



**ORMAT**

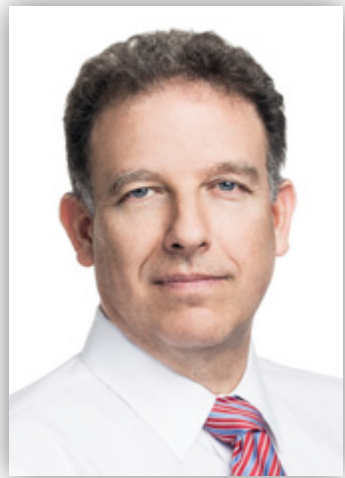
Ormat Technologies, Inc.

# SUSTAINABILITY REPORT | 2022





## A NOTE FROM THE CEO



**Doron Blachar**  
Chief Executive Officer

I am thrilled to welcome you to read our 2022 Sustainability Report, a reflection of the remarkable journey we embarked upon during an important year for Ormat. In the realm of both business and sustainable development, 2022 marked remarkable milestones that have set the stage for an exciting future.

We developed a 5-year growth plan for our two leading business segments: Electricity and Energy Storage. As we stride into 2023, we expect meaningful expansion in 2023, with the incorporation of 13 new geothermal and solar PV projects in these leading business segments, collectively contributing a total generating capacity of around 181 MW, in addition to a notable growth in the energy storage segment. This impressive trajectory positions us firmly on the path to achieving our new target of reaching a global generating capacity portfolio of 1.9 to 2.0 GW by the end of 2025.

As a renewable energy company with unique geothermal technology, we play a pivotal role in the global fight against climate change by offering communities around the world a clean, reliable and sustainable power source. Geothermal power plants provide a consistent and stable power supply, making them an ideal source of renewable 'baseload' power. Unlike other renewable energy sources that are intermittent and dependent on weather conditions, geothermal power plants operate continuously, ensuring grid stability and minimizing dependence on conventional backup power sources. Also, geothermal energy generates electricity with zero or a low carbon footprint. By harnessing the Earth's natural heat, geothermal energy not only aids in transitioning towards cleaner energy solutions, but also demonstrates a key pathway to achieving global climate goals and ensuring a more sustainable future.

Our core business operations are dedicated to addressing critical energy resilience and climate challenges. Our primary objective is to contribute to the development of a sustainable energy infrastructure and promote a future that relies on local renewable energy sources

around the world, including in regions that currently lack access to affordable, sustainable power. In 2022, our robust renewable energy portfolio effectively prevented a staggering 2,209,290 metric tonnes of CO<sub>2</sub>e emissions, vis-à-vis power generated by the conventional grid in our facility locations. This amount of avoided emissions is expected to increase every year as we plan to add new clean power plants.

Furthermore, our geothermal projects provide tangible economic benefits at a local level. Our projects create jobs in various sectors, including engineering, construction, and maintenance. Moreover, geothermal power plants provide a stable revenue stream for local communities and governments, contributing to regional economic growth and energy independence.

At Ormat, sustainability is not just a buzzword but an inherent factor of our organizational DNA that is integrated into our business strategy. We are committed to accomplishing our goals in a transparent and ethical manner that supports the development and growth of our employees, partners, investors, and the communities in which we operate, and we seek to ensure that our business and ESG strategies are fundamentally aligned. Our elevated commitment materialized in the establishment of an ESG Committee at the Board level to help further develop our ESG strategy and work plan.

The remarkable progress we had in 2022 is evidenced across the spectrum of environmental, social, and governance spheres. We saw an impressive 19% reduction in our annual average Scope 1 and 2 GHG emissions compared to our 2019 baseline. We improved our workplace safety and culture and realized a remarkable 37% reduction in our Total Recordable Injury Rate (TRIR) vs. the previous year – a result of significant efforts to raise awareness and provide employees with the appropriate training and tools to support a safe workplace.

We provided diversity, equity, inclusion and belonging (DEIB) training across the company to raise awareness

of our differences and to work towards eliminating the barriers that prevent full participation of all team members. We are dedicated to helping all employees feel a sense of belonging at work, and we are proud that 30% of our VP level managers are women.

In 2022 we had a robust engagement with our stakeholders as underscored by a comprehensive materiality assessment, and we identified updated material ESG topics to help us focus our ESG program and strategy. At the end of 2022, we initiated a climate risk assessment to meet the TCFD reporting framework. By disclosing our climate-related risks, opportunities, and financial impacts, we seek to improve the transparency and comparability of our disclosures regarding the effects of climate change on our business.

We continue to invest in R&D to develop innovative, sustainable technologies. We believe our energy solutions offer significant benefits to our customers, including greater system resilience, a balanced grid, overall efficiency, and the increased uptake of renewable energy. All of this could only be accomplished through the hard work of our dedicated and talented employees around the world. Looking back, I am filled with pride over the achievements of the past year and look forward to the continued sustained growth of our business as we help communities around the world transition to clean, renewable, and affordable energy.

With gratitude for your unwavering support and anticipation for the journeys ahead,

Sincerely,

**Doron Blachar**  
Chief Executive Officer



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# ABOUT ORMAT





# Our Mission

At Ormat, our mission is to continue our leading position in the geothermal energy market and to become a leading global provider of renewable energy.

As a renewable energy provider since 1965, we believe we hold an important role in supporting the world's transition to clean energy. We are proud of our involvement in providing baseload renewable energy to communities around the world, especially in those areas that lack access to affordable renewable energy. We remain committed to providing renewable energy safely, economically, and in an environmentally responsible manner for the benefit of the planet and communities around the world.





# At a Glance

Over **55** years of experience generating renewable energy solutions

**\$734M** in total revenues in 2022, a **10.7%** year-over-year increase

**1,455** employees worldwide (as of December 31, 2022)<sup>1</sup>

Own & operate, as of the end of 2022:

