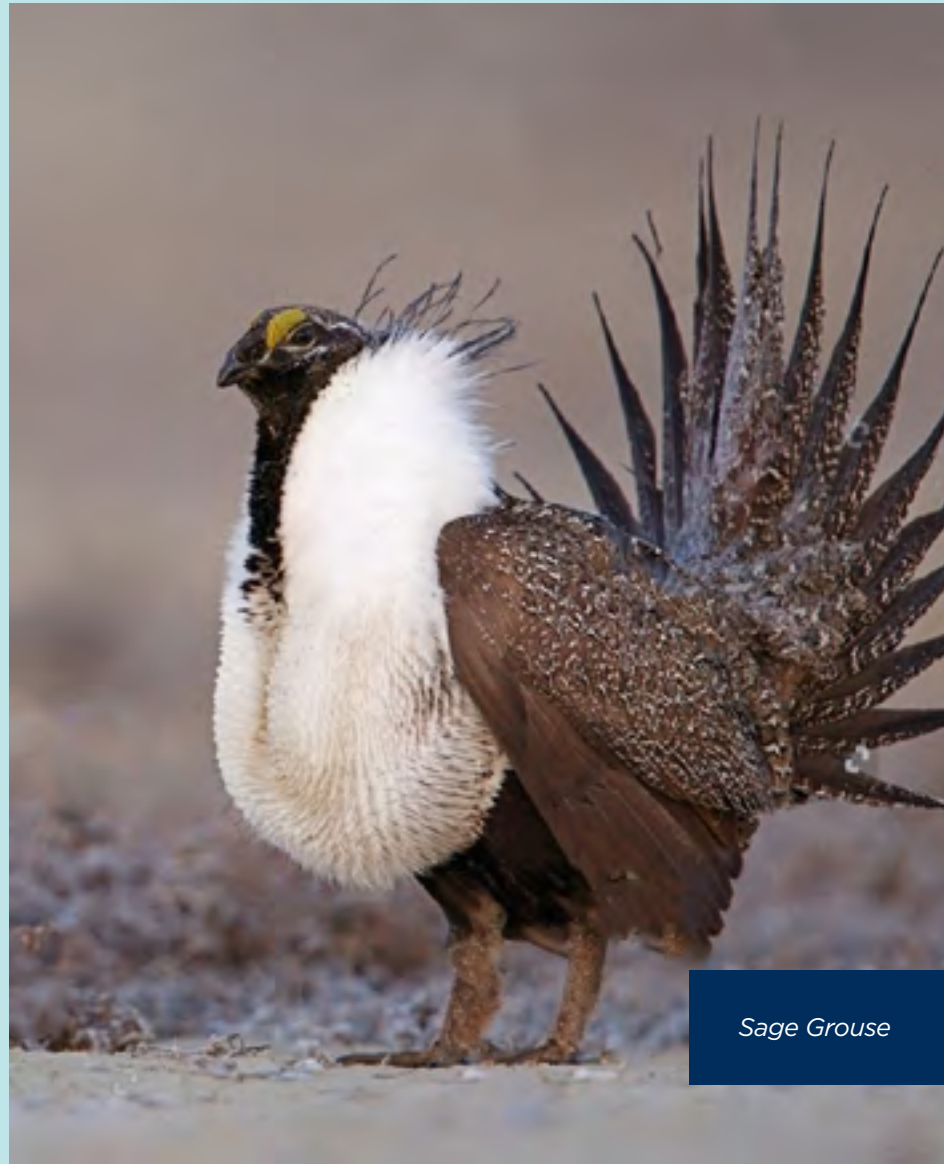
The environmental audit also examines aspects of noise pollution that may arise from construction activities and in the operation of the power plant. Noise pollution may impact various stakeholders in the local community, such as the workforce, Olkaria III and Hells Gate National Park visitors, wildlife and members of the local community. The results of the study found that there is some noise from arising from Ormat's activities that is audible to the surrounding communities and, as a result, Olkaria III implements proactive noise monitoring measures.

⁵⁸ International Union for Conservation of Nature (IUCN) Category II national park refers to large protected areas that play a role in the connectivity of the landscape or seascape in that they are the home to large ecological processes and are complemented with species and ecosystems that are characteristic of the natural area.
⁵⁹ Relevant local Kenyan government regulations include: the Environmental Management and Coordination Act (EMCA) (1999), Regulation 31 of the Environmental (Impact Assessment and Audit) Regulations (2003) and the Kenyan National Biodiversity Strategy and Action Plan (2000).

⁶⁰ The Lammergeyer is listed as an IUCN "Near Threatened" species.
⁶¹ The Griffon vulture is listed as an IUCN "Least Concern" species.
⁶² The Verreaux's Black Eagle is listed as an IUCN "Least Concern" species.

United States - McGinness Hills Power Plant

Our McGinness Hills geothermal power plant site is located in Nevada and is leased through the U.S. BLM. As such, Ormat is required to conduct environmental impact assessments, which are submitted for public comment from relevant stakeholders. As part of the approval process for geothermal resource development permits, Ormat has committed to a number of environmental protection measures to prevent unnecessary or undue degradation of the natural environment during the construction, operation and reclamation phases. Requirements that Ormat must fulfill include: coordination of Wildlife Working Group meetings that examine how impacts on wildlife and their habitat are mitigated in the area around the plant; development of a Bird and Bat Conservation Strategy (BBCS); development of an Integrated Weed Management Plan for the entire project area, which includes ensuring the use of materials that are free of intrusive weed species; controlling surface-disturbance activities that could affect the local sage grouse breeding grounds; measurement and control of project noise levels including installation of sound dampening barriers to reduce noise emissions; installation of anti-perch devices and construction of transmission lines in accordance with Avian Power Line Interaction Committee (APLIC)⁶³ guidelines (2006 and 2012); instruction for contractors and employees to avoid the harassment and disturbance of wildlife, namely during the greater sage grouse breeding season; power washing of various equipment to prevent the introduction of invasive species; revegetation of various species according to the BLM's guidelines;



Sage Grouse

and painting of the power plant equipment to blend in with the natural landscape.

One of the main biodiversity factors we identified at the McGinness Hills site is the existence of native greater sage-grouse populations. The greater sage-grouse inhabits a limited geographic range in the American Northwest and Canada and has been characterized as a "Near Threatened" species by the IUCN. As such, Ormat developed an Adaptive Management Plan for the McGinness Hills project,

which provides a framework for evaluating and addressing specific impacts regarding the greater sage-grouse. The Plan includes triggers and thresholds for determining when management changes are needed and stipulations regarding activities during the greater sage-grouse breeding times. In addition, and as part of the Adaptive Management Plan, Ormat must implement a common raven monitoring plan to assess changes in raven numbers due to development and human activities associated with the power plant.

EIAS AT OUR EXISTING POWER PLANTS IN GUATEMALA

Requests for environmental impact assessments and audits at our Zunil and Amatitlan power plants in Guatemala arise from requirements from relevant departments in the national government, such as the Ministry of the Environment and Natural Resources (MARN), but also from the requests from the local community and Ormat's policy of high environmental standards.⁶⁴ Therefore, Ormat reports on an annual basis on the environmental performance and impact of our Zunil and Amatitlan power plants through detailed environmental reports, which are paired with action plans, to ensure that any

potential negative impacts are addressed. Every year, the plant's level of compliance with certain environmental requirements is measured and reported addressing factors such as: monitoring of noise pollution and acoustic levels, monitoring of air quality for particulate matter, combustion gases and water quality.

In the on-going operations of our power plants in Zunil and Amatitlan in 2018, no noise pollution complaints were received from the local community. However, some members of the local community filed complaints regarding noise in the case of an emergency or an outage due to the use

of generators to repower or sustain operation of the plants. Furthermore, no impacts on local wildlife or vegetation were identified in the context of the impact assessments.

At Ormat's power plant in Amatitlan, the staff hosts an annual reforestation program for local school children. In 2018, the school children planted a total of 16,000 trees in the Parque Nacional Volcán de Pacaya y Laguna de Calderas. Nearly fourteen local schools participated in the effort that helped raise awareness for the importance of environmental conservation and cultivation in the local community.

⁶³ "Avian Power Line Interaction Committee" leads the electric utility industry in protecting avian resources while enhancing reliable energy delivery.

⁶⁴ Per resolution number 156-2002-AB/ADB.

**CHAPTER V.
OUR IMPACT AND
ENGAGEMENT
WITH OUR
EMPLOYEES,
SOCIETY & LOCAL
COMMUNITIES**



Ormat safety coordinator at a safety checkup

OUR PEOPLE: EMPLOYMENT AND SKILL DEVELOPMENT AT ORMAT

Ormat is a global organization with employees working across the world. As of the end of 2018, we employed some 1,350 full and part-time employees worldwide. We are an equal opportunity employer and are committed to creating and maintaining a workplace where our people feel motivated to give their all and realize their professional and personal goals. As such, Ormat relies on employee input, ideas and enthusiasm to create authentic, relevant methods of engagement and to enable our Company to work more proactively, safely and in tune with the local communities in which we operate.

Ormat believes that employees have the right to a workplace that is fair, open and free from discrimination or harassment and that encourages engagement and the development of employee potential. We strive to hire a diverse workforce that includes individuals from all sectors of society. In addition, due to our vertically integrated business model, we work with employees with an array of professional skills and capabilities and do our best to accommodate their professional and personal growth within the Company, taking into account their unique characteristics.

Despite Ormat's diverse workforce in terms of their geographic spread and professional capabilities, we encourage integration and a sense of togetherness among our employees. We cultivate a transparent and diverse work environment and

encourage our employees to support our mission of generating positive social and environmental value. These principles are central to our model of labor and employment and we look to hire individuals who express a keen understanding, and exhibit a personal example of our values in their work.

Many aspects of our outlook towards employment are managed through our Human Rights and Labor Policy that puts into writing Ormat's employment values. In the policy, we recognize our employees' rights to the freedom of association and collective bargaining, all relevant and essential employment rights in our countries of operation, their rights to a workplace free of harassment and discrimination in all forms and our commitments to eliminating human rights abuses such as child and forced labor practices. In addition, our Code of Business Conduct and Ethics outlines our additional commitments to our employees regarding equal employment opportunity and anti-harassment, and our ethical and behavioral expectations of them in the workplace context. Ormat's executive management, Human Resources department and the local employment managers at each of our operational sites ensure that these policies and their relevant conditions are upheld in our dealings with employees, and that our employees fully understand and comply with our expectations. Employees with grievances regarding management of the issue of employment can report to their direct manager, the Human Resources department, the Secretary of the Corporation or the relevant Code of Ethics contact person. In addition, and as outlined in the "Our Holistic Approach to Corporate Governance and Economic Management" section of this report, employees can submit any relevant grievances

or questions regarding to ethical conduct in the workplace to our whistleblower ethics hotline or third-party managed website at www.ethicspoint.com.

OUR EMPLOYMENT FRAMEWORK

We rely as much as possible on our own employees for all aspects of conducting our business. We use our own employees to design, manufacture and operate our power plants. Most employees work with us full-time, with some part-time functions depending on specific business needs, professional functions or on employee abilities. We work to accommodate our employees with both full and part-time positions based on their personal, professional or academic needs. In addition, the vast majority of our employees - 98 percent - work with us on a permanent and on-going basis, with a very limited number of positions being filled by temporary employees. Our subcontractors are mainly employed for the completion of specific projects or tasks, information technology (IT) and maintenance work and to address other professional capacities, as needed.

Below is a breakdown of Ormat's employees per country and employment type at year-end 2018.

| Location | Number of Employees | Percentage of Total Employees | Of Which Permanent | Of Which Temporary |
|---------------|---------------------|-------------------------------|--------------------|--------------------|
| United States | 584 | 43% | 577 | 7 |
| Israel | 556 | 41% | 545 | 11 |
| Kenya | 58 | 4% | 58 | 0 |
| Honduras | 45 | 3% | 45 | 0 |
| Guatemala | 54 | 4% | 54 | 0 |
| Turkey | 23 | 2% | 23 | 0 |
| Guadeloupe | 26 | 2% | 20 | 6 |
| TOTAL | 1,346 | 100% | 1,322 | 24 |

Equality in Employment at Ormat

Ormat's employees are diverse. They are of varying ages, genders, and cultural or religious backgrounds. Through our organizational values and the frameworks, policies and directives that guide our human resources and employment practices, we express our commitment to treating every employee fairly and equitably throughout their

employment journey with us. This includes eliminating discrimination in our hiring and employment termination practices and ensuring that all employees are adequately accommodated and treated equally.

We work to ensure that our employees come from diverse age groups. The majority of our employees are between the ages of 31-50, but we also have a

significant number of employees who are age 51 and older as well as 30 and younger. As an equal opportunity employer, we do not discriminate against employees on the basis of their age. As outlined in the section below, we afford all of our employees full retirement benefits according to the relevant conditions of employment in the country of operation.

Below is a breakdown of Ormat's employees per age, sex, and employment type at year-end 2018.

| | Total number of employees (by employment contract and gender) YE 2018 | | | | Total number of employees (by employment type and gender) YE 2018 | | | |
|---------------|---|------------|-----------|----------|---|------------|-----------|-----------|
| | Permanent | | Temporary | | Full Time | | Part Time | |
| | Male | Female | Male | Female | Male | Female | Male | Female |
| 30 or younger | 169 | 24 | 14 | 3 | 180 | 26 | 3 | 1 |
| 31-50 | 628 | 120 | 3 | 1 | 628 | 116 | 3 | 4 |
| 51 or older | 314 | 67 | 1 | 2 | 306 | 64 | 9 | 5 |
| Total | 1,111 | 211 | 18 | 6 | 1,114 | 206 | 15 | 10 |

| | Total number of employees (by employment contract and gender) hired in 2018 | | | | Total number of employees (by employment type and gender) hired in 2018 | | | |
|---------------|---|-----------|-----------|----------|---|-----------|-----------|----------|
| | Permanent | | Temporary | | Full Time | | Part Time | |
| | Male | Female | Male | Female | Male | Female | Male | Female |
| 30 or younger | 48 | 8 | 19 | 2 | 67 | 10 | 0 | 0 |
| 31-50 | 101 | 21 | 2 | 1 | 103 | 22 | 0 | 0 |
| 51 or older | 33 | 9 | 1 | 2 | 34 | 9 | 0 | 2 |
| Total | 182 | 38 | 22 | 6 | 204 | 41 | 0 | 2 |

Furthermore, as an equal opportunity employer, all qualified applicants for employment with Ormat receive consideration for employment without regard to race, sex, age, color, religion, marital status, sexual orientation, gender identity, veteran status, status with regard to public assistance, source of income, national origin, citizenship status, disability, or any protected status.

Ormat's hiring processes are managed and designed by the Company's Human Resources team. The team considers new employees according to their professional capabilities and experience and in terms of their fit with the relevant position. In addition, the team considers the employees' fit in Ormat's culture, such as with our workplace values, ethical and behavioral expectations according to the Company's Code of Business Conduct and Ethics, and personal and professional goals regarding the opportunity to work at Ormat. Employment with Ormat is based solely on the Company's requirements and the individual's qualifications.

Ormat strives for equal employment opportunities for women and for minorities at all of its operational

sites. We have not set organizational goals for the number of women and minorities working at our organization. However, Ormat adheres to all relevant legal frameworks governing equality in employment, such as through the Affirmative Action directives issued by the U.S. Department of Labor through which we seek to hire individuals from underrepresented and/or minority groups. That said, it is important to stress that Ormat first and foremost considers a potential candidate's professional skills and their overall qualifications for the position, and only then hires the most qualified candidate for the said position. This is in line with our commitment to complete professionalism paired with zero tolerance for discrimination in the workplace.

Ormat offers equitable and competitive pay and benefits, health insurance and retirement savings plans to all of our employees. We also offer a wide variety of professional development opportunities designed to help individuals excel at their current responsibilities and to advance in their careers.

In unfortunate cases of employment termination, end of employment, or retirement, Ormat has an organized framework in place for

providing these employees with their rights and benefits. The Company adheres to all relevant legal obligations according to the relevant country of operation where the employee is ending their employment or retiring.

Below is a breakdown of Ormat's employees who ended employment during 2018, categorized by age and gender, in addition to a breakdown by employment type:

| | Total number of employees (by employment contract and gender) end employment in 2018 | | | | Total number of employees (by employment type and gender) end employment in 2018 | | | |
|---------------|--|-----------|-----------|----------|--|-----------|-----------|----------|
| | Permanent | | Temporary | | Full Time | | Part Time | |
| | Male | Female | Male | Female | Male | Female | Male | Female |
| 30 or younger | 28 | 3 | 31 | 3 | 57 | 5 | 2 | 1 |
| 31-50 | 79 | 12 | 4 | 0 | 83 | 11 | 0 | 1 |
| 51 or older | 47 | 14 | 2 | 0 | 45 | 14 | 4 | 0 |
| Total | 154 | 29 | 37 | 3 | 185 | 30 | 6 | 2 |

Subcontractors

While the majority of our activities are carried out by our permanent and temporary employees, we work with subcontractors for some manufacturing activities and for construction activities, which allows us to expand our construction and development capacity on an as-needed basis. In the construction or expansion of our power plants, we work with subcontractors on a temporary, yet mainly full-time basis for the completion of implementation-based projects at various operational locations. These subcontractors usually fulfill various roles such as site grading, road construction, civil, mechanical and electrical work, among others. Aside from plant construction and expansion, additional subcontractor roles mainly include: provision of security services, sourcing and supply chain, and cleaning and site maintenance staff.

Collective Bargaining Agreements

The vast majority of Ormat's employees are not covered by

collective bargaining agreements. As of December 2018, two percent of Ormat's employees were covered by collective bargaining agreements, namely the employees of our Bouillante power plant in Guadeloupe, where employees are represented by the national union, the Confédération Générale du Travail de Guadeloupe. We have never experienced a major labor dispute, strike or work stoppage. We consider our relations with our employees to be one of our success factors, and to be beyond satisfactory. We believe that our future success depends on our continued ability to hire, integrate and retain qualified personnel everywhere we operate.

Employee Benefits

Ormat knows that the success of our business depends on employee satisfaction and stability. We therefore strive to make our working environment a place that employees will choose to stay. We ensure this by providing competitive benefits, growth opportunities and a warm and positive work atmosphere. All of our global employees are entitled to retirement and pension benefits at or beyond the legal level of employer

contribution in the relevant country of operation, including access to 401(k)⁶⁵ pension schemes in the U.S., and parental leave according to the allotted time period in each country. Some examples of the additional benefits that Ormat provides to employees include: health and dental insurance, disability coverage, additional vacation days and other benefits beyond local employment laws. Ormat affords these benefits to its permanent full and part-time employees.

Some of the other benefits that are afforded to our employees at a number of our operations sites include: access to educational funds, transportation fees, housing subsidies, optical care, compassionate leave (during mourning periods), birthday, family gifts and stipends, laundry services, and more depending on the local needs in the country and relevant requests from employees.

Performance Reviews

As part of our commitment to providing our employees with a better employment experience possible, we

65 In the United States, a 401(k) plan is the tax-qualified, defined-contribution pension account defined in subsection 401(k) of the Internal Revenue Code.

invest significant time and resources in our program for performance reviews. As of 2018, nearly 85 percent of our employees received career performance reviews.

Through career performance reviews, which occur on an annual or biennial basis between the employee and their direct manager (depending on the nature of the position), employees are able to provide their feedback on their position, share their career goals and receive feedback from their direct managers on their performance. Together, the employee and the manager set goals and milestones for assessing future performance and the employee can request a salary review, if desired.

Our goal for 2019 is for all of our global employees to undergo performance reviews – a measure that will be overseen and monitored by our Human Resources department.

Frameworks for Employee Engagement and Promoting Well-Being in the Workplace

With such a large base of employees, we seek to encourage a sense of community and togetherness among our employees. There are a number of ways that we achieve this, be it through community events and employee gatherings, or through our employee portals, social media networks and on-line platforms. All of our well-being activities for employees are sponsored or initiated by the employees themselves. For instance, due to requests from employees we began a Weight Watchers program and Company-sponsored running groups. In Israel, we sponsor summer camps and activities for employees' children, as well as festive holiday events. In the U.S., we have an annual party for employees and other Company leisure activities such as Company picnics and family events.

Our employees have a number of readily available communication

channels to express their expectations, grievances or recommendations for improvement, beginning with their direct manager and on to their Human Resources representative and through to our CEO. We also have an employee newsletter and in 2019 we are planning to release our intra-organizational communication platform "OrMeet" that will allow employees to create professional and personal groups to share experience, insights and support. The goal of the application is to create an additional platform that encourages bonding between employees across geographies and professional capacities. In addition, our CEO tours regularly the factory floor and other sites to receive feedback and recommendations for improvement from employees. In everything that we do, we seek to encourage our employees' utmost health and well-being both in and outside of the workplace.



Employees in our offices and manufacturing facility in Israel at a Company event

TRAINING AND EDUCATIONAL OPPORTUNITIES FOR OUR EMPLOYEES

Ormat is committed to supporting the professional development of our employees during their employment with us as well as to preparing them for career growth. As such, we offer a variety of training and educational programs for our staff on both relevant professional and soft skills to help them improve their performance. We also support our employees and their families in the

pursuit of educational opportunities through a variety of country-based programs and based on specific employee and business.

We provide of our employees with access to health and safety training, corporate governance training mainly regarding compliance with our Code of Conduct and Business Ethics, training in soft skills such as the use of Office programs and languages, as well as relevant professional skills.

Direct management of training

is spread out in the organization. Health and Safety training is managed by the QEHS department, guided by the VP QEHS and carried out by employees in each location. Other training is professionally and administratively managed by the HR department (and its local representatives) but is initiated by different bodies such as department managers.



Training at Ormat

The following outlines some of the professional and soft skills training courses that we provide our employees with. It is important to note that we provide all of our employees with access to educational opportunities and courses that are relevant to their profession on a case-by-case basis:

| Type of Training | Relevant Courses |
|---|---|
| Health & Safety | Operator Qualification Program |
| | Mechanic Qualification Program |
| | Electrical Instrumentation & Controls Qualification Program |
| | Crane Operation Course |
| | First Aid |
| | Work at Height Courses and Certifications |
| | Safety Officer Competency |
| | Emergency and Fire Safety Preparedness Courses |
| | Safety in the Operation of Mechanical Equipment |
| | Driving Safety Courses |
| Corporate Governance & Human Resources | Ormat's Code of Conduct and Business Ethics |
| | Time Management |
| | Project Management |
| | Negotiation Skills |
| | Leadership Training |
| | Team Building |
| | Anti-Bribery and Corruption |
| Professional & Technical Training | Solar and Storage Course |
| | American Society of Mechanical Engineers Course |
| | Welding Course |
| | Calibration Course |
| | Wage Assessment and Accounting Certification Course |
| | ISO CAT 111, ISO 45001, ISO 14001 |
| | Technical Sketching for production workers |
| | Exploration and Development of Geothermal Resources |
| | Information System Security Certification |
| | Import/Export Training |
| | Inventory and Warehouse Management |
| | Procurement Best Practices |

Providing Our Employees with Educational Opportunities

The professional and educational development assistance we offer varies from in-house training courses to subsidies for higher education programs through our educational funds, covering a range of topics or skills depending on individual needs and aptitudes. We believe that by investing in employee skill development through provision of educational assistance we can meet our strategic business targets while adequately preparing our employees for a rapidly evolving professional environment.

An Organization Shaped by Local Employment

Ormat is an organization that prides itself on full local employment at all levels at our power plants around the world. In 2018, the proportion of senior management hired from the local communities in our plants was 100 percent.⁶⁶ We believe that local employment is essential because our employees have better understanding of the local community, stakeholders and environment and can adequately provide the superb degree of service that Ormat strives for. In addition, we believe that cultivating the skills of the

local force is important in fostering knowledge regarding renewable energy solutions, with the goal of ensuring the long-term sustainability of our power plants and energy solutions. Furthermore, we believe that investment in the local workforce supports the local economy and enables community development in that Ormat's local employees become part of a larger global organization and learn skills that contribute to their professional career and personal goals.

In countries like Kenya, Guatemala, Honduras and Guadeloupe where local employment options are limited, Ormat offers our employees access to different professional employment opportunities such as plant managers, local sustainability managers, power plant operators, maintenance workers, engineers, mechanics and more. Individuals that are hired for these positions are hired by the local Human Resources manager based on their relevant experience, knowledge and education. In some locations where employment options are limited in the areas surrounding the power plant – such as in Guatemala – our plants have agreements with local community councils and representatives to create more local job opportunities. As such, both the Amatitlan and Zunil plants in

Guatemala have agreements whereby employees work in time-set “shifts” for a few months before other local employees assume the position. This method increases the rate of local employment and the degree of Ormat's economic impact on local communities.

This is the case not only in the developing countries within which Ormat operates, but also in the U.S., where Ormat has operations in areas with traditionally high unemployment rates. Therefore, we not only hire qualified local staff where available, but also invest in creating opportunities for qualified local staff. For example, Ormat has power plants in the Imperial Valley, a region that has one of the highest unemployment rates in the state of California, and our local employment policy there has made Ormat the region's second largest employer. In addition, as outlined above, we provide all of our employees with access to educational opportunities. Furthermore, Ormat has written curricula for local community colleges and universities in Nevada focusing on technical subjects such as plant operation and relevant academic subjects such as geoscience, generating a talented local employment pool.



Ormat team at Zunil power plant in Guatemala

⁶⁶ 'Senior management' is defined as employees who manage operations and implementation of our projects and business targets at our power plants and in our offices. 'Local' is defined as the immediate communities surrounding our operations. 'Significant locations of operation' are those operational locations that are included in the Boundaries of this report, as defined in the "Information Boundaries of This Report" section.

ENSURING A SAFE AND HEALTHY WORK ENVIRONMENT - OCCUPATIONAL HEALTH AND SAFETY AT ORMAT

The health and safety of our employees, subcontractors, the public and the environment is an overarching priority at Ormat. We manage risks by identifying, assessing and controlling risks in every facility, office and workplace that we own and operate. We promote safety awareness and values and our goal is to report, analyze, learn and improve performance following every event in order to reduce the number of incidents. We also work to continuously improve our safety performance and to instill a strong workplace safety culture. The countries where Ormat operates have local laws regulating the topics of health and safety that the Company follows, and where possible and practical, we strive to go beyond the requirements of the legal regulations to promote the utmost level of health and safety for our employees and other relevant stakeholders. These include safety requirements such as ventilation, fire protection, work at height regulations, personal protection and gear, railings, electric protection and employee training on pertinent issues, among other topics that are outlined in the following chapter.

Our Occupational Health and Safety Program - Striving to Go Beyond Compliance

Safety is a key area of concern to us. We believe that the optimal,

most efficient and profitable performance of our power plants can only be achieved by fostering a safe and healthy working environment. First and foremost, we follow the relevant health and safety rules and work regulations at each of our operational locations, but we also go beyond compliance at the corporate level to ensure that the appropriate policies and initiatives are implemented wherever we operate. The goal of these efforts is to create an overall culture of safety for all of Ormat's employees at all of our locations. This includes the initiation of a compensation and incentive program for managers that considers the implementation of health and safety initiatives as a factor in evaluating performance and as a condition for receiving bonuses. In addition, we have an advanced online platform for recording, reporting and tracking safety and environmental incidents at our power plants and operational sites.

Ormat's occupational health and safety program is focused on four main components:

1. Everyone, Everyday - All Ormat employees are integral to safe operations, each charged with the responsibility to work safely and create and maintain a safe work environment.

2. Management of Hazards - Ormat strives to systematically identify hazards, and then manage them by elimination, isolation or minimization.

3. Safety as a Core Value - Safety is a core value at Ormat. We are always committed to safeguarding employees and assets, customers, the community and the environment.

4. Continual Vigilance - Our

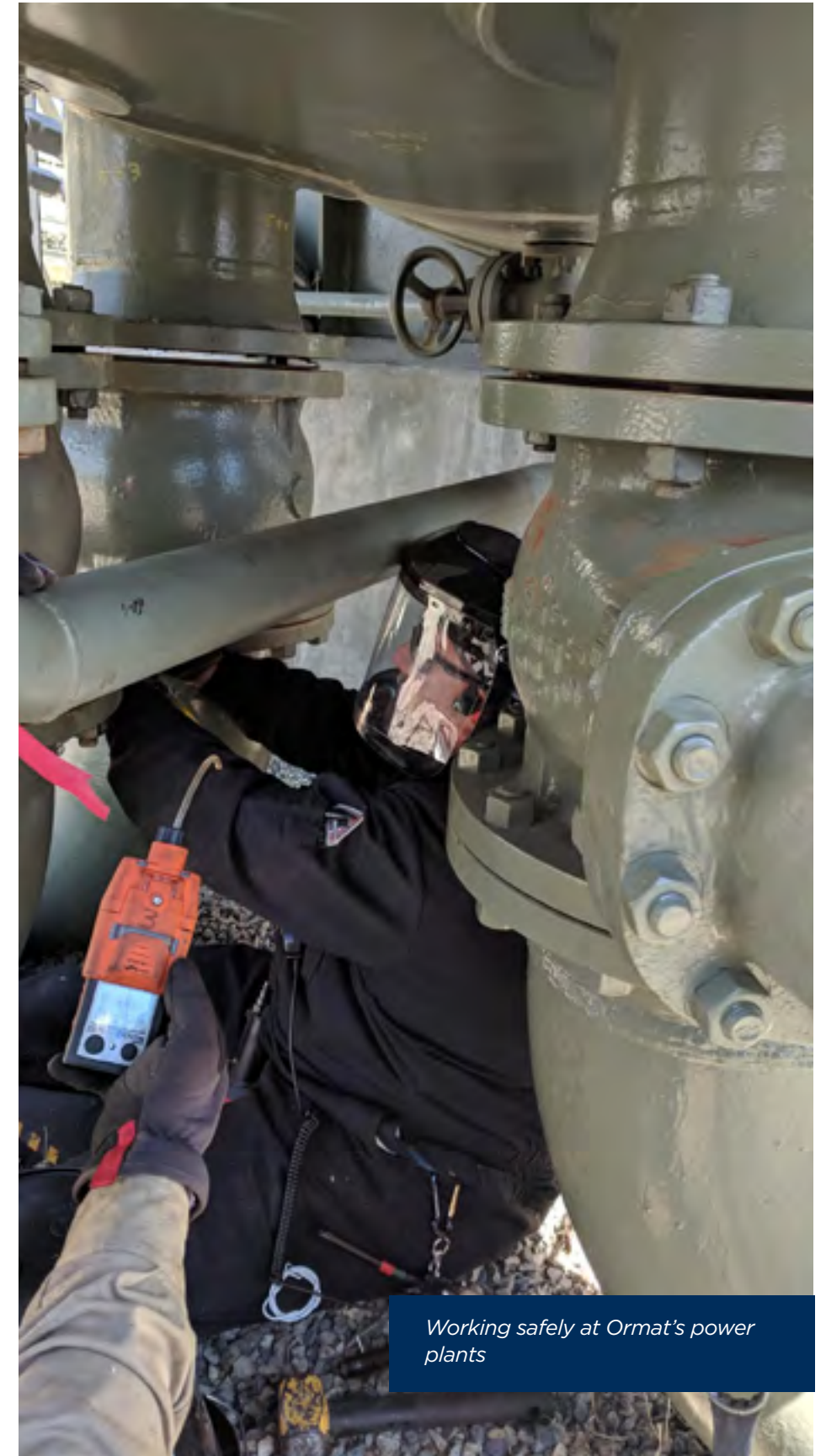
goal is to learn and improve our performance following every event in order to reduce the number of incidents. This requires that all employees maintain constant vigilance to ensure that unsafe acts or work conditions are identified, addressed, regulated and prevented, wherever possible.

The topic of Quality, Environment, Health and Safety (QEHS) is managed by Ormat's appointed Global VP of QEHS, who reports directly to the CEO. The Global VP of QEHS is responsible for oversight and management of the health and safety budget and relevant policies, processes, training and work practices across the organization. Plant managers at each of Ormat's operational sites and power plants are accountable for implementing relevant Company-level and local health and safety regulations and initiatives through the appointed Environmental Health and Safety (EHS) coordinator. On-site EHS coordinators are additionally responsible for upholding the local conditions, regulations or other agreements, for ongoing record-keeping and reporting and for the training and certification of employees. These EHS coordinators report to the plant and/or power plant manager and conduct work according to Company-wide EHS initiatives that are set by the Global VP QEHS.

Ormat has an Integrated Quality, Environment, Health and Safety Policy that sets out our general commitments towards health and safety principles at our sites and for all our stakeholders. The policy is enforced by the Company's Global VP QEHS and adherence with the policy, or the need for relevant revisions, is consistently monitored and assessed together with Company management. The policy is publicly available on

Ormat's [website](#)⁶⁷ and outlines our commitments to providing high quality products, conducting our business with care for the environment and for integrating our QEHS system into our business strategy and work processes. In addition, our Human Rights and Labor Policy, which is also available publicly on our [website](#)⁶⁸, outlines our commitments to ensuring that essential health and safety standards and practices are enforced in the workplace, to developing risk awareness and to encouraging responsible health and safety behavior among employees. The policy was updated in 2018 to add more comprehensive information on our health and safety policies, initiatives and expectations, such as our full commitment to meet and go beyond all legal and regulatory health and safety requirements in our countries of operation and information on the industry standards that we adhere to.

Ormat's employees have representation on the Company's health and safety committees. Ormat has two types of safety committees: one for the management of health and safety aspects at our factories and manufacturing facilities and one for the management of health and safety aspects in other operations, i.e. at Ormat's power plants and offices. The committees organize and assess Ormat's health and safety program at the corporate level. An employee from each department is nominated to participate in the committees and employees from all Ormat's global locations are encouraged to volunteer their participation. In order to expand employee involvement, the employee representatives are rotated each year. Overall in 2018 17 percent of Ormat's employees took part in



Working safely at Ormat's power plants

⁶⁷ [https://www.ormat.com/Warehouse/userUploadFiles/Image/Ormat%20Intergrated%20Quality%20Enviornmet%20Health%20and%20Safety%20\(QEHS\)%20Policy.pdf](https://www.ormat.com/Warehouse/userUploadFiles/Image/Ormat%20Intergrated%20Quality%20Enviornmet%20Health%20and%20Safety%20(QEHS)%20Policy.pdf)
⁶⁸ <https://www.ormat.com/Warehouse/userUploadFiles/Image/Ormat%20Human%20Rights%20Policy.pdf>

the safety committees. Whether participating as an employee representative or not, all of Ormat's employees are encouraged to communicate their concerns or recommendations to the relevant committees. In 2018, we received over four thousand health and safety observations and hundreds of safety suggestions from our employees through our health and safety management platform (detailed below).

Furthermore, every Ormat facility has a safety training program, under responsibility of each plant manager and the local the EHS manager, and which is directed by our Company's joint employee and management health and safety committees. The program seeks to ensure that safety expectations are clearly communicated and understood by all employees and subcontractors, and that

comprehensive safety plans are maintained across all Company operations. We provide regular training in health and safety regulations and procedures at all our locations and have detailed guidelines in place in case of emergency to monitor health and safety standards on a continual basis.

In 2018, we provided plant managers and supervisors Safety Leadership Training, also known as the ProAct safety training program. In 2019, we plan to continue this training program, as well as to expand employee participation in our SafeStart® health and safety training and implementation program, including integration of the SafeStart® philosophies and practices into our health and safety key performance indicators (KPIs). In addition, we increased employee participation in our behavior-based safety programs,

which contributes greatly to maturing and advancing a culture of safety at our organization.

Measuring Our Health and Safety Performance

Ormat reports its health and safety data to the Bureau of Labor Statistics (BLS), which is part of the U.S. Department of Labor, according to internationally-accepted reporting standards such as the Occupational Safety and Health Administration's (OSHA)⁶⁹ forms for recording work-related injuries and illnesses. Ormat's manufacturing and office facilities in Israel operate in all material respects according to OHSAS 18001, but the facilities do not have certification from the local Standards Institute of Israel.



From one head protection gear to another

The following table details Ormat's performance with regards to accepted workplace health and safety indicators in 2018:

| Parameter ⁷⁰ | Female | Male | All |
|---|---|------|------|
| Injury Rate ⁷¹ | 0 | 3.65 | 2.80 |
| Occupational Disease Rate ⁷² | 0 | 0.28 | 0.20 |
| Lost Day Rate ⁷³ | 0 | 2.30 | 2.00 |
| Absentee Rate ⁷⁴ | This parameter was not calculated in the scope of this report | | |
| Work-Related Fatalities ⁷⁵ | 0 | 0 | 0 |

In 2018, we recorded the following injuries at our operational sites

| Type of Injury | Number of Occurrences |
|----------------|-----------------------|
| Laceration | 7 |
| Contusion | 7 |
| Strain | 7 |
| Heat Stress | 3 |
| Sprain | 3 |
| Broken Bone(s) | 3 |
| Eye Injury | 2 |
| Puncture Wound | 2 |
| Burn | 2 |
| Amputation | 1 |

Ormat works to ensure that all of its employees who unfortunately experience an injury, illness or fatality as a result of their work for the Company receive the utmost treatment and care for their ailment or affliction and that all of their expectations of the Company with regards to the matter are met.

Ormat conducts Quality, Environment, Health and Safety audits of our plants and facilities every three years. In 2018, internal audits were completed for a number of sites in the U.S. including Mammoth, Steamboat, Tuscarora and Neal Hot Springs.

Ormat manages and monitors our QEHS performance at a global level for all sites using Microsoft's Power BI platform. All reports are categorized according to the criteria and performance metrics of the Occupational Safety and Health Association (OSHA) of the U.S. Department of Labor.

69 The Occupational Safety and Health Administration (OSHA) is an agency of the United States Department of Labor.

70 Each of the health and safety parameters are reported according to the relevant guidelines set out in 403-2 of the GRI Standards.

71 Frequency of injuries, relative to the total time worked by all workers during the reporting period. Ormat uses the total recordable injury rate, TRIR which is calculated as the number of medical treatment injuries per 200,000 man hours.

72 Frequency of occupational diseases relative to the total time worked by all workers during the reporting period. Calculated as the number of medical treatment occupational diseases per 200,000 man hours.

73 Time ('days') that cannot be worked (and are thus 'lost') as a consequence of a worker or workers being unable to perform their usual work because of an occupational disease or accident. Calculated as the number of lost day cases per 200,000 man hours.

74 Ormat plans to report on its Absentee Rate for employees in forthcoming reports.

75 Death of a worker occurring in the current reporting period, arising from an occupational disease or injury sustained or contracted while performing work that is controlled by the organization or that is being performed in workplaces that the organization controls. Calculated as the number of fatalities per 200,000 man hours.



KPI

Ormat has a Company-wide KPIs for the implementation of our health and safety program for employees. Through adoption of the KPI, we seek to emphasize the importance of sound health and safety activities at all sites, as well as express our commitment to learning and improving our health and safety performance. The KPIs measures, tracks and compares performance regarding our existing Safety Participation Program and will report on the following indicators:

Safety Suggestions | Number of safety suggestions generated

Safety Observations | Number of safety observations performed by employees

Job Hazard Analysis (JHA) | Number of JHAs completed or revised per quarter

Pre-Job Safety Meetings (PJSM) | Number of documented PJSMs per month

Safety Inspections | Number of safety inspections per month

Safety Work Orders (and/or Completion of Safety Tasks) | Number of safety work orders generated or safety tasks completed

Safety Committee Meetings | Number of safety committee meetings conducted per quarter

The following table represents our health and safety performance regarding the above-mentioned indicators in 2018:

| Indicator | Business Unit | 2018 Performance | 2018 Total |
|---------------------|--------------------------------|------------------|------------|
| Safety Suggestions | United States Operations | 493 | 929 |
| | Israel Operations | 229 | |
| | Other International Operations | 203 | |
| | Drilling Operations | 4 | |
| Safety Observations | United States Operations | 3131 | 7402 |
| | Israel Operations | 2828 | |
| | Other International Operations | 1375 | |
| | Drilling Operations | 68 | |

| | | | |
|----------------------------|--------------------------------|------|------|
| JHAs | United States Operations | 200 | 432 |
| | Israel Operations | 62 | |
| | Other International Operations | 169 | |
| | Drilling Operations | 1 | |
| PSJMs | United States Operations | 1065 | 2068 |
| | Israel Operations | 486 | |
| | Other International Operations | 494 | |
| | Drilling Operations | 23 | |
| Safety Inspections | United States Operations | 1450 | 1626 |
| | Israel Operations | 0 | |
| | Other International Operations | 171 | |
| | Drilling Operations | 5 | |
| Safety Work Orders (Tasks) | United States Operations | 1353 | 1956 |
| | Israel Operations | 352 | |
| | Other International Operations | 243 | |
| | Drilling Operations | 8 | |
| Safety Committee Meetings | United States Operations | 166 | 290 |
| | Israel Operations | 64 | |
| | Other International Operations | 59 | |
| | Drilling Operations | 1 | |

In forthcoming reports, we plan to report on our health and safety indicator performance to show our progress year-over-year.

Based on these indicators, we operate a proactive safety plan for our employees, who are required to complete a number of different types of activities and to report on their “Safety KPI Scorecard”. Each of our sites is required to set goals regarding the KPIs and to report on their performance regarding the following parameters: safety training of employees, number and frequency of actionable safety suggestions made, number and frequency of safety observations made, job hazard analyses (JHAs) performed, pre-job safety meetings (PJSMS) held and at which frequency, number of safety inspections, number of safety work orders and number of safety committee meetings.

Employees are encouraged to take an active role in improving our health and safety performance through the global Safety Participation Program. The program is designed to encourage and recognize employees who are actively involved in all aspects of maintaining a safe and healthy work environment. Employees can earn “Ormat Bucks” by completing and participating in health and safety activities, such as safety work, taking proactive safety measures, demonstrating safety leadership, or by increasing safety engagement. By submitting safety reports, reporting unsafe conditions, participating in JHAs or acting as a safety committee member, Ormat employees can collect their “Ormat Bucks” at the end of the month and select a prize.

Health & Safety in Our Work with Subcontractors

In addition to implementing stringent health and safety measures for our employees, we demand our subcontractors to comply with relevant health and safety regulations as they pertain to our operations, including our own rules, where relevant. In Ormat’s standard contract for work with subcontractors, the Company reserves the right to indemnify the services of the subcontractor if the subcontractor violates or infringes upon any relevant laws, rules, regulations or standards pertaining to occupational health and safety of employees. Ormat expects its subcontractors to strictly adhere to local health and safety regulations, together with Ormat’s own expectations, whichever are more stringent. We also require all subcontractors to adhere to our checklist of “Environmental Compliance Responsibilities”, which is a list of tasks and necessary milestones that should be reported to Ormat on regularly by the subcontractor. Some of these requirements include: attending pre-construction conferences to review health and safety expectations, preparing an emergency response plan, maintaining a speed limit of 10 miles-per-hour in the construction area and other environmental controls, such as developing a Storm Water Pollution Plan (SWPP).

Safe Dealing with Hazardous Materials and Emergency Response Plans

When it comes to hazardous materials, U.S. plants are subject to the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), the Emergency Planning and Community Right-to-Know Act (EPCRA), and Federal Risk Management Plan/

Process Safety Management (RMP-PSM). In all cases, the regulated substance is the motive fluid in our power plants; pentane, isopentane, butane, isobutane.⁷⁶ We typically have small quantities of other regulated substances like solvents but most do not reach the quantity relevant under the regulation for official treatment. In Israel, our manufacturing facility follows the rules and regulations outlined in the Hazardous Materials Law (1993). Details on our treatment and dealing with hazardous materials is provided in the “Measuring and Controlling Other Environmental Impacts” chapter of this report.

Ormat upholds detailed and well-communicated emergency response plans at each of its sites for evacuation in cases of emergency, natural disaster or other hazards, such as chemical or pollutant spills and leakages. In general, the Emergency Action Plans (EAPs) are developed and adopted by each of the offices, operational facilities and power plants on a local and case-to-case basis. EAPs in the U.S. are based on the RMP-PSM, which governs all U.S. state regulations, such as Chemical Accident Prevention Program (CAPP) in Nevada and the California Accidental Release Prevention (CalARP) Program. However, there is some general guidance from the global occupational health and safety team on the general guidelines for generating an EAP. In our office spaces, the EAP requirement is triggered by our fire detection systems (OSHA Standard 29 CFR 1910.164) and by the fixed fire extinguishing system (sprinklers; OSHA Standard 29 CFR 1910.160).

Under the Volcano - Managing Emergency Shutdown at Ormat’s Puna, Hawaii Geothermal Facility

Ormat is majority owner of the Puna geothermal power plant located close to the Kilauea volcano’s East Rift Zone on the Big Island of Hawaii. The Puna facility was safely shut down in early May 2018, following a series of earthquakes and lava incursions caused by the volcano’s eruption. On May 3rd, Hawaii County’s Civil Defense department advised the Company about a series of earthquakes and cracks in the Leilani Estate area near the plant and warned about the potential for volcanic activity near the Puna facility. All the geothermal wells at the Puna facility were put under 24/7 monitoring for pressure levels and other

important production and safety indicators. Ormat employees also noted some pressure and brine irregularities. In response, Ormat’s plant employees followed the established protocols for lava intrusion and took quick action to initiate shutdown procedures at the plant. This involved reducing the plant’s pressure to 200 psi and isolating the plant in sections until the entire facility was safely shut down. In addition, to prevent any further hazards, potential flammable chemicals such as pentane were removed from the facility. On May 4th, an earthquake measuring 6.9 on the Richter scale was recorded, causing widespread power outages, severe cracks to highways and other infrastructure and major lava flows. The Puna facility reverted to emergency diesel generators to maintain basic power, while remaining in shutdown mode.

Events leading up to the shutdown demonstrate the strong safety and communication protocols and emergency response planning and procedures that Ormat’s employees apply at all operating facilities. Protecting the health and safety of employees, the public and the environment is of highest priority to the Company. Ormat maintained communication and worked in full cooperation with all local authorities throughout the event. Ormat assisted the local community by making the Puna facility’s air monitoring equipment available so that air quality and safety could be accurately gauged throughout the eruption and lava flows, which continued for several weeks. The facility continues to remain shut down and Ormat is currently working to repair damaged equipment, targeting a start-up in late 2019.



Puna surrounded by a lava stream during the volcano eruption

⁷⁶ More information on our treatment of these regulated substances can be found in the “Waste and Materials” chapter.

SUPPORTING AND SHAPING SUSTAINABLE COMMUNITIES AND FUTURES

OUR GOALS AND GUIDEPOSTS

Ormat's mission is to be a leading global provider of renewable energy while building a balanced portfolio of geothermal, recovered energy and storage assets. Ormat also recognizes the vital role that local people, communities and positive, long-term relationships play in advancing the adoption, uptake and long-term viability of renewable energy. Ormat sees an imperative to act, operate and engage with local people and communities in a manner that is consistent both with globally recognized social, environmental and economic development standards and Ormat's corporate values - of stability, constant renewal, full commitment, courage and creativity. We view this as a fundamental pathway to success and are inspired by the standards of various leading sustainability frameworks, including those of the Global Reporting Initiative (GRI), the United Nations Sustainability Development Goals (SDGs), and other principles such as the OECD Guidance on Sustainability Impact Assessments and the ISO 26000 guidelines for social responsibility. These are the guideposts for the behavioral expectations Ormat upholds for all employees as we work towards fulfilling our mission and engaging with local communities.

Another essential principle that we seek to implement in our activities and policies is that of equality. Ormat applies the same high standards to the way we interact, engage and develop our business

wherever we operate, across the globe, while also understanding and perceiving the unique cultural needs of each location on every level, from country to local community. In all cases and locations, Ormat is committed to being open, transparent, consistent and focused on delivering sustainable renewable energy solutions that generate inherently positive impact, for the environment, society and the economy.

Our goal is to inform and engage our visitors and provide a first-hand look at how geothermal energy and other renewables are contributing to a cleaner energy future and a more stable, affordable electricity grid. Across the globe, hundreds of people - from school students, local governments, service organizations, environmental groups and others visited our facilities for tours.

UNDERSTANDING AND UNIQUENESS

Ormat knows each community reflects a constellation of unique stakeholders and that no two communities are identical. Each has its specific needs, characteristics, constraints and challenges. We seek first to understand and assess the local conditions through our Stakeholder Engagement Policy. Our approach is responsive and respectful to local customs, in full alignment with all local regulations and laws and sensitive to the specific needs and requests for contributions and assistance voiced by each community. This approach highlights an essential truth - each community has deep insights into the ways it can be improved. Seeking this input typically leads to the most proactive and potentially uplifting outcomes. Ormat's commitment to community typically begins well before we start development in a new region. Every part of our connection

with stakeholders - from pre-development and planning through to operations - is characterized by our "open door" policy.

SOCIAL ACTIONS PLANS

At Ormat, we take the impacts from the construction of our power plants seriously and work diligently to reduce them. We are guided by Environmental and Social Impact Assessments (ESIA), which are conducted according to local standards and requirements. We view this as an important way to reduce negative impacts and conducting such assessments is the first stage in establishing our relationship with the local community. The social part of the impact assessment first collects data through dialogue with the local community, then maps the needs of the local community and finally provides a framework for both addressing stakeholder grievances and for generating positive impact through investment (philanthropic or otherwise) in programs and/or funds. Often these assessments are reviewed by relevant public authorities or by funding bodies, like institutional investors, development banks and other relevant parties, and are often conducted prior to permitting processes.

In 2018, of all the social and environmental impact assessments we conducted, Ormat did not discover any notable negative impacts on local communities.

LISTENING MEANS LEARNING

Community Engagement and Handling Grievances

Ormat recognizes that for successful interactions to occur, there must be a basis for meaningful communication, mutual respect and trust. That's why we create processes and feedback mechanisms to encourage all community members to speak openly and honestly about any concerns that our development activities may raise. Ensuring both positive and negative input is reported, listened to, and, most importantly, acted upon, keeps communication channels clear, quickly identifies pressing issues and promotes a spirit of cooperation and pro-activity.

Ormat's stakeholders are encouraged to file their grievances directly with local plant managers and/or with appointed representatives in their municipal or community council who regularly liaise with Ormat.

Stakeholders may also contact Ormat through the '[Contact Us](#)' page⁷⁷ on Ormat's corporate website which lists the mail, telephone, fax or email through that they may connect and communicate with the Company. All concerns and grievances received are addressed by Ormat's Marketing and Communications department and are systematically reviewed and directed to the relevant corporate department for review and any necessary action and/or follow-up.

In 2018, Ormat did not receive any major stakeholder grievances nor were any other issues raised regarding vulnerable community groups in our areas of operation received. We are committed to achieving our goal of addressing and responding to 100 percent of stakeholder requests received through our various channels of stakeholder engagement, as outlined in the "Our Strategy for Stakeholder Engagement" section.



Celebrating in a school Ormat supported near Amatitlan in Guatemala

⁷⁷ <https://www.ormat.com/en/company/contact/main/>

United States

In the United States, Ormat works to increase awareness of renewable energy and geothermal energy in the general public as well as for policy makers and government representatives. We share information on geothermal energy's multiple benefits as a viable, steady, reliable source of renewable energy that has minimal impacts on the surrounding environment. Ormat also engages with local communities near our power plants in the United States, according to organized stakeholder engagement mechanisms that encourage open dialogue and seek to address relevant issues and concerns according to grievance mechanisms.

A recent project involved the repower (replacement of old power plant equipment to improve performance) of one of our plants in the Steamboat geothermal complex near Reno, Nevada. Ormat attended a neighborhood advisory board (NAB) meeting, provided a workshop at the Reno city council, and in 2019 plans to meet other bodies such as the City Planning Commission and the Regional Planning Committee. The Reno City Council approved the project, based on its adherence to relevant regulations, including those governing Ormat's environmental and social engagement. During the NAB, Ormat explained the power plant's purpose, its financial benefits and fielded concerns and questions from the local community. Following the meeting, Ormat worked to address relevant concerns and we continue to publish an annual report on progress regarding identified initiatives.

In 2018, Ormat addressed stakeholder grievances from representatives in Mammoth Lakes, California - a town in

close proximity to our Mammoth Geothermal Complex. The stakeholder group, known as the Mammoth Community Water District (MCWD), asserted that the extraction of geothermal fluid at Ormat's plant was affecting the area's shallow water aquifer and impacting the quality of its drinking water. Ormat conducted advanced hydrological testing, which showed that our activities do not impact the area's shallow water aquifer. The MCWD withdrew its claims against Ormat in late 2018.

In 2018, during the construction of the 3rd phase of the McGinness Hills complex, Ormat, followed agreements reached in the early stages of community consultation, with the Yomba Shoshone and Duckwater Tribes. The two tribes were consulted throughout the project and were able to monitor construction in their sacred land.

Guatemala

Ormat's community engagement efforts and action plans for the largely agrarian areas around Zunil and Amatitlan are designed to support positive value creation and improved quality of life.

To develop our community engagement plans in Amatitlan, Ormat communicates directly with the local five communities: San Francisco de Sales, El Cedro, El Bejucal, El Pepinal and San Jose Calderas. This is done through a committee, known as a "COCODES" that organizes and manages relevant stakeholder requests. Local officials from the municipality, regulators and local community members are all represented on the COCODES. Ormat then answers the requests through relevant activities, initiatives or messages to the community. The relationship and assistance to the community in

Amatitlan is handled through the Orpacaya Trust ("Fideicomiso Orpacaya") that enables Ormat to advance relationships with the local community by furnishing economic and educational opportunities. The Orpacaya Trust works to develop social projects on education, health, infrastructure and environmental mitigation. Financial support for the trust is allocated annually from Ormat's power plant budget. In 2018, Ormat contributed US\$100,000 to the trust, which funds social, environmental and educational engagement. The engagements are designed to be self-sustaining and motivate support and involvement from the local community. In 2018, the trust paved roads, built infrastructure and funded supplies and food for local residents impacted by the Volcan de Fuego eruption, which occurred June 3rd, 2018. Additional funds were invested in the construction and renovation of local parks, tree planting and reforestation programs, and in the development of research and hydrological studies to improve local water supply and access.

Our Zunil power plant manages and executes a fund for the engagement and support of La Calera, the local community. This fund focuses on identifying and improving educational opportunities for the students in the local elementary school. The local community's relevant requests or grievances are communicated to and addressed directly by the local plant manager.



Honduras

Since 2012, Ormat has actively advanced development of Honduras' national geothermal energy capability through our involvement in the Geotermica Platanares geothermal project, and from the start this included community engagement. Under Honduran law, Ormat's Platanares power plant must comply with a number of social engagement requirements, such as establishing a fund that we contribute to on a monthly basis for investment in the local community and to fund reporting on our sustainability activities regularly. Stakeholder engagement and local community engagement are managed according to a defined stakeholder relations plan, corporate social responsibility action plan, health and safety action plan, grievance mechanism and an environmental action plan. These plans are shared with the local community in central locations. Mail boxes were also set up around the local

community so that individuals can submit requests and/or suggestions directly to the plant.

To address requests from the project's funding institutions, Ormat developed a thorough stakeholder engagement plan based on the ISO 26000 standard of social responsibility, World Bank standards, the OECD Guidelines for Multinational Enterprises and relevant SDGs. The plant works according to with the United Nations Development Program (UNDP) to measure its social and environmental progress. This helps us provide recommendations for future activity while minimizing exposure to potential economic, social and environmental risks and supporting the discovery of positive local engagement opportunities. The systematic approach to stakeholder engagement encourages the development of constructive, long-term stakeholder relationships.

The plan includes grievance mechanisms for stakeholders that enables various points of view, interests and concerns from local communities to be heard, understood and factored into the plant's operations and plans for community investment.

The sustainability plan in Honduras includes allocation of financial resources to support a Corporate Social Responsibility Fund. In this location, the local community is defined as those in close proximity to transmission lines coming out of the Geotermica Platanares geothermal facility. Through this fund, Ormat makes investments to enhance the quality of life, education and healthcare locally. During the past two years, Ormat supported road improvements in Yarusin and Maicupa. These major infrastructure improvements acknowledged road impacts made by heavy machinery during construction of the Geotermica Platanares and Ormat, and together with project partners, ensured that the roads were restored to pre-construction conditions.

Kenya

Ormat's Kenyan geothermal facility, Olkaria III, is uniquely located inside a wildlife sanctuary close to Lake Naivasha Hell's Gate National Park, where there two local communities: Olomunyak and Narasha. In compliance with Ormat's stakeholder engagement strategy, and to address requests from project funders - the German Investment Corporation (DEG) and the Environmental Resources Management (ERM) East Africa Environmental and Social Due Diligence (ESDD) - Olkaria III developed: Stakeholder Engagement Plan (SEP), a Grievance Mechanism (GM), a Corporate Social Responsibility

(CSR) Policy and a CSR Strategy. The local sustainability manager reports annually on the status of each of these policies and implementation plans, while setting goals and recommending projects for future engagement with the local community.

Ormat's SEP in Kenya provides a framework for engagement of relevant stakeholders and the local community. It does this by defining the regulatory, lender and Company entities necessary for consultation, while also identifying and prioritizing relevant stakeholders. The plan also defines a strategy and timeframe for sharing information and consulting stakeholders and stipulates the resources and responsibilities for implementation of stakeholder engagement activities.

In addition, the Grievance Mechanism is made of key performance indicators (KPIs) such as accounting for the number of grievances received, those that are unresolved, or grouping of grievances according to stakeholder groups. The mechanism's goal is to identify trends across all grievances received, ensuring that they are addressed while identifying areas for improvement.

Ormat's Kenyan Community Investment Policy was created through community consultation, shaped by several key principles and themes including: training and capacity building, biodiversity conservation, health promotion, education and supporting local community development programs with the goal of improving livelihoods. These areas of impact were determined based on the plant's community investment strategy,

which currently focuses on five key areas: donation to the school to support teachers, the Bursary program, the school feeding program, investing in improved infrastructure around the plant and for the local community, and supporting the Kenya Wildlife Service (KWS) and Kenya Forest Service (KFS), which facilitate the environmental and ecosystem management of Hell's Gate National Park.

Guadeloupe

In Guadeloupe we have a community engagement program according to which we organize a periodical meeting with the neighbors and association management to discuss our stakeholders concerns. Additionally, as our power plant is located in the heart of the city, we have a role in the social improvement of the neighborhood and the life of the city and the local sport and cultural association and we supported cultural events. We also provide support for such associations in the cities close to Bouillante. We support the refurbishment of the houses located around the plant to improve the quality of life for local stakeholders.

Local Livelihood

One of the prime directives that sets Ormat apart is our Company-wide promotion of local employment; everyone who works at a plant is from the country in which the plant is located. We believe every renewable energy facility we develop, own and/or operate should be staffed by people who live in or close to the local community. This reflects Ormat's responsibility to return benefits and generate positive impact for the local communities in proximity to our operations.

We believe that being a good neighbor is the right thing to do and that hiring locally is the right way to operate.

United States

A significant component of community engagement is focused on the economic benefits of building geothermal power plants as they can act as a source for ongoing employment and financial productivity, particularly in areas that are remote and do not have many employment opportunities. For example, Ormat's Ormesa Geothermal Complex, built in California's Imperial Valley in 1988, became the second largest employer in an area that is impacted by severe unemployment.

Part of Ormat's commitment to job creation and quality education involves working in local U.S. communities to train students in high-demand fields and instill technical skills that translate into career-building opportunities. For example, Ormat developed curricula for a power operator course at a local community college, which provided a successful pool of employees for our local plant. Ormat also sponsored a program to educate local teachers on renewable and geothermal energy through the Desert Research Institute (DRI), a non-profit environmental research arm of the Nevada System of Higher Education. Ormat also wrote curricula for a geothermal energy course for the U.S. public school STEM⁷⁸ program and sponsors a geothermal energy program for geoscientists at the University of Nevada.

Guatemala - Amatitlan

In Amatitlan, the Orpaycaya Trust includes a labor agreement for the creation of jobs for local residents. As of 2018, 47 positions were available and were provided to local residents on a rolling or job-sharing

basis, with a salary well above the average local income. Employees are able to work for two months a year and then the job moves on to another local resident. Through this process, we are able to generate and disperse significant economic and professional value across the local community. In Zunil, Ormat created similar arrangements through which 30 positions are made available to local community residents, with five employees working concurrently for a period of two months.

In the past, the local community indicated that it would like Ormat to create more jobs to address the economic needs of the community. However, once Ormat's power plants are constructed and operational, they are largely self-sufficient and require only eight to twelve full-time employees to operate. The program described above tries to answer that need, and was well-received by community residents, who have withdrawn the majority of their job creation grievances with the Company, but still there were complaints in 2018 that not enough jobs are available.

Kenya

In order to support economic development and job creation, Ormat provides training and capacity building opportunities for youth. These range from vocational skill training on financial literacy, driving, construction, business management and administration, as well as scholarships for secondary, mid-level and university education. Additionally, Ormat supports small to medium-sized enterprises (SMEs) through business training and is considering adding a provision of micro-credit schemes in the future. Additionally, Ormat has



Children in a school Ormat supports near Zunil in Guatemala

a program to employ people from the local community at the plant, whenever possible.

Educational Empowerment

Responsible citizenry, improved social conditions, economic self-sufficiency and the enrichment of individuals' lives are just a few of the benefits that can be derived from educational opportunities. Ormat is a strong supporter and promoter of universal access to education and wherever we operate, we look for opportunities to fund and strengthen educational opportunities - at all levels - from primary education all the way to university.

United States

Ormat decided, early in 2018, to commit substantial funds over three years to the Mammoth Lakes Foundation, underscoring our strong commitment to public education. These funds will support

student scholarships for Mono County students attending Cerro Coso Community College in the Eastern Sierra Region of South California. The scholarship funding covers students' full tuition, and according to Paul Thomsen, Ormat's Vice President, "This partnership aligns with our ongoing efforts to support community development in the Mammoth community. Ormat believes in higher education and in promising futures for the Mammoth community and its students."

In addition, in an effort to teach as many people as possible about renewable energy - specifically geothermal energy - Ormat sponsored an exhibit about geothermal resources at a local children's museum and hosts numerous tours and workshops for students and educators at our facilities.

Guatemala

In Amatitlan in 2018, the

⁷⁸ STEM is a curriculum based on the idea of educating students in four specific disciplines - science, technology, engineering and mathematics - in an interdisciplinary and applied approach.

Orpacaya Trust provided 35 students with scholarships, funded construction of schools and new classrooms and paid the salaries for two teachers at local schools.

In 2018 in Zunil, the La Calera trust provided funding for scholarships for fifteen exceptional students who will pursue additional higher education opportunities. Funding was also allocated to donate food and gas supplies, used to make healthy breakfasts for schoolchildren, for the donation of laptops and projectors, school supplies, school and sports uniforms and sponsorship of a fun day, known as “Children’s Day”. These practical, grass-roots actions support openness and long-term stability while creating pathways for progress.

Honduras

Ormat has provided support for the local schools in Honduras, donating one hundred school desks to improve the educational learning environment. The beautifully carved wooden desks are durable, functional and more comfortable for the students and intended to improve students’ overall learning experience. Ormat also donated bicycles to the school to improve

recreational options. In addition, school children were invited to participate in painting the front wall of the plant. This event helped teach the students about the benefits of geothermal energy and the importance of preserving the natural habitat.

Family-oriented celebrations are an integral aspect of Honduran culture. Ormat recognizes and supports these cultural celebrations, contributing to events honoring Children’s Day, Student’s Day, Mother’s Day and Christmas, by underwriting the costs of food baskets, cakes and piñatas.

Kenya

To realize our Community Investment Policy in Kenya, Ormat has a well-established record of funding education programs in Kenyan communities near our operations, emphasizing scholarship opportunities for bright young girls. This Bursary program provides higher education pathways for female students and opens doors to careers as an alternative to early marriage. One local female bursary recipient is now an Ormat employee, applying the knowledge she gained through her education to give back

to the Company and contribute to the local economy. Ormat also supports the school in terms of teachers’ employment, improvements and renovations to local schools and provides materials and equipment as donations-in-kind. Field trips for students and educating youth on the benefits of renewable and geothermal energy are other ways Ormat promotes innovative learning.

Guadeloupe

We support local clubs such as a sports club (for soccer and cycling) and music club. The support is provided through grants in purchasing supplies. Additionally we provide school tutoring for students. As Safety is a core value at Ormat, we have supported a specific action plan, in association with the City, for safe bicycle and scooter driving for young people. This included a “Safety Day” with policemen, firemen, and driving lessons in the school. Lastly, we have also granted some electronic gifts such as computers and cellphones and travel tickets for the ten best students in the city.

Israel

Ormat supports many charitable

organizations in Israel, but the focus of its community engagement is a special technical and vocational secondary school called “ORT Ormat”. ORT is a non-governmental organization that sponsors the country’s largest science and technology network. Established in 1970 at Ormat’s Yavne factory together with the Ministry of Labor, Social Affairs and Social Services, and

the ORT network, the goal of the school’s four-year program is to instill in graduates skill sets and expertise in industrial crafts such as electrical manufacturing, metalworking and multi-media. A number of the students come from socio- or economically disadvantaged backgrounds or faced challenges in the local school system and the school is often their last

chance for education. This innovative program also creates shared value by ensuring a stream of skilled employees for Ormat’s Yavne manufacturing facility and by training and empowering young people who are challenged by conventional educational systems. About 70 percent of Ormat’s long-term manufacturing employees are Ormat ORT graduates.

Dreams Come True for Mary Hoseni

Ormat believes education create opportunities, opens pathways and makes progress possible – socially, environmentally and economically. That’s why wherever we operate, we seek innovative ways to support education at every level, through scholarships and bursaries, funding of teacher’s salaries, collaborating on curriculum development and by providing classroom equipment and infrastructure.

Mary Hoseni, a 23-year-old who lives in Narasha Village, Naivasha, Kenya is a prime example of what a willingness to learn and strong educational support can do. Mary had a challenging childhood, where she bravely overcame a series of eye issues and a major eye operation. Despite having to drop out of school several times due to these setbacks, Mary persevered, working her way through the Narasha primary school, which Ormat has supported for more than 17 years. Mary was the first girl child to complete the primary school level in the School, a major accomplishment and cultural shift away from early marriage, which is commonplace. Following

this, she joined the Davpur High School, then transferred to St. Clare’s of Assisi girls’ Secondary School. Ormat continued to sponsor her educational studies and in 2015 she entered Jomo Kenyatta University of Agriculture and Technology, successfully obtaining her diploma in purchasing and supply chain management. She went for her attachment at Moi teaching and referral hospital which was an academic requirement.

After graduating, Ormat hired Mary for an initial internship in 2017 and enthusiastically hired her as a permanent employee in 2018. Mary explains what Ormat’s support has meant to her: “I was lucky to get sponsorship at Olkaria III. I am very grateful to the entire Company for making my dreams come true. This support enabled me to achieve my goals and made me whom I am today.”

Mary’s education and employment pathway has generated a series of benefits throughout her community. With her education and full-time employment, she has the resources available to help support her family and pay school fees for her younger siblings, giving all of them

the chance to attend school. Mary volunteers at the local school, providing motivation and encouragement to younger teenage girls to reach their goals. She also coaches local sports teams for girls, recognizing that being mentally and physically fit is an important contributor to successful learning. Finally, she contributes her time as a Community School Board Member, which provides support so that other female students are able to access quality educational opportunities.



Students receive positive affirmations about the value of education. The note in this photo reads, “Do you know in you lies a seed that can change your life, your family, society, country and world?”

Healthcare Delivers Hope

Improving access to healthcare is one of the most profound ways in which a Company can exert a positive influence on individuals and communities. Access to healthcare improves the most fundamental human conditions, prevents disease, supports families and is a major pillar of our community investment program. Similarly, initiatives that work to reduce poverty and provide nutritional food, especially for younger, growing children, are among the priority areas Ormat targets with our community investment programming.

United States

Ormat is involved in a wide variety of partnerships designed to promote health, well-being, dignity and self-sufficiency. We are proud sponsors of a new inclusive

playground at the Mammoth Creek Park, California, which was officially opened on July 4th, 2018. The 7,700 square-foot playground serves as a National Demonstration Site and incorporates the Seven Principles of Inclusive Playground Design⁷⁹, providing opportunities for the physical, social-emotional, sensory, cognitive, and communicative benefits of play for all. Ormat also proudly supports the Food Bank of Northern Nevada.

Guatemala

In 2018, the Orpacaya Trust supported salaries for a doctor and nurse to work three and two days per week respectively at a local clinic as well as transportation for local residents to reach the clinic. These measures helped elevate the standard of healthcare locally as access to adequate healthcare is a topic of national concern in

Guatemala.

Honduras

Ormat contributes to the health of local communities by funding the local community health center, and by providing necessary instruments, equipment and medicine. Ormat also funds medical, dental and optical treatments for local residents in need and has built a new water distribution plant for the local community.

Kenya

Ormat supports health-related interventions in Kenya such as health education, sanitation and behavioral change to effect positive improvements in community health. Our programming includes the Water, Sanitation and Hygiene (WASH) Promotion, raising HIV-AIDs awareness and school health campaigns.

Honduras - Designing a Social Action Plan According to the SDGs

In 2018, Ormat advanced a social action plan for the local community around the Plantanares geothermal power plant, in alignment with the United Nation's Sustainable Development Goals (SDGs) and relevant targets. The purpose of connecting the social action plan to the SDGs is to accurately gauge local community impacts and demonstrate to Honduran governmental and non-governmental groups how Ormat's activities are contributing to the achievement of nation-wide development targets.

Ormat's Plantanares plant manager evaluated the SDGs that Ormat was likely to have the most local impact on and identified the following: SDG 2 - Zero Hunger;

SDG 3 - Health & Well-Being; SDG 4 - Education; SDG 6 - Clean Water; SDG 7 - Affordable and Clean Energy; SDG 8 - Decent Work and Economic Growth; SDG 9 - Industry, Innovation and Infrastructure; and SDG 13- Climate Change.

Based on these SDGs, Ormat began engaging in programs with local and international development organizations to maximize the impact of its social investments. For example, Ormat committed to working with the World Food Program locally, which provides meals for local school children. We also invested heavily in improvement to the local health center and medical infrastructure. To address SDG 6, Ormat's plant funded a water filtration and distribution system, together with the local municipality. These

initiatives are the first outcomes of a multi-year plan that will be enlarged and reinforced in 2019 and beyond.



Children, staff and local Ormat employees in a school Ormat supports near Zunil in Guatemala

⁷⁹ They are thoughtfully designed to provide a safe place where children of all abilities can play together, and are developmentally appropriate for children with and without disabilities. An inclusive playground takes away the barriers to exclusion, both physical and social, providing a "sensory rich" experience for all.

**CHAPTER VI.
OUR HOLISTIC
APPROACH TO
CORPORATE
GOVERNANCE
AND ECONOMIC
MANAGEMENT**



*Platanares geothermal power plant,
Honduras, 38 MW*

MAKING SOUND CORPORATE GOVERNANCE A PRIORITY

Sound corporate governance is a top priority for Ormat due to our nature as a publicly traded and global renewable energy Company. Furthermore, as part of our web of global operations and due to the nature of our business, our success is also dependent on the approval of regulators and policymakers for issuing permits and approving the development, construction and operation of our power plants. In addition, we work with a number of major financing institutions in order to fund the construction of our plants, which necessitates that we maintain a transparent and open approach to disclosure regarding our corporate governance and economic management practices. Finally, we believe that sound corporate governance is important as it maintains our level of accountability and disclosure with our stakeholders. Therefore, at Ormat we devote significant resources to managing corporate governance and, where possible, toward improving our performance or our level of disclosure.

The topic of corporate governance is managed and defined based on Ormat's values, which are outlined at the beginning of this report in "An Organization Shaped by Values" chapter. The five values that define Ormat are fully reflected in the way that we do business and interact with our stakeholders every day and in every location. For us, corporate governance is defined by honesty, openness and fairness and we expect all of our employees, managers and directors to exhibit these qualities at all times.

Nearly all of our employees and managers received at least one hour of focused training on relevant

corporate governance practices, such as our Code of Conduct, anti-bribery and anti-corruption policies and more. Ormat intends for 100 percent of our employees to receive training on relevant corporate governance practices.

OUR CORPORATE GOVERNANCE GUIDELINES

Our Corporate Governance Guidelines, which are made publicly available on our website at the following [link](#)⁸⁰, outline the expectations from management and the Board of Directors to monitor and measure the effectiveness of policy and decision-making in order to enhance stockholder value for the long-term. The policy was adopted by Ormat's Board of Directors and is periodically reviewed by the Nominating and Corporate Governance Committee of the Board of Directors.

The policy manages and outlines Ormat's procedures on the following topics: board composition including guidelines for the selection, responsibilities and remuneration determination for the board members; guidelines for board meetings; management of committee matters; board responsibilities; and expectations from directors. The policy outlines Ormat's criteria for determining director independence and the Company's commitment to, at minimum, a majority of independent directors on the Board. The policy describes the responsibilities of the various Board of Directors' committees: Audit Committees, the Compensation Committee and the Nominating and Corporate Governance Committee. Each of these committees has their own separate charter that governs the topics and procedures of each of the committees, and which are publicly available on the "Governance" page of our [website](#)⁸¹. Finally, the policy describes the responsibilities of the Board of Directors, which include: evaluation of the Chief Executive Officer

(CEO), succession planning, reviewing and approving significant transactions and analysis of shareholder proposals, among other responsibilities. As of the publication of this report, Ormat's Board of Directors did not have a Corporate Social Responsibility or Sustainability Committee on the Board of Directors.

In addition, Ormat's Board of Directors adopted a Code of Ethics for Senior Executives in 2004, as required by the Sarbanes-Oxley Act of 2002 and out of the belief that proper, honest and ethical employee conduct are essential to the success of our Company. The Code can be accessed on our website at the following [link](#)⁸². The Code applies to all of Ormat's senior executives. The Code outlines our expectations of senior executives including a commitment to honest and ethical conduct and handling of affairs, to advance the Company's business by legitimate means, to refrain from fraudulent or corrupt activities and to provide full disclosure regarding any of the Company's reports or documents. Senior executives are requested to report any violations of the Code to the Secretary, the Chairman of the Audit Committee or the Board of Directors, and violations of the Code are subject to disciplinary action up to and including termination of service. Any revisions, changes or waivers to the Code must be approved by the Board of Directors or the Nominating and Corporate Governance Committee. Senior executives are required to sign and formally acknowledge the Code as part of their employment contract. Senior executives are also expected to follow Ormat's Code of Business Conduct and Ethics, which is applicable to all employees.

ORMAT'S CORPORATE GOVERNANCE STRUCTURE

Ormat is a publicly traded Company managed by a fully independent

Board of Directors made up of nine members. The standing committees of the Board are the Audit Committee, the Compensation Committee, Investment Committee and the Nominating and Corporate Governance Committee.

Ormat has a dividend policy designed to distribute at least 20 percent of annual profits (available for distribution, if approved by our Board of Directors) by way of quarterly dividends to registered shareholders.

Responsibilities for economic,

environmental and social topics are distributed amongst various senior executives, and not necessarily among the board of directors, according to their relevance to the executive role. For instance, our Executive Vice President of Market Development is responsible for assessing related risks and opportunities arising from Ormat's engagement with economic, environmental and social topics. In addition, some senior roles are purely devoted to such issues, such as our Global VP Quality, Health, Environment & Safety and the newly established position of Sustainability Manager. These senior executives and relevant managers report to Senior Management

and/or the Board of Directors on a periodic basis and as needed, based on their determination on the necessity of such updates regarding economic, environmental or social matters.

ORMAT'S BOARD OF DIRECTORS

Ormat's nine board members are comprised of two women and seven men and a diverse range of ages and nationalities are represented. The majority of Ormat's directors are from the United States or Israel. Details on our directors are outlined below.

| Director | Position on Ormat's Board of Directors | Membership in Committees | Gender | Date Joined |
|------------------|---|--|--------|---------------|
| Todd C. Freeland | Chairman of the Board of Directors and Independent Director | Audit, Compensation, Nominating and Corporate Governance (Chair) | Male | July 2017 |
| Stanley B. Stern | Independent Director | Audit | Male | November 2015 |
| Yuichi Nishigori | Independent Director | Investment | Male | July 2017 |
| David Granot | Independent Director | Audit, Compensation, Nominating and Corporate Governance, Investment (Chair) | Male | May 2012 |
| Ravit Barniv | Independent Director | Compensation (Chair), Nominating and Corporate Governance, Investment | Female | November 2015 |
| Dafna Sharir | Independent Director | | Female | May 2018 |
| Dan Falk | Independent Director | Audit (Chair), Compensation, Nominating and Corporate Governance | Male | November 2004 |
| Byron Wong | Independent Director | Audit | Male | July 2017 |
| Stan H. Koyanagi | Independent Director | | Male | July 2017 |

⁸⁰ <https://www.ormat.com/Warehouse/userUploadFiles/Image/Corporate%20Governance%20Guidelines%20-%20Final.pdf>

⁸¹ <https://www.ormat.com/en/company/welcome/governance/>

⁸² www.ormat.com/Warehouse/userUploadFiles/Image/CODE%20OF%20ETHICS%20APPLICABLE%20TO%20SENIOR%20EXECUTIVES.pdf

The Board of Directors' main responsibility is to provide direction and oversight. The Board establishes Ormat's strategic direction and oversees the performance of its business and management of any relevant economic, environmental and social impacts. The Chairman of the high governance body is not an executive officer in the organization. Ormat's senior management is responsible for the development, approval, and updating of Ormat's purpose, policies, and goals related to economic, environmental, and social topics. For instance, management is responsible for approving Ormat's corporate-level policies and periodically reviews environmental and social impact assessments and action plans for our power plants. In addition, the Board of Directors is responsible for reviewing strategies and goals relating to corporate governance, economic, environmental and social issues and for setting the level of expectation from the Company and its employees regarding these issues. The Board is occasionally and on a case-to-case basis updated on progress with regards to Ormat's economic, environmental and social performance by the relevant managers and responsible parties within the Company.

The Board is responsible for periodically, and at least annually, conducting a self-evaluation. The Board and the Nominating and Corporate Governance Committee are responsible for establishing the evaluation criteria and overseeing the implementation of the process for such evaluation. If needed, actions are periodically taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental, and social topics, including, as a minimum, changes in membership and organizational practice. In 2018, no material actions

were taken in response to evaluations of the highest governance body's performance, particularly with respect to governance of economic, environmental and social topics.

Ormat's Board of Directors Committees

As mentioned, Ormat's Board of Directors has three committees: the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee. More information on the committees that make up Ormat's Board of Directors can be found in our Annual Report at the following [link](#).⁸³

The purpose of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities with respect to: the integrity of Ormat's financial statements; the effectiveness of internal controls over financial reporting; Ormat's compliance with legal and regulatory requirements; the independence and qualifications of Ormat's independent auditor; and performance of the Company's internal audit functions. The committee is made up of at least three directors who meet the appropriate independence and experience considerations as outlined by the standards of the New York Stock Exchange. More information on the Audit Committee is available in the Company's Audit Committee Charter at the following [link](#).⁸⁴

The Compensation Committee's purpose is to be responsible for the Company's overall compensation philosophy and assists the Board of Directors in its oversight responsibilities with respect to the compensation of Ormat's Chief Executive Officer and other executive officers and directors, including all compensation plans, policies and programs that are subject to Board approval. The Compensation Committee is also responsible for annually reviewing

and approving corporate goals and objectives relevant to the CEO and executive officers, for making recommendations to the Board with respect to the adoption, amendment, termination or replacement of incentive-compensation plans, equity-based plans, revenue sharing plans or other relevant plans maintained by the Company, and for overseeing the Company's compliance with SEC rules and regulations regarding shareholder approval of certain executive compensation matters, among other topics. The committee is made up of at least three directors who meet the relevant independence considerations, as outlined per the regulations mentioned above. More information on the Compensation Committee is available in the Company's Compensation Committee Charter at the following [link](#).⁸⁵

The purpose of the Nominating and Corporate Governance Committee is to assist the Board of Directors in identifying qualified individuals to become members of the Board, for selecting or recommending the Board director nominees, developing and recommending to the Board's corporate governance guidelines and for overseeing the evaluation of the Board and executive management. The committee provides the Board with guidance with respect to their oversight of and involvement in shareholder engagement, reviewing the Company's Corporate Governance Guidelines and monitoring compliance with the guidelines, and making independence considerations regarding Board members, among other responsibilities. The committee is made up of at least three directors who meet the relevant independence considerations, as outlined per the SEC regulations detailed above. More information on the Nominating and Corporate Governance Committee is available in the Company's Nominating and Corporate Governance Committee Charter at the following [link](#).⁸⁶

ORMAT'S EXECUTIVE MANAGEMENT

Ormat prides itself on a highly qualified and experienced executive management team of seven members. Each position on the executive

management team is designed to serve a designated function that addresses Ormat's business needs and requests from our key groups of stakeholders.

The following details information on our executive management team:

| Executive Officer | Position | Gender | Date Assumed Position |
|-------------------|---|--------|-----------------------|
| Isaac Angel | Chief Executive Officer (CEO) | Male | July 2014 |
| Doron Blachar | Chief Financial Officer (CFO) | Male | April 2013 |
| Zvi Krieger | Executive Vice President - Electricity Segment | Male | July 2014 |
| Bob Sullivan | Executive Vice President - Business Development Sales & Marketing | Male | July 2015 |
| Shlomi Argas | Executive Vice President - Product Segment and Operations | Male | January 2018 |
| Nir Wolf | Executive Vice President - Market Development | Male | January 2015 |
| Hezi Kattan | General Council & Chief Compliance Officer (CCO) | Male | February 2018 |

Ormat's executive management team, including the Chief Executive Officer and the Chief Financial Officer, is responsible for setting Ormat's business strategy and direction together with the Board of Directors, for setting the Company's performance goals and KPIs and for the general management of the Company's employees, stakeholder matters and affairs.

Each member of the executive management team is screened for the relevant experience and knowledge that is needed to perform their role fully. Similarly, all executive managers undergo performance reviews and are provided with training or access

to educational opportunities on topics that are most relevant to their professional dealings. All executive managers have similar grievance and consultation mechanisms available to them as do Ormat's employees, as outlined in the "Our People: Employment and Skill Development at Ormat" chapter.

Remuneration Policies

The responsibility of reviewing and recommending to the full Board the form and amounts of compensation and benefits for non-employee directors lies with Ormat's Compensation Committee. The Compensation Committee

is comprised of at least three directors, each of whom meets the independence requirements under the listing standards of the New York Stock Exchange. At least two members of the Committee will also qualify as "non-employee directors" within under the Securities Exchange Act of 1934, as amended. Members of the Committee, including the Chair of the Committee are appointed by the Board based upon the recommendations of the Nominating and Corporate Governance Committee.

In making its recommendations, the Compensation Committee seeks to fairly compensate directors at

83 <https://investor.ormat.com/Cache/1001250792.PDF?O=PDF&T=&Y=&D=&FID=1001250792&iid=4087066>
84 <https://www.ormat.com/Warehouse/userUploadFiles/Image/Audit%20Committee%20Charter%20-%20Final.pdf>
85 <https://www.ormat.com/Warehouse/userUploadFiles/Image/Compensation%20Committee%20Charter%20-%20Final%20.pdf>
86 <https://www.ormat.com/Warehouse/userUploadFiles/Image/Corporate%20Governance%20Guidelines%20-%20Final.pdf>

levels that are competitive with other companies in the industries in which Ormat competes and to align directors' interests with the long-term interests of our stockholders. In its deliberations, the Committee and the Board consider whether the levels of director compensation could impair independence and critically evaluate any consulting, charitable contribution or other potentially indirect compensation arrangements. The Committee also approves and makes recommendations regarding the appropriate compensation for Board members, which may include equity-based rewards,⁸⁷ retainers, committee chair fees, stock options and similar items.

In addition, the Compensation Committee is responsible for setting corporate goals and objectives relevant to the CEO's and executive managers' compensation, including the responsibility of assessing their performance in light of these goals and objectives. In determining their level of compensation, the Compensation Committee considers a number of factors such as the Company's performance and relative shareholder return, the value of similar incentive awards to the CEO and executive officers at comparable companies and the awards bestowed by the Company to the CEO and executive officers in past years. In addition, the Committee is responsible for periodically reviewing and approving aspects of the CEO and executive officers' compensation based on incentive awards and opportunities, including cash-based and equity-based awards and opportunities, any employment agreements and severance agreements, change-in-control agreements, severance protection plans and change-in-control provisions affecting the level of compensation and benefits, and any special supplementary compensation and benefits for the CEO and executive officers. Furthermore, and as per SEC

regulations, the Committee reviews and discusses the Compensation Discussion and Analysis (CD&A) that is included in the Company's annual proxy statement and Form 10-K at the following [link](#).⁸⁸

Finally, Ormat strives to provide a competitive compensation and benefits package to all our employees, including our executive managers. Benefits are tailored to the needs of our employees and their families at our global locations and may vary from country to country, but may include:

- Health, Dental and Vision insurance
- Retirement
- Short Term and Long Term Disability
- Life Insurance
- Wellness programs

More information on employee benefits is outlined in the "Our People: Employment and Skill Development at Ormat" chapter of this report.

Stock-based Awards

Ormat offers its employees stock-based awards according to its Incentive Compensation Plan. In May 2018, Ormat's shareholders adopted the 2018 Incentive Plan, which provides for grants of certain kinds of awards including incentive stock options, non-qualified stock options, restricted stock, stock appreciation rights, stock units, performance awards, phantom stock, incentive bonuses and other possible related dividend payments to employees of the Company, directors and independent contractors. The 2012 Incentive Plan expired in May 2018 with the adoption of the 2018 Incentive Compensation Plan, except for stock-based awards that were outstanding under the 2012 Incentive Plan.

The 2018 Incentive Compensation

Plan was adopted and approved at the 2018 Annual Meeting of Stockholders. The amended plan continues the majority of the benefits outlined in the 2012 plan. Under the 2018 Incentive Plan, a total of 5,000,000 shares of Ormat's common stock were authorized and reserved for issuance, all of which could be issued as options or as other forms of awards. The term of stock-based awards typically ranges from six to ten years from the grant date.

ENSURING A CORRUPTION-FREE WORK ENVIRONMENT

As part of Ormat's commitments to sound corporate governance and its values of *Stability and Full Commitment*, which are a central part of our mission, we work to ensure that all of our activities are free from corrupt practices and that our employees are well-informed of our expectations regarding ethical behavior.

Ormat's Corporate Governance Guidelines, our Code of Business Conduct and Ethics, Code of Ethics for Senior Executives, and Anti-Corruption Policy outline our relevant corporate governance practices regarding anti-corruption and the expectations our Company has for good governance and business practices. All of Ormat's corporate governance policy documents can be found on our website on the "[Governance](#)" page.⁸⁹ All new Ormat employees and senior officers of the Company must sign a compliance certificate stating their intention to uphold these standards, as a condition of employment.

Ormat operates in many countries and conducts business around the world. Various laws require conduct in international business to meet certain standards. Ormat, including its personnel and agents (wherever they are located), is obligated to comply with all applicable anti-corruption and anti-bribery laws, such as the U.S. Foreign Corrupt Practices Act. The Anti-Corruption Policy applies to Ormat directors, officers, employees, third-party representatives, partners, agents and any other providers of services to Ormat. The basic policy is simple:

Ormat persons are not to receive, pay, nor to permit a third party conducting business on Ormat's behalf to receive or pay, bribes from or to anyone, at any time, for any reason. Furthermore, the policy outlines definitions of key terms so that they are clear to employees, such as what "bribes" and "facilitation payments" are, what could be considered "knowledge" of corrupt practices and how relevant concerns should be reported, and guidelines regarding business gifts, travel and entertainment. The policy also describes Ormat's procedures for providing training to employees on topics of anti-corruption, how Ormat's directors, officers and employees can be certified for anti-corruption compliance in their various professional functions, relevant methods for conducting due diligence on anti-corruption measures with third parties and conditions for implementation of the policy.

Ormat has an Anti-Corruption Committee composed of senior management representatives from various disciplines who oversee implementation of the Anti-Corruption Policy including the General Counsel and Chief Compliance Officer, Executive Vice President of Business Development and Sales and other members that are designated by Company management from time to time. Ormat's Chief Compliance Officer reports directly to the CEO and Audit Committee of the Board of Directors for certain matters, including those that pertain to anti-corruption. Ormat's Anti-Corruption Policy was initially adopted by the Board of Directors in 2016 and executive officers hold responsibility for daily implementation of the policy.

Directors, executive managers, employees, contractors or other stakeholders are requested to

report any suspected violations of the Anti-Corruption Policy to the Anti-Corruption Committee and failure to do so could result in termination of employment or of other contractual relationships. Retaliation is not taken against any actor who, in good faith, reports suspected policy violations. Ormat is committed to investigating and reporting all concerns according to the outlined grievance management mechanism. In addition, we offer a range of reporting tools for employees including escalating issues through management, whistleblowing mechanisms, and a dedicated telephone line and website for confidential reporting of concerns about unethical behavior (see below).

COMMUNICATION AND TRAINING ON ANTI-CORRUPTION COMMITMENTS

Ormat's Anti-Corruption Committee holds the principle responsibility for managing the anti-corruption training programs at the Company.

Ormat communicates its Anti-Corruption Policy clearly to its employees as part of their employment contract and in dealings with the organization, and the policy is publicly communicated on Ormat's website at the following [link](#).⁹⁰

All of Ormat's new employees are required to undergo ethics and corporate governance trainings that include, among other topics, trainings on how to identify corrupt practices and/or bribery. The goal is to ensure that all of Ormat's employees fully understand what constitutes a corrupt practice or a bribe and to become aware of how they are expected to behave or handle ethical dilemmas according to the Company's guidelines and policies.

⁸⁷ Including pursuant to the company's equity-based plans.

⁸⁸ <https://investor.ormat.com/Cache/1001250792.PDF?O=PDF&T=&Y=&D=&FID=1001250792&iid=4087066>

⁸⁹ <https://www.ormat.com/en/company/welcome/governance/>

⁹⁰ <https://www.ormat.com/Warehouse/userUploadFiles/Image/Anti-Corruption%20Policy.pdf>

Insider Trading Policy

Ormat adopted an Insider Trading Policy in 2016 that is publicly available on our website at the following [link](#).⁹¹ The Insider Trading Policy was established in order to promote compliance with securities laws that prohibit individuals with material, non-public information from trading securities of the Company, providing such information to unauthorized persons who may trade securities of the Company based on the information and restrictions on making recommendations or expressing opinions as to buying, selling, holding or engaging in transactions with the Company's securities. As such, the policy restricts certain kinds of transactions that involve Ormat's securities and is considered a supplement to other confidentiality or non-disclosure agreements that the Company issues. The policy is administered and managed by Ormat's Secretary, who is also the contact person for concerns or grievances regarding the policy. The policy applies to all of Ormat's employees, officers, directors, family members or controlled entities of any employee, officer or director of Ormat companies, and consultants, advisors, agents, contractors, temporary, loaned, contracted or seconded employees or other persons who enter into a contractual agreement with Ormat. The policy relates to the kinds of information that can be considered material and non-public, as well as the prohibited activities for those whom are exposed to such information with regards to trading securities. Employees, directors and officers are required to sign and acknowledge the policy as a condition to their employment with Ormat.

Ethical Conduct at Ormat

Ormat upholds a Code of Business Conduct and Ethics that was last amended in January 2013.⁹² The purpose of our Code of Business Conduct and Ethics is to promote and

encourage honest and ethical conduct, to promote the protection and proper use of Ormat's assets, to maintain the confidentiality of information that is acquired in the course of business, to promote compliance with applicable laws and regulations and to encourage timely reporting of any illegal or ethical behavior. All of Ormat's employees, directors and officers are subject to the Code, and the employees are expected to adhere and comply with the Code and are required to sign a compliance certificate confirming they have understood all of Ormat's expectations.

In the Code, Ormat outlines its expectations regarding honest and candid conduct, which are cornerstones of the way that Ormat conducts its business around the world. The Code outlines guidelines for handling of conflicts of interest in the context of loans or corporate opportunities, compliance with the law, as well as regulations and laws that govern Ormat's internal business practices, such as details on the Foreign Corrupt Practices Act. The Code also outlines how Ormat expects its employees, directors and officers to handle the disclosure of sensitive Company information, engage in record-keeping and maintain an internal control structure, uphold restrictions on the receipt of gifts, gratuities and entertainment, as well as relevant aspects relating to ethical conduct that are considered during the employment and hiring processes.

Ormat's full Code of Business Conduct and Ethics and the requirements and expectations of employees and senior management outlined therein can be found at the following [link](#).⁹³

Whistleblower Policy

The contact person for ethical concerns varies for different employees according to their position within the Company. The contact person for directors and senior executives is the Chairman of

the Audit Committee of the Board of Directors. For all other officers and employees, the Code of Ethics Contact person is Ormat's Secretary, except in cases when it is deemed inappropriate to involve the Secretary, at which time employees may file their requests with the Chairman of the Audit Committee. Employees and officers are encouraged to consult with their direct manager regarding the appropriate course of action to address an ethical dilemma or in addressing an instance of potential misconduct. Employees, directors and officers who fail to report unethical conduct are in violation of the Code and consequences may be taken by Ormat as a result, depending on the severity of the incident.

Ormat upholds a policy of no retaliation on any director, officer, or employee by any other actor at the Company for reporting existing or potential violations of the Code. Any director, officer or employee who is involved in retaliation or who makes deliberately false reports may be subject to serious disciplinary action or sanctions. However, Ormat does seek to ensure that all such reports are made in good faith.

We also maintain an anonymous whistleblower ethics hotline for reporting concerns or real breaches of the Code at a toll-free number (in the U.S.): 1-866-294-5535 and at the Company's third-party whistleblower website at www.ethicspoint.com.

Based on the information collected through these communications channels, we received one grievance during 2018. However, following internal investigation into the nature of the grievance, it was determined that it was nonmaterial and no further action was taken.

OUR BUSINESS, FINANCIAL PERFORMANCE AND ECONOMIC IMPACTS

ABOUT OUR BUSINESS

Ormat staunchly believes that as the provider of energy solutions, and namely renewable energy solutions, we have a central role in the global economy and in ensuring the sustainable development of communities. The energy market is one of the most significant factors within the global economy as it enables economic growth and development, creates jobs, develops critical infrastructure, generates long-term value and enables the very nature of our modern society. With traditional fossil fuel-based energy sources facing increasing regulation and scrutiny from governments, policymakers and the general public, the renewable energy market is becoming increasingly lucrative and in many respects is outperforming the "non-renewable" energy market economically.

As a leading vertically integrated Company primarily engaged in the geothermal and recovered energy business, Ormat plays a significant role within the global renewable energy market generally, and the geothermal energy market particularly. Renewable energy is sustainable and clean, emitting negligible amounts of CO₂ and not requiring the use of non-renewable energy sources. These environmental benefits have led major countries to focus their efforts on the development of renewable energy sources in general, and geothermal energy, specifically. As such, Ormat has and continues to see significant economic benefits from its business activities, allowing the Company to

issue profitable stock offerings and become a publicly traded Company on leading stock exchanges, such as the Tel Aviv Stock Exchange (TASE) since 1991⁹⁴ and the New York Stock Exchange (NYSE) since 2004.⁹⁵ In addition, Ormat is part of the following indices: CRSP, Dow Jones, FTSE, Morningstar, MSCI, NASDAQ, Russell 2000, 2500 and 3000, S&P, TASE, Wilshire 5000, WisdomTree and WisdomTree U.S.

Our electricity segment is the core of our business, accounting for 71 percent of our total revenues. The vast majority of revenue from this segment originates in the United States - 60 percent - with the remaining 40 percent coming from the rest of the world. According to the International Geothermal Association (IGA), geothermal power is generated in 27 countries with a total installed power generation capacity of 14,600 MW as of the end of 2018.⁹⁶ Having realized the importance of renewable energy, including geothermal alternatives, various governments have been preparing regulatory frameworks and policies, and providing incentives to develop the sector, which Ormat views as a positive opportunity for its business. In addition and in the United States in particular, a number of states and territories have renewable portfolio goals or laws that encourage or require utilities to generate or buy a percentage of their electricity from renewable energy or recovered energy sources.

In addition to our geothermal power generation activities, we pursue relevant recovered energy-based power generation opportunities in North America and other locations. We believe recovered energy-based power generation (known as "REG" in other Company publications) will ultimately benefit from the efforts to reduce GHG emissions. We have built 23 power

plants that generate electricity utilizing "waste heat" from gas turbine-driven compressor stations along interstate natural gas pipelines, from midstream and gas processing facilities, and from other applications. A number of U.S. states, and to a certain extent the federal government, have recognized the environmental benefits of recovered energy-based power generation, with a number of states allowing utilities to include recovered energy-based power generation in calculating their compliance with renewable portfolio goals and incentives.

Generally, there is an increase in the use of renewable energy solutions due to various tax incentives for utilities, as well as the decline in the price of renewable solutions, such as for Solar PV. However, one of the biggest challenges in the deployment of effective renewable energy solutions is that the supply can be unstable (due to environmental or atmospheric conditions). As a result, energy management, and especially energy storage, is becoming a key component in the future electrical grid, which is why Ormat is actively investing in the deployment and development of energy storage and management solutions. The Company's first real step into the energy storage and management market was the acquisition of Viridity Energy Inc.

As a central player in the geothermal and renewable energy markets through our diverse global presence, we plan to continue to develop our business and seek out relevant opportunities to improve our economic performance for shareholders, while also making meaningful and effective contributions to the renewable energy market. Our business strategy is outlined below.

OUR BUSINESS STRATEGY

Our strategy is to continue building a geographically balanced portfolio of geothermal and recovered energy

91 <https://www.ormat.com/Warehouse/userUploadFiles/Image/Insider%20Trading%20Policy.pdf>

92 The guidelines for ethical conduct were originally set when Ormat was established in 1965 as Ormat Turbines Ltd. (later renamed Ormat Industries). They were formalized in 2004 when Ormat was officially listed for trading on the New York Stock Exchange.

93 www.ormat.com/Warehouse/userUploadFiles/Image/CODE%20OF%20BUSINESS%20CONDUCT%20AND%20ETHICS.pdf

94 Under the ticker "ORA".

95 Under the ticker "ORA".

96 <https://www.geothermal-energy.org/beyond-electricity-geothermal-energy-development-is-picking-up/>

assets, and to continue to be a leader in the geothermal energy market with the objective of becoming a leading global provider of renewable energy. Since 2015, we have implemented a number of the elements of a new multi-year strategic plan. The strategic plan was approved and is consistently reviewed in consultation with Ormat's senior management team. The strategic plan is developed based on an understanding of our risks and opportunities – an assessment that is conducted with assistance from external consultants – and our professional expertise and knowledge about the renewable energy market. We expect the plan to evolve over time in response to market conditions and other factors.

MANAGEMENT OF ECONOMICS AND FINANCE AT ORMAT

The topics of economics and finance at Ormat is managed by the Company's Chief Executive Officer, Chief Finance Officer and the Finance Department's managers and employees. These individuals are responsible for reporting to the Board of Directors and shareholders, through our Investor Relations department regarding Ormat's economic performance and regarding any relevant financial issues. Furthermore, and together with management, these individuals are responsible for preparing Ormat's annual, quarterly and periodic financial and annual reports that are filed with the Securities and Exchange Commission (SEC). All of our SEC filings, including the Company's 10K, 10Q and other relevant documents are available to the public both on the [SEC website](https://www.sec.gov/)⁹⁷ and on our [Investor Relations page](https://investor.ormat.com/Doc/Index?did=50940528).⁹⁸

Our shareholders are consistently provided with current and exact

information on our economic and financial performance. We regularly hold earnings calls that all of our global shareholders can access online along with the Company's earnings call presentation. In addition, our Investor Relations team issues email notifications, alerts and news regarding Ormat's financial performance or any major Company events on a regular basis through a list of registered subscribers. In all of our communication and interaction with shareholders, we aim to provide top-of-the-line service while adequately and appropriately addressing their requests.

ECONOMIC PERFORMANCE IN 2018

In 2018, Ormat continued to experience strong revenues and operational growth. Overall, total revenues from all segments increased by approximately US\$ 26 million – representing an increase of approximately 4 percent compared to our revenues in 2017. These advances are built on our well-established energy assets with long-term PPAs through which we sell electricity primarily to large utility clients and the provision of advanced energy management and storage solutions.

During 2018, the electrical generating capacity of facilities that we own and operate expanded by approximately 115 MW from 795 MW at YE 2017 to 910 MW, representing a growth rate of nearly 15 percent in our generating capacity. The growth in the electricity segment is due to a number of factors, namely the completion of a number of expansion projects in our existing geothermal power plants, such

as a major expansion of third phase at our McGinness Hills complex increasing the complex capacity by 48MW to a total of 140MW, expansion at our Olkaria III complex in Kenya that increased the generating capacity by 11 MW to a total of 150 MW, and the completion of the third phase at the Sarulla complex in Indonesia that allowed the plant to reach its full generating capacity of 330 MW. The expansion and improvement of our existing power plants contributes to helping us achieve our strategic goals, but also significantly contributes to our revenues and economic success over time.

The data presented in the table below details the direct economic value generated, distributed and retained by the Company in 2017-2018. More information and data regarding our financial performance can be found in our Annual Report filed with the SEC for 2018, which can be accessed at the following [link](#).⁹⁹

| Direct economic value generated, distributed and retained (USD\$ thousands) | 2018 (US\$ thousands) | 2017 (US\$ thousands) |
|---|-----------------------|-----------------------|
| Revenue ¹⁰⁰ (sales and other income) | 719,267 | 692,812 |
| Operating costs (excluding employee-related expenses) ¹⁰¹ | 269,323 | 260,383 |
| Employee wages and benefits ¹⁰² | 113,343 | 108,043 |
| Payments to providers of capital ¹⁰³ | 80,698 | 60,995 |
| Payments to governments, by country ¹⁰⁴ | 18,023 | 21,878 |
| Community investments | 726 | 236 |
| Economic Value Distributed | 482,118 | 451,535 |
| Economic Value Retained | 237,149 | 241,277 |

The following presents our net revenues for 2017-2018, comparatively, according to geographical location.

| Location | 2018 (US\$ thousands) | 2017 (US\$ thousands) |
|---------------------------|-----------------------|-----------------------|
| United States | 328,606 | 301,132 |
| Kenya | 119,094 | 110,243 |
| Turkey | 168,699 | 125,166 |
| Guatemala | 27,975 | 27,991 |
| Other foreign countries | 74,893 | 128,280 |
| Consolidated Total | 719,267 | 692,812 |

¹⁰⁰ "Revenue" is defined as net sales plus revenues from financial investments and sales of assets. For Ormat, revenues are generated from our electricity, product and other segments. Net sales is calculated as gross sales from products and services minus returns, discounts and allowances.

¹⁰¹ "Operating costs" refers to operating expenses including cost of revenues, research and development (R&D), selling and marketing, and general and administrative expenses.

¹⁰² "Employee wages and benefits" refers to total payroll and social benefits less non-operating expenses such as the amortization of employees' stock options.

¹⁰³ "Payments to providers of capital" refers to interest net of interest capitalized and cash dividends paid.

¹⁰⁴ "Payments to governments, by country" refers to income taxes, net paid by Ormat. Ormat has not reported this data according to country in the current report, but plans to do so in forthcoming reports. Ormat did not pay any penalties in 2018 or 2017.

⁹⁷ <https://www.sec.gov/>

⁹⁸ <https://investor.ormat.com/Docs>

⁹⁹ <https://investor.ormat.com/Doc/Index?did=50940528>

OUR RISK MANAGEMENT APPROACH

As a global Company and publicly traded entity, we place equal weight on the management of pertinent risks and the pursuit of relevant revenue generation opportunities. Our executive management team works in close cooperation with all of our major operational locations to identify and deal with relevant risks and to implement appropriate methodologies for addressing such risks.

As such, our risk management process has several key levels of analysis: by our project teams and major operations; by Company management and through assignment of responsibilities; through our management of know-how and skills relevant to the various disciplines that help us achieve our targets as a vertically-integrated Company; and through other relevant controls and measures for our business, such as audit and regulatory functions.

Our methodology for identifying relevant risks involves mapping the control environment of our corporate and business infrastructure including the main activities that we pursue. Our business units are categorized and mapped into several tiers, and within these tiers we map relevant business processes. In order to understand relevant risks for each of these processes, we develop risk ranking criteria that look at both the level of impact and the likelihood of occurrence. Based on this system, we conduct our risk assessment among the various business units and operations through either meetings with the process owners or through questionnaires and distribution of a list of risks to relevant parties. The identified risks are further ranked and validated by the process owners and relevant members of management resulting in a risk profile and priorities (per business unit/business process), eventually resulting in our plan for

management of those risks.

Relevant Risks

Our main business risks are detailed in our 10Q report filed with the SEC. Our 10Q report for 2018 can be accessed at the following [link](#).¹⁰⁵

We consider potential risks from climate change and to the environment according to the precautionary approach for risk management with regards to our products and services.¹⁰⁶ In identifying relevant risks from climate change that could potentially result in substantive changes to our operations, revenue, and expenditures, we seek to minimize these risks and address them either through our model of engagement, physical infrastructure and operations, or in the on-going management and operations of our plants and our Company.

Based on our assessment as of 2018, Ormat is not exposed to any special physical risk from climate change as the power plant's productivity is not expected to be materially affected as a result of climate change. Our equipment is designed to withstand extreme weather events and is largely independent and isolated from weather-related impacts. Furthermore, as a resource, geothermal energy is not dependent on weather-related impacts as its heat source is located underground; however, rising ambient temperatures due to climate change-related impacts may have effects on electricity generation capacity in geothermal units. Additionally, Recovered Energy units may be affected when winter temperatures are higher than average as it reduces the gas flow and, like all structures, power plants are likely to be affected by extreme weather occurrences such as hurricanes and tornadoes, which are unavoidable. With regards to rising sea levels, almost all of our power plants are located in areas that are not expected

to be affected by rising sea levels.

In terms of risk management in the geothermal exploration process, Ormat's Resource Department is comprised of an experienced team of geologists, geophysicists and engineers who are dedicated to assessing, exploring, developing and managing geothermal reservoirs in the context of our projects or potential projects. The risk management process for the exploration phase begins with in-depth research on the geothermal reservoir including where the reservoir is located in the potential plant area in order to identify and assess early in the process potential physical, social or environmental risks. If a site is deemed to be relevant, the Resource Department begins the surface exploration process at the site whereby they initiate drilling in slim holes to determine the exact location of the geothermal reservoir and where to locate the plant. At each stage of the process, the Resource Department and Business Development teams assess the level of anticipated risk from pursuit of the geothermal resource as compared to the actual geothermal resource available and the potential for energy generation.

LOANS AND FINANCIAL ASSISTANCE RECEIVED FROM GOVERNMENTS AND DEVELOPMENT BANKS

Ormat interacts directly with governments, their agencies and development banks in the context of constructing and operating our power plants around the world. Our methods and types of communication and engagement with government entities varies based on the legal and regulatory framework in the relevant country,

as well as the economic structure of the electricity generation market in that country.

There are a number of governmental incentives, such as tax benefits or subsidies, for renewable energy generation that contribute to the attractiveness of our solutions. Ormat is also granted relevant tax benefits due to its development of the renewable energy sector. More information and a full assessment of the relevant tax benefits is available in our Annual Report at the following [link](#).¹⁰⁷

Aside from tax benefits, a number of Ormat's projects are funded with financial incentives and loans from prominent government and multilateral backed development financial institutions, such as the Overseas Private Investment Corporation (OPIC), the German Investment Corporation (DEG),¹⁰⁸ the Clean Technology Fund ("CTF"), and the Asian Development Bank.

Details on the projects and the loans:

| Name of Entity | Type of Financing | Project |
|---------------------------|--|--|
| OPIC | Project finance loan | Platanares, Honduras |
| OPIC | Senior secured project finance loan | Olkaria III & IV |
| DEG | Credit agreement | Olkaria III, Kenya |
| U.S. DOE | Project finance loan - ARRA Section 1603 | Neal Hot Springs, Oregon, U.S. |
| U.S. DOE and John Hancock | Project finance loan ARRA Section 1705 | OFC-2 Geothermal Portfolio, Nevada, U.S. |

Ormat does not directly receive government grants and benefits from governments. Instead the subsidiary companies that are established in order to run and operate our power plants are able to receive subsidies from governments. More information on the relevant incentives received by our subsidiary companies can be found in the Annual Report at the following [link](#).¹⁰⁹

In the vast majority of cases governments and governmental entities are not part of Ormat's shareholding structure. As of 2018, the only case was the Zunil power plant, in

which the national electrical Company of Guatemala, Instituto Nacional de Electrificación (INDE), owned three percent.

DEVELOPING RENEWABLE ENERGY AND CRITICAL INFRASTRUCTURE

The presence of Ormat's operations around the world, including in various developing countries, has an inherently positive impact on environmental, economic and social levels, in that the projects provide a valuable source of renewable energy to support the country's infrastructure development,

create jobs and strengthen the country's energy sector by helping to diversify its energy sources and move away from fossil-fuel to renewable energy and non-renewable domestic sources.

Furthermore, and as outlined in the "Supporting and Shaping Sustainable Communities and Futures" Chapter of this report, in every location where Ormat operates, our presence has generated significant positive impacts through the creation of economic opportunities, development and employment benefits. For instance, geothermal energy provides numerous benefits to the U.S.

¹⁰⁵ <https://investor.ormat.com/Cache/399112405.pdf>

¹⁰⁶ The precautionary approach was introduced by the United Nations in Principle 15 of 'The Rio Declaration on Environment and Development'. It states: 'In order to protect the environment, the precautionary approach shall be widely applied by States according to their capabilities. Where there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation.'

¹⁰⁷ <https://investor.ormat.com/Doc/Index?did=50940528>

¹⁰⁸ Deutsche Investitions- und Entwicklungsgesellschaft.

¹⁰⁹ <https://investor.ormat.com/Doc/Index?did=50940528>

economy, as was outlined in a recent report by the Geothermal Energy Association (GEA).¹¹⁰ According to the report, the economic benefits of a typical 30 MW geothermal plant can provide about US\$150-225 million in inbound capital investment, create about 50 long-term jobs in order to operate the plant, resulting in surpluses in property taxes and royalties to the land owners as well as other social and economic benefits for the local community.

Furthermore, and starting from the exploration phase for geothermal resources, Ormat attempts to assess

the level of critical infrastructure - including roads and electricity transmission lines - that is needed in order to implement the project. This infrastructure remains a valuable resource for local communities regardless of the existence of the project, such as is the case with the development of local roads, water and electricity distribution systems.

In addition to these significant indirect economic impacts, we play an active role in communities local to all our operations, including through philanthropic contributions and various community development

activities as detailed above in the “Supporting and Shaping Sustainable Communities and Futures” Chapter.

ENVIRONMENTAL REGULATIONS SUPPORTING OUR BUSINESS

As a renewable energy Company, Ormat adheres to and benefits from a number of regulations that promote renewable energy either through different incentive models, and increasingly, by requiring the use of renewable energy in countries’ energy mixes.

Some of the relevant environmental laws, regulations and incentives in our countries of operation are outlined in the below table.¹¹¹

| Location | Relevant Environmental Regulations |
|---------------|---|
| United States | <ul style="list-style-type: none"> Public Utility Regulatory Policies Act (PURPA) Public Utility Holding Company Act (PUHCA) Federal Power Act (FPA) California Environmental Quality Act National Environmental Policy Act (NEPA) |
| Guatemala | <ul style="list-style-type: none"> General Electricity Law of 1996, Decree 93-96 Technical Norms for the Connection, Operation, Control and Commercialization of Renewable Distributed Generation and Self-producers Users with Exceeding Amounts of Energy |
| Kenya | <ul style="list-style-type: none"> Kenyan Energy Act |
| Honduras | <ul style="list-style-type: none"> Law of Electrical Industry (Decree 404-2013) Law of Incentives for Renewable Energy Projects |

ORMAT’S SUPPLY CHAIN & PROCUREMENT PRACTICES

As a global Company with operations in a number of different countries, Ormat has a diverse and dispersed supply chain that we responsibly manage through our Procurement Department. The Procurement Department is responsible for selecting, managing and assessing our supply chain as well as determining the conditions for working with various suppliers.

Ormat engages with suppliers and subcontractors for two main purposes: for provision of materials, parts and services in manufacturing through our Procurement Department and for the construction, operation and maintenance of our power plants around the world. In addition, Ormat engages a small amount of service providers - such as lawyers, consultants and accountants - who advise Company management and the Board of Directors on certain issues.

As such, Ormat’s supply chain consists of four different types of suppliers: electrical parts suppliers, suppliers of materials, suppliers of parts and service providers. As of 2018, Ormat worked with approximately 4,800 different suppliers. Ormat did not experience any significant changes to the organization that affected its supply chain in 2018.

Furthermore, our Company has operations in over ten different countries, and as a result, we work with suppliers from around the world. Where possible, Ormat encourages and seeks out opportunities to work with local suppliers. However, due to

the technical specifications that are inherent in the construction of complex geothermal and Recovered Energy power plants, we are often required to import materials, parts and supplies that are not typically manufactured locally.

We categorize our work with suppliers according to the level of spend with the supplier over the fiscal year. As such, Ormat encourages work with smaller suppliers that are categorized by the Procurement Department according to the level of spend and volume of business.

Our “Code of Business Conduct and Ethics” outlines our guidelines for directors, officers and employees that deal with or come into direct contact with suppliers. Some of the conditions that we outline include avoiding conflicts of interest in dealing with suppliers, relevant anti-trust considerations and maintaining the confidentiality of our terms and conditions with suppliers and our expectation of directors, officers and employees to deal fairly with suppliers. Furthermore, in our “Integrated Quality, Environment, Health & Safety System Policy”, we outline our commitment to treating our suppliers, subcontractors and business partners with the utmost respect, while also assessing, in general, that those suppliers, subcontractors and business partners uphold relevant social, environmental and health and safety standards for their employees.

Ormat has adopted a Conflict Minerals Policy, in compliance with the SEC’s Dodd-Frank Wall Street Reform and Consumer Protection Act (known as “the Conflict Minerals Rule”). Our Conflict Minerals Policy, available at the following [link](#)¹¹², defines principles,

commitments and expectations that extend to Ormat’s partners, subcontractors and suppliers, with the intention of identifying, to the best of our ability and knowledge, sources of the relevant minerals under the Conflict Minerals Rule, i.e. tin, tantalum, tungsten and gold, in the components and materials supplied to us and which are necessary to the production or functionality of our products. Our policy fully supports the intention of the Conflict Minerals Rule, which is not to economically disadvantage areas of conflict in the Democratic Republic of Congo and surrounding countries, but rather to significantly reduce or eliminate funding of armed groups that have a record of human rights abuses in the region. As such, we have an expressed commitment to human rights and our understanding of the impact of our activities is realized in our continued efforts to perform effective due diligence on the sourcing practices within our supply chain. Our due diligence processes are materially based on the internationally-recognized Conflict Minerals due diligence framework introduced by the Organization for Economic Cooperation and Development (OECD). A full description of our Conflict Minerals due diligence activities can be found at our website at the following [link](#).¹¹³

¹¹⁰ Source: <http://www.geo-energy.org/reports/2017/GEOTHERMAL%20IS%20GOOD%20FOR%20AMERICA.pdf>
¹¹¹ More information on the environmental regulations that Ormat adheres to are outlined in our Annual Report (Form 10-K).

¹¹² <https://www.ormat.com/Warehouse/userUploadFiles/Image/Ormat%20Conflict%20Minerals%20Policy.pdf>
¹¹³ <https://investor.ormat.com/Doc/Index?did=52115999>

PROVIDING EXCELLENT AND RELIABLE CUSTOMER SERVICE

Ormat is the world's only vertically-integrated geothermal Company and we are responsible for exploring, drilling, designing, building, manufacturing, owning, financing and operating geothermal power plants. Our customers benefit from our modular, flexible approach and our extensive experience in applying a variety of different products and solutions – all designed for simple transportation, installation, operation and ongoing maintenance. Ormat has a proven, reliable track record of delivering on-time, on-budget and with optimal technical solutions. We manufacture most of the power generating unit equipment componentry used in our power plants. We acquire any equipment we do not build ourselves from selected, top-quality, trusted suppliers. Ormat is ISO 9001 and ISO14001 certified, with our manufacturing facilities also meeting the high standards of the American Society of Mechanical Engineers (ASME) and the European Pressure Equipment Directive (PED). Many electric utilities around the world have also recognized Ormat as an approved supplier. Ormat's design and manufacturing standard meets the requirements of the applicable European Commission directives and therefore we are entitled to carry the CE marking that denotes conformity with health, safety and environmental protection standards for products sold within the European Economic Area.

Due to Ormat's nature as a vertically-integrated Company, we have a number of points of contact

with our various customers and we work to provide them at all times with excellent and reliable customer service.

Customer service at the Company is managed by our Customer Service Group, which is part of the Business Development and Sales Group. Our Customer Service department collects, addresses and manages relevant requests from our various customers around the world. It is important to note that Ormat prides itself on its strong base of repeat customers, which is due to the strength of our energy solutions and technology and the quality of our customer service relations that is characterized by regular and productive communications with customers.

Some of these methods of communication include:

- Continuous contact with direct customer service representatives - each customer has direct contact to the team which they can contact at any time for any issue that might arise. Also, team members periodically initiate contact with each of their customers to maintain ongoing dialog.
- Newsletters - we regularly publish newsletters in which we suggest recommendations for different types of improvements to products and services (for example, for increasing the efficiency and generating capacity of our plants).
- Workshops - Ormat organizes and hosts several different client workshops in different countries periodically. The workshop aims to address different issues such as improvements in operations, project management, construction and trends and innovations in Ormat's technology. One example in 2018 was our first annual Turkey Geothermal

Users Workshop, attended by over 50 representatives (operational managers, maintenance managers and senior operators) of the 35 power plants Ormat supplied in the country.

- General customer service requests - we answer general requests submitted through other channels such as ones directed to our international Customer Service department through our website on the "Contact Us" page which offers an online form and other forms of contact:

Address | Ormat Technologies Inc., 6140 Plumas Street, Reno, NV 89519-6075, U.S.

Tel +1-775-356-9029

Fax +1-775-356-9039

Email info@ormat.com

Ormat's policy is to address all of customer service requests in a timely and adequate manner so as to ensure the continued satisfaction of our global customer base.

DATA PRIVACY AND CYBERSECURITY FOR OUR STAKEHOLDERS

Ormat is committed to ensuring the data privacy of all its directors, officers, employees, customers and other relevant stakeholders. We have data privacy and cybersecurity policies, as well as an "Electronic Communication Policy" that manages all of the security procedures for Ormat's internal stakeholders. The referred to policy includes our expectations of employees regarding use of Company equipment, authorized use of identification information, password policies, and how electronic messaging and documents should be properly handled. The policy is enforced by our Information Technology department and all internal stakeholders are requested to acknowledge the policy in the context of their employment with Ormat.

In addition, we work to ensure that all of our information technology systems are secured in terms of their cybersecurity aspects. Ormat has an advanced policy for managing cybersecurity risks that is overseen by the Company's Information Technology department. In our risk management strategy, we take into account threats and vulnerabilities in information, information technology and communications systems that we use on a regular basis to deliver our products and services, facilities or other assets that are a part of our cyber-infrastructure, and outlines guidelines for cybersecurity management in the Company. As a result, Ormat did

not experience any significant breaches or cybersecurity events, nor did the organization receive any substantiated complaints regarding breaches of customer data or privacy, in 2018.

CHAPTER VII. GRI CONTENT INDEX



Content Index
Ormat Technologies, Inc.

Sep 2019
Service

For the GRI Content Index Service, GRI Services reviewed that the GRI content index is clearly presented and the references for all of the disclosures included align with the appropriate sections in the body of the report.



*Tungsten Mountain geothermal power plant,
NV, U.S., 27 MW*

| GRI Standards | Disclosure | Page Number/Chapter Name/Link | Omission |
|-----------------------------------|---|---|----------|
| GRI 101: Foundation 2016 | | | |
| General Disclosures | | | |
| Organizational Profile | | | |
| GRI 102: General Disclosures 2016 | 102-1: Name of the organization | 'Ormat: What We Do' (pg. 12) | |
| | 102-2: Activities, brands, products and services | 'Ormat at a Glance' (pgs. 8-9), 'Ormat: What We Do' (pg. 12), 'About Our Business' (pg. 12), 'Geothermal Power Plants' (pg. 13), 'Recovered Energy Power Plants' (pg. 13), 'Storage & Energy Management' (pg. 13), 'Our History and Key Experience' (pg. 14), 'Mitigating Climate Change Risks While Encouraging Renewable Energy Solutions' (pg. 34), 'About Our Geothermal Solutions' (pg. 34), 'About Our Recovered Energy Solutions' (pg. 36), 'About Our Energy Storage and Energy Management Solutions' (pg. 38), 'About Our Business' (pg. 93) | |
| | 102-3: Location of headquarters | 'Ormat at a Glance' (pgs. 8-9), 'Our History and Key Experience' (pg. 14) | |
| | 102-4: Location of operations | 'Ormat Presence' (pgs. 10-11), 'Our History and Key Experience' (pg. 14), 'Information Boundaries of This Report' (pg. 30) | |
| | 102-5: Ownership and legal form | 'Ownership Structure' (pg. 14), 'Beneficial Ownership' (pgs. 14-15) | |
| | 102-6: Markets served | 'Ormat at a Glance' (pgs. 8-9), 'Ormat Presence' (pgs. 10-11), 'Ormat: What We Do' (pg. 12), 'About Our Business' (pg. 12), 'Our History and Key Experience' (pg. 14), 'Our Customers' (pg. 14), 'About Our Business' (pg. 93), 'Our Business Strategy' (pgs. 93-94) | |
| | 102-7: Scale of the organization | 'Ormat at a Glance' (pgs. 8-9), 'Ormat Presence' (pgs. 10-11), 'Net Revenues by Geographical Location and Business Segment' (pg. 12), 'Our Employment Framework' (pgs. 58-59), 'Economic Performance in 2018' (pgs. 94-95) | |
| | 102-8: Information on employees and other workers | 'Ormat at a Glance' (pgs. 8-9), 'Our Employment Framework' (pgs. 58-59), 'Equality in Employment at Ormat' (pgs. 59-61), 'Subcontractors' (pg. 61) | |

| GRI Standards | Disclosure | Page Number/Chapter Name/Link | Omission |
|-----------------------------------|---|---|----------|
| GRI 102: General Disclosures 2016 | 102-9: Supply chain | 'Ormat's Supply Chain & Procurement Practices' (pg. 99), 'Subcontractors' (pg. 61) | |
| | 102-10: Significant changes to the organization and its supply chain | 'Ormat's Supply Chain & Procurement Practices' (pg. 99) | |
| | 102-11: Precautionary principle or approach | 'Our Risk Management Approach' (pg. 96), 'Relevant Risks' (pg. 96) | |
| | 102-12: External initiatives | 'External Initiatives' (pg. 24) | |
| | 102-13: Membership of associations | 'Ormat's Memberships of Association' (pg. 24) | |
| Strategy | | | |
| GRI 102: General Disclosures 2016 | 102-14: Statement from senior decision-maker | 'Generating for Generations' (pg. 4) | |
| Ethics and Integrity | | | |
| GRI 102: General Disclosures 2016 | 102-16: Values, principles, standards and norms of behavior | 'An Organization Shaped by Values' (pgs. 16-17), 'Our Five Core Values' (pgs. 16-17), | |
| | 102-17: Mechanisms for advice and concerns about ethics | 'Our People: Employment and Skill Development at Ormat' (pg. 58), 'Our Corporate Governance Guidelines' (pgs. 86-87), 'Ensuring a Corruption-Free Work Environment' (pg. 91), 'Whistleblower Policy' (pg. 92) | |
| Governance | | | |
| GRI 102: General Disclosures 2016 | 102-18: Governance structure | Ormat's Corporate Governance Structure' (pg. 87), 'Ormat's Board of Directors' (pgs. 87-88), 'Ormat's Board of Directors Committees' (pg. 88), 'Ormat's Executive Management' (pg. 89) | |
| | 102-23: Chair of the highest governance body | 'Ormat's Board of Directors' (pgs. 87-88) | |
| | 102-26: Role of the highest governance body in setting purpose, values and strategy | 'Ormat's Corporate Governance Structure' (pg. 87), 'Ormat's Board of Directors' (pgs. 87-88) | |
| | 102-33: Communicating critical concerns | 'Whistleblower Policy' (pg. 92) | |

| GRI Standards | Disclosure | Page Number/Chapter Name/Link | Omission |
|-----------------------------------|--|--|----------|
| Stakeholder Engagement | | | |
| GRI 102: General Disclosures 2016 | 102-40: List of stakeholder groups | 'Stakeholder Groups Engaged by the Organization' (pg. 18) | |
| | 102-41: Collective bargaining agreements | 'Collective Bargaining Agreements' (pg. 61) | |
| | 102-42: Identifying and selecting stakeholders | 'Knowing Our Impacts - Stakeholder Engagement Strategy' (pgs. 18-19), 'Our Stakeholders' Key Interests and Concerns' (pg. 20), 'Our Strategy - Defining What's Material to Ormat' (pg. 21), 'Supporting and Shaping Sustainable Communities and Futures' (pgs. 74-75) | |
| | 102-43: Approach to stakeholder engagement | 'Our Approach to Stakeholder Engagement' (pgs. 18-19), 'Our Stakeholders' Key Interests and Concerns' (pg. 20), 'Our Strategy - Defining What's Material to Ormat' (pg. 21), 'Supporting and Shaping Sustainable Communities and Futures' (pgs. 74-75) | |
| | 102-44: Key topics and concerns raised | 'Our Stakeholders' Key Interests and Concerns' (pg. 20), 'Our Strategy - Defining What's Material to Ormat' (pg. 21), 'Our Strategic Sustainability Commitments and Sustainability Plan' (pgs. 25-27), 'Supporting and Shaping Sustainable Communities and Futures' (pgs. 74-75) | |
| Reporting Practice | | | |
| GRI 102: General Disclosures 2016 | 102-45: Entities included in the consolidated financial statements | 'About This Report' (pg. 30), 'Information Boundaries of This Report' (pg. 30) | |
| | 102-46: Defining report content and topic Boundaries | 'About This Report' (pg. 30), 'Information Boundaries of This Report' (pg. 30) | |

| GRI Standards | Disclosure | Page Number/Chapter Name/Link | Omission |
|--|--|--|----------|
| GRI 102: General Disclosures 2016 | 102-47: List of material topics | 'Our Strategy - Defining What's Material to Ormat' (pg. 21) | |
| | 102-48: Restatements of information | 'About This Report' (pg. 30) | |
| | 102-49: Changes in reporting | 'About This Report' (pg. 30) | |
| | 102-50: Reporting period | 'About This Report' (pg. 30) | |
| | 102-51: Date of most recent report | 'About This Report' (pg. 30) | |
| | 102-52: Reporting cycle | 'About This Report' (pg. 30) | |
| | 102-53: Contact person for questions regarding the report | 'Contact Point for Questions Regarding This Report' (pg. 30) | |
| | 102-54: Claims of reporting in accordance with the GRI Standards | 'About This Report' (pg. 30) | |
| | 102-55: GRI content index | 'GRI Content Index' (pg. 102) | |
| 102-56: External assurance | 'About This Report' (pg. 30) | | |
| Material Topics | | | |
| GRI 200 Economic Standards Series | | | |
| Economic Performance | | | |
| GRI 103: Management Approach 2016 | 103-1: Explanation of the material topic and its Boundaries | 'About Our Business' (pg. 93) | |
| | 103-2: The management approach and its components | 'About Our Business' (pg. 93), 'Management of Economics and Finance at Ormat' (pg. 94) | |
| | 103-3: Evaluation of the management approach | 'About Our Business' (pg. 93), 'Our Business Strategy' (pgs. 93-94), 'Our Risk Management Approach' (pg. 96) | |

| GRI Standards | Disclosure | Page Number/Chapter Name/Link | Omission |
|--|--|--|--|
| GRI 201: Economic Performance 2016 | 201-1: Direct economic value generated and distributed | 'Economic Performance in 2018' (pgs. 94-95) | |
| | 201-4: Financial assistance received from government | 'Loans and Financial Assistance Received from Governments and Development Banks' (pg. 97) | Total monetary value of financial assistance received by the organization from any government during the reporting period. This data is omitted due to confidentiality constraints as government entities are clients or parties otherwise involved in Ormat's renewable energy projects. Therefore, the Company considers some of the information required by the standard to be proprietary information that has strategic value and therefore it is not disclosed. |
| Innovation in Products & Services | | | |
| GRI 103: Management Approach 2016 | 103-1: Explanation of the material topic and its Boundaries | 'Our Strategic Sustainability Commitments and Sustainability Plan' (pgs. 25-27), 'About Our Business' (pg. 93) | |
| | 103-2: The management approach and its components | | The management approach and its components for this material issue were not provided as quality information was unavailable . We intend to expand on our approach to this material issue in forthcoming reports. |
| | 103-3: Evaluation of the management approach | | The management approach and its components for this material issue were not provided as quality information was unavailable . We intend to expand on our approach to this material issue in forthcoming reports. |
| Non-GRI Material Topic | Ensuring innovation in products & services that Ormat offers its customers | 'Our Strategic Sustainability Commitments and Sustainability Plan' (pgs. 25-27) | |

| GRI Standards | Disclosure | Page Number/Chapter Name/Link | Omission |
|---|---|--|----------|
| Reliability of Ormat's Service | | | |
| GRI 103: Management Approach 2016 | 103-1: Explanation of the material topic and its Boundaries | 'Providing Excellent and Reliable Customer Service' (pg. 100) | |
| | 103-2: The management approach and its components | 'Providing Excellent and Reliable Customer Service' (pg. 100) | |
| | 103-3: Evaluation of the management approach | 'Providing Excellent and Reliable Customer Service' (pg. 100) | |
| Non-GRI Material Topic | Reliability of Ormat's Service | 'About Our Geothermal Solutions' (pg. 34), 'About Our Recovered Energy Solutions' (pg. 36), 'About Our Energy Storage and Energy Management Solutions' (pg. 38), 'Providing Excellent and Reliable Customer Service' (pg. 100) | |
| Customer Service | | | |
| GRI 103: Management Approach 2016 | 103-1: Explanation of the material topic and its Boundaries | 'Providing Excellent and Reliable Customer Service' (pg. 100) | |
| | 103-2: The management approach and its components | 'Providing Excellent and Reliable Customer Service' (pg. 100) | |
| | 103-3: Evaluation of the management approach | 'Providing Excellent and Reliable Customer Service' (pg. 100) | |
| Non-GRI Material Topic | Customer Service | 'Our Approach to Stakeholder Engagement' (pgs. 18-19), 'Our Stakeholders' Key Interests and Concerns' (pg. 20), 'Providing Excellent and Reliable Customer Service' (pg. 100) | |

| GRI Standards | Disclosure | Page Number/Chapter Name/Link | Omission |
|---|---|---|--|
| Market Presence | | | |
| GRI 103: Management Approach 2016 | 103-1: Explanation of the material topic and its Boundaries | 'An Organization Shaped by Local Employment' (pg. 65) | |
| | 103-2 The management approach and its components | 'An Organization Shaped by Local Employment' (pg. 65) | |
| | 103-3 Evaluation of the management approach | 'An Organization Shaped by Local Employment' (pg. 65) | |
| GRI 202: Market Presence 2016 | 202-2: Proportion of senior management hired from the local community | 'An Organization Shaped by Local Employment' (pg. 65) | |
| Indirect Economic Impacts | | | |
| GRI 103: Management Approach 2016 | 103-1: Explanation of the material topic and its Boundaries | 'Our People: Employment and Skill Development at Ormat' (pg. 58), 'Supporting and Shaping Sustainable Communities and Futures' (pgs. 74-75), 'About Our Business' (pg. 93) | |
| | 103-2: The management approach and its components | 'Our Goals and Guideposts' (pg. 74), 'Understanding and Uniqueness' (pg. 74), 'Social Action Plans' (pg. 74) | |
| | 103-3: Evaluation of the management approach | 'Listening Means Learning' (pg. 75) | |
| GRI 203: Indirect Economic Impacts 2016 | 203-1: Infrastructure investments and services supported | 'Developing Renewable Energy and Critical Infrastructure' (pgs. 97-98), 'Ormat's Contribution to the United Nations' Sustainable Development Goals (SDGs)' (pgs. 25-27), 'Supporting and Shaping Sustainable Communities and Futures' (pgs. 74-75), 'About Our Business' (pg. 93) | Extent of development of significant infrastructure investments and services supported. The organization does not disclose specific information regarding the size, cost and duration of each of its significant infrastructure investment projects or services provided due to confidentiality constraints . Ormat considers this proprietary information due to the fact that the development of renewable energy infrastructure projects is its core business. |

| GRI Standards | Disclosure | Page Number/Chapter Name/Link | Omission |
|---|---|--|----------|
| GRI 300 Environmental Standards Series | | | |
| Materials | | | |
| GRI 103: Management Approach 2016 | 103-1: Explanation of the material topic and its Boundaries | 'Waste, Material Management and Recycling' (pg. 48), 'Waste, Material Management and Recycling at Our Facilities and Power Plants' (pg. 48), 'Waste and Material Management at Our Manufacturing Facilities, Offices and Workshops' (pgs. 48-49), 'Waste and Material Management at Our Power Plants' (pg. 50) | |
| | 103-2: The management approach and its components | 'Waste, Material Management and Recycling' (pg. 48), 'Waste, Material Management and Recycling at Our Facilities and Power Plants' (pg. 48), 'Waste and Material Management at Our Manufacturing Facilities, Offices and Workshops' (pgs. 48-49), 'Waste and Material Management at Our Power Plants' (pg. 50) | |
| | 103-3: Evaluation of the management approach | 'Waste, Material Management and Recycling' (pg. 48), 'Waste, Material Management and Recycling at Our Facilities and Power Plants' (pg. 48), 'Waste and Material Management at Our Manufacturing Facilities, Offices and Workshops' (pgs. 48-49), 'Waste and Material Management at Our Power Plants' (pg. 50) | |
| GRI 301: Materials 2016 | 301-1: Materials used by weight or volume | 'Waste, Material Management and Recycling at Our Facilities and Power Plants' (pg. 48), 'Waste and Material Management at Our Manufacturing Facilities, Offices and Workshops' (pgs. 48-49), 'Waste and Material Management at Our Power Plants' (pg. 50) | |

| GRI Standards | Disclosure | Page Number/Chapter Name/Link | Omission |
|-------------------------------------|---|---|----------|
| Brine & Steam Management | | | |
| GRI 103: Management Approach 2016 | 103-1: Explanation of the material topic and its Boundaries | 'About Our Geothermal Solutions' (pg. 34), 'Management of the Geothermal By-Products and Water Resources' (pg. 45) | |
| | 103-2: The management approach and its components | 'About Our Geothermal Solutions' (pg. 34), 'Management of the Geothermal By-Products and Water Resources' (pg. 45) | |
| | 103-3: Evaluation of the management approach | 'About Our Geothermal Solutions' (pg. 34), 'Management of the Geothermal By-Products and Water Resources' (pg. 45) | |
| Non-GRI Material Topic | Brine & Steam Management | 'Ormat: What We Do' (pg. 12), 'About Our Geothermal Solutions' (pg. 34), 'Management of the Geothermal By-Products and Water Resources' (pg. 45), 'Safe Dealing with Hazardous Materials and Emergency Response Plans' (pg. 72) | |
| Energy | | | |
| GRI 103: Management Approach 2016 | 103-1: Explanation of the material topic and its Boundaries | 'Mitigating Climate Change Risks While Encouraging Renewable Energy Solutions' (pg. 34), 'Energy Use, Efficiency and Fuel Resource Management at Ormat' (pg. 43), 'Efforts to Improve Energy Efficiency' (pg. 44) | |
| | 103-2: The management approach and its components | 'Mitigating Climate Change Risks While Encouraging Renewable Energy Solutions' (pg. 34), 'Energy Use, Efficiency and Fuel Resource Management at Ormat' (pg. 43), 'Efforts to Improve Energy Efficiency' (pg. 44) | |
| | 103-3: Evaluation of the management approach | 'Efforts to Improve Energy Efficiency' (pg. 44) | |

| GRI Standards | Disclosure | Page Number/Chapter Name/Link | Omission |
|-----------------------------------|---|---|---|
| GRI 302: Energy 2016 | 302-1: Energy consumption within the organization | 'Energy Consumption in the Organization' (pg. 43) | Total fuel consumption within the organization from renewable sources. As of the publication of this report, the organization does not consume fuel from renewable sources and therefore this specific information is not applicable . Heating, cooling and steam energy consumption. The organization does not report this information as it is unavailable . The organization does not separately track energy expenditure for heating and cooling needs, and it does not produce steam in the process of its business activities. However, it accounts for portions of the stated energy expenditures in the total electricity consumption figures reported in context of 302-1e - Total energy consumption within the organization. Ormat is considering tracking this specific energy use data through its monitoring systems and reporting any relevant findings in the 2019 sustainability report. Heating, cooling and steam energy sold. The organization does not report this information as it is not applicable . As of the publication of this report, Ormat does not produce, and therefore does not sell, heating, cooling or steam at its facilities. Furthermore, Ormat does not have plans to venture into the sale or generation of heating, cooling or steam energy sources. |
| | 302-3: Energy intensity | 'Energy Intensity' (pg. 44) | |
| Encouraging Green Energy | | | |
| GRI 103: Management Approach 2016 | 103-1: Explanation of the material topic and its Boundaries | 'Our History and Key Experience' (pg. 14), 'Mitigating Climate Change Risks While Encouraging Renewable Energy Solutions' (pg. 34), 'About Our Geothermal Solutions' (pg. 34), 'About Our Recovered Energy Solutions' (pg. 36), 'About Our Energy Storage and Energy Management Solutions' (pg. 38) | |

| GRI Standards | Disclosure | Page Number/Chapter Name/Link | Omission |
|-----------------------------------|---|---|----------|
| GRI 103: Management Approach 2016 | 103-2: The management approach and its components | 'Our History and Key Experience' (pg. 14), 'Mitigating Climate Change Risks While Encouraging Renewable Energy Solutions' (pg. 34), 'About Our Geothermal Solutions' (pg. 34), 'About Our Recovered Energy Solutions' (pg. 36), 'About Our Energy Storage and Energy Management Solutions' (pg. 38) | |
| | 103-3: Evaluation of the management approach | 'About Our Business' (pg. 93), 'Environmental Regulations Supporting Our Business' (pg. 98) | |
| Non-GRI Material Topic | Encouraging Green Energy | 'Our History and Key Experience' (pg. 14), 'Mitigating Climate Change While Encouraging Renewable Energy Solutions' (pg. 34), 'About Our Energy Storage and Energy Management Solutions' (pg. 38), 'Emissions from Our Power Plants and Operations' (pg. 39), 'Our Goals and Guideposts' (pg. 74), 'About Our Business' (pg. 93), 'Our Business Strategy' (pg. 93), 'Economic Performance in 2018' (pgs. 94-95), 'Developing Renewable Energy and Critical Infrastructure' (pg. 97), 'Environmental Regulations Supporting Our Business' (pg. 98) | |

Water

| | | | |
|-----------------------------------|---|--|--|
| GRI 103: Management Approach 2016 | 103-1: Explanation of the material topic and its Boundaries | 'Biodiversity' (pg. 52), 'Our Risk Management Approach' (pg. 96) | |
| | 103-2: The management approach and its components | 'Biodiversity' (pg. 52), 'Our Risk Management Approach' (pg. 96) | |
| | 103-3: Evaluation of the management approach | 'Biodiversity' (pg. 52), 'Environmental Impact Assessments and Environmental Audits' (pg. 52), 'Our Risk Management Approach' (pg. 96) | |

| GRI Standards | Disclosure | Page Number/Chapter Name/Link | Omission |
|---------------------|-----------------------------------|--|---|
| GRI 303: Water 2016 | 303-1: Water withdrawal by source | 'Management of Water Resources in Our Operations' (pgs. 45-47), 'Impacts of Our Operations on the Local Hydrology and Aquifers' (pgs. 46-47) | Standards, methodologies, and assumptions used. As of the publication of this report, no standard method of estimation modeling was used for reporting the water quantities withdrawn as the organization has not implemented such methodologies. Therefore, the information is unavailable . However, Ormat plans to implement a standard method of water quantity estimation and modeling for all of its operational locations and power plants and to report on the methodologies used in the 2019 sustainability report. |

Biodiversity

| | | | |
|-----------------------------------|---|--|--|
| GRI 103: Management Approach 2016 | 103-1: Explanation of the material topic and its Boundaries | 'Biodiversity' (pg. 52), 'Our Risk Management Approach' (pg. 96) | |
| | 103-2: The management approach and its components | 'Biodiversity' (pg. 52), 'Our Risk Management Approach' (pg. 96) | |
| | 103-3: Evaluation of the management approach | 'Biodiversity' (pg. 52), 'Environmental Impact Assessments and Environmental Audits' (pg. 52), 'Our Risk Management Approach' (pg. 96) | |
| GRI 304: Biodiversity 2016 | 304-2: Significant impacts of activities, products, and services on biodiversity | 'Environmental Impact Assessments and Environmental Audits' (pg. 52) | |
| | 304-4: IUCN Red List species and national conservation list species with habitats in areas affected by operations | 'Environmental Impact Assessments and Environmental Audits' (pg. 52) | |

| GRI Standards | Disclosure | Page Number/Chapter Name/Link | Omission |
|--------------------------------------|---|--|---|
| Emissions | | | |
| GRI 103: Management Approach 2016 | 103-1: Explanation of the material topic and its Boundaries | 'Emissions from Our Power Plants and Operations' (pg. 39) | |
| | 103-2: The management approach and its components | 'Emissions from Our Power Plants and Operations' (pg. 39) | |
| | 103-3: Evaluation of the management approach | 'Emissions from Our Power Plants and Operations' (pg. 39), 'Emissions from Operations' (pg. 42) | |
| GRI 305: Emissions 2016 | 305-1: Direct (Scope 1) GHG emissions | 'Emissions from Our Power Plants and Operations' (pg. 39), 'Our Carbon Footprint and GHG Emissions Avoided' (pgs. 39-41) | The organization omitted 305-1c because it is not applicable , i.e. it was not included in our Scope 1 calculations as our activities do not involve the use of biomass and therefore there are no biogenic emissions. |
| | 305-2: Energy indirect (Scope 2) GHG emissions | 'Emissions from Our Power Plants and Operations' (pg. 39), 'Our Carbon Footprint and GHG Emissions Avoided' (pgs. 39-41) | |
| | 305-4: GHG emissions intensity | 'Our Carbon Footprint and GHG Emissions Avoided' (pgs. 39-41) | |

| GRI Standards | Disclosure | Page Number/Chapter Name/Link | Omission |
|--------------------------------------|---|--|----------|
| Effluents and Waste | | | |
| GRI 103: Management Approach 2016 | 103-1: Explanation of the material topic and its Boundaries | 'Waste, Material Management and Recycling' (pg. 48), 'Waste, Material Management and Recycling at Our Facilities and Power Plants' (pg. 48), 'Waste and Material Management at Our Manufacturing Facilities, Offices and Workshops' (pg. 48), 'Waste and Material Management at Our Power Plants' (pg. 50), 'Impacts of Our Operations on the Local Hydrology and Aquifers' (pg. 46) | |
| | 103-2: The management approach and its components | 'Waste, Material Management and Recycling' (pg. 48), 'Waste, Material Management and Recycling at Our Facilities and Power Plants' (pg. 48), 'Waste and Material Management at Our Manufacturing Facilities, Offices and Workshops' (pg. 48), 'Waste and Material Management at Our Power Plants' (pg. 50) | |
| | 103-3: Evaluation of the management approach | 'Waste, Material Management and Recycling' (pg. 48), 'Waste, Material Management and Recycling at Our Facilities and Power Plants' (pg. 48), 'Waste and Material Management at Our Manufacturing Facilities, Offices and Workshops' (pg. 48), 'Waste and Material Management at Our Power Plants' (pg. 50), 'Impacts of Our Operations on the Local Hydrology and Aquifers' (pg. 46) | |
| GRI 306: Effluents and Waste 2016 | 306-2: Waste by type and disposal method | Tables on pgs. 49 and 50 | |

| GRI Standards | Disclosure | Page Number/Chapter Name/Link | Omission |
|--|---|---|---|
| GRI 400 Social Standards Series | | | |
| Employment | | | |
| GRI 103: Management Approach 2016 | 103-1: Explanation of the material topic and its Boundaries | 'Our People: Employment and Skill Development at Ormat' (pg. 58), | |
| | 103-2: The management approach and its components | 'Our People: Employment and Skill Development at Ormat' (pg. 58), | |
| | 103-3: Evaluation of the management approach | 'Our People: Employment and Skill Development at Ormat' (pg. 58), 'Our Employment Framework' (pgs. 58-59) | |
| GRI 401: Employment 2016 | 401-1: New employee hires and employee turnover | 'Our Employment Framework' (pgs. 58-59) | |
| | 401-2: Benefits provided to full-time employees that are not provided to temporary or part-time employees | 'Employee Benefits' (pg. 61) | Benefits provided to full-time employees that are not provided to temporary or part-time employees. The organization does not disclose specific information regarding all of the categories of employment benefits due to confidentiality constraints . Ormat considers this to be proprietary information that it discloses with its employees on a country-by-country basis in the context of their employment contract. That said, the Company fulfills and in many cases exceeds coverage of its legal obligations towards its employees in terms of benefits in its various locations of operation. |
| Workplace Diversity | | | |
| GRI 103: Management Approach 2016 | 103-1: Explanation of the material topic and its Boundaries | 'Equality in Employment at Ormat' (pgs. 59-61) | |
| | 103-2: The management approach and its components | 'Equality in Employment at Ormat' (pgs. 59-61) | |
| | 103-3: Evaluation of the management approach | 'Equality in Employment at Ormat' (pgs. 59-61) | |

| GRI Standards | Disclosure | Page Number/Chapter Name/Link | Omission |
|--|--|---|--|
| Non-GRI Material Topic | Workplace Diversity | 'Equality in Employment at Ormat' (pgs. 59-61) | |
| Occupational Health and Safety | | | |
| GRI 103: Management Approach 2016 | 103-1: Explanation of the material topic and its Boundaries | 'Ensuring a Safe & Healthy Work Environment - Occupational Health and Safety at Ormat' (pgs. 66-68) | |
| | 103-2: The management approach and its components | 'Ensuring a Safe & Healthy Work Environment - Occupational Health and Safety at Ormat' (pgs. 66-68) | |
| | 103-3: Evaluation of the management approach | 'Measuring Our Health and Safety Performance' (pgs. 68-71) | |
| GRI 403: Occupational Health and Safety 2016 | 403-1: Workers representation in formal joint management-worker health and safety committees | 'Our Occupational Health and Safety Program - Striving to Go Beyond Compliance' (pgs. 66-68) | |
| | 403-2: Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities | 'Measuring Our Health and Safety Performance' (pgs. 69) | Absenteeism. The information is unavailable regarding the absentee rate, as of the publication of this report as the organization did not track this information according to standardized methodologies as of the publication of this report. Ormat plans to collect and track data regarding absentee rates and to report on this information in the 2019 sustainability report. |

| GRI Standards | Disclosure | Page Number/Chapter Name/ Link | Omission |
|--------------------------------------|---|--|--|
| Training and Education | | | |
| GRI 103: Management Approach 2016 | 103-1: Explanation of the material topic and its Boundaries | 'Training and Educational Opportunities for Our Employees' (pgs. 63-65), 'Educational Empowerment' (pg. 79) | |
| | 103-2: The management approach and its components | 'Training and Educational Opportunities for Our Employees' (pgs. 63-65), 'Educational Empowerment' (pg. 79) | |
| | 103-3: Evaluation of the management approach | 'Training and Educational Opportunities for Our Employees' (pgs. 63-65), 'Educational Empowerment' (pg. 79) | |
| | 404-2: Programs for upgrading employee skills and transition assistance programs | 'Training and Educational Opportunities for Our Employees' (pgs. 63-65), 'Supporting and Shaping Sustainable Communities and Futures' (pgs. 74-75) | |
| GRI 404: Training and Education 2016 | 404-3: Percentage of employees receiving regular performance and career development reviews | 'Our Employment Framework' (pgs. 58-59) | Percentage of total employees by gender and by employee category who received regular performance and career development reviews during the reporting period. The data on the percentage of total employees who received performance and career development reviews for the reporting period was not reported according to gender and employment category as the information is unavailable. As an organization with global operations, Ormat does not collect all of its human resources data according to the parameters of gender and employment category. However, the Company will consider implementing these data parameters in the collection of relevant human resources data from its various operational locations and will report any forthcoming data from these improvement efforts in the 2019 sustainability report. |

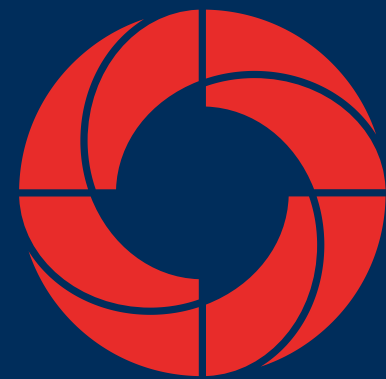
| GRI Standards | Disclosure | Page Number/Chapter Name/ Link | Omission |
|-----------------------------------|---|---|----------|
| Local Communities | | | |
| GRI 103: Management Approach 2016 | 103-1: Explanation of the material topic and its Boundaries | 'Supporting and Shaping Sustainable Communities and Futures' (pgs. 74-75) | |
| | 103-2: The management approach and its components | 'Supporting and Shaping Sustainable Communities and Futures' (pgs. 74-75) | |
| | 103-3: Evaluation of the management approach | 'Supporting and Shaping Sustainable Communities and Futures' (pgs. 74-75) | |
| GRI 413: Local Communities 2016 | 413-1: Operations with local community engagement, impact assessments, and development programs | 'Social Action Plans' (pg. 74), 'Community Engagement and Handling Grievances' (pgs. 75-78), 'Local Livelihood' (pgs. 78-79), 'Educational Empowerment' (pgs. 79-81), 'Healthcare Delivers Hope' (pg. 82) | |
| Customer Privacy | | | |
| GRI 103: Management Approach 2016 | 103-1: Explanation of the material topic and its Boundaries | 'Data Privacy and Cybersecurity for Our Stakeholders' (pg. 101) | |
| | 103-2: The management approach and its components | 'Data Privacy and Cybersecurity for Our Stakeholders' (pg. 101) | |
| | 103-3: Evaluation of the management approach | 'Data Privacy and Cybersecurity for Our Stakeholders' (pg. 101) | |
| GRI 418: Customer Privacy 2016 | 418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data | 'Data Privacy and Cybersecurity for Our Stakeholders' (pg. 101) | |

Reconciliation to U.S. GAAP Financial Information.

This report includes certain "non-GAAP financial measures" within the meaning of Regulation G under the Securities Exchange Act of 1934, as amended, including EBITDA and Adjusted EBITDA. The presentation of these non-GAAP financial measures is not intended as a substitute for financial information prepared and presented in accordance with GAAP and such non-GAAP financial measures should not be considered as a measure of liquidity or as an alternative to cash flow from operating activities, net income or any other measures of performance prepared and presented in accordance with GAAP. Such non-GAAP financial measures may be different from non-GAAP financial measures used by other companies.

The appendix slides in this report reconcile the non-GAAP financial measures included in the report to the most directly comparable financial measures prepared and presented in accordance with U.S. GAAP.

| (In thousands \$) | Year Ended December 31, 2018 |
|--|---|
| Net Income | 110,111 |
| Adjusted for: | |
| Interest expense, net (including amortization) of deferred financing costs) | 69,950 |
| Income tax provision | 34,733 |
| Adjustment to investment in an unconsolidated company: our proportionate share in interest expense, tax and depreciation and amortization in Sarulla | 9,184 |
| Depreciation and amortization | 127,732 |
| EBITDA | 351,710 |
| Mark-to-market on derivative instruments | 2,032 |
| Stock-based compensation | 10,218 |
| Insurance proceeds in excess of assets carrying value | (7,150) |
| Goodwill impairment, net of earn out adjustments | 3,142 |
| Termination fee | 4,937 |
| Merger and acquisition transaction costs | 2,910 |
| Write-off of unsuccessful exploration activities | 126 |
| Adjusted EBITDA | 367,961 |



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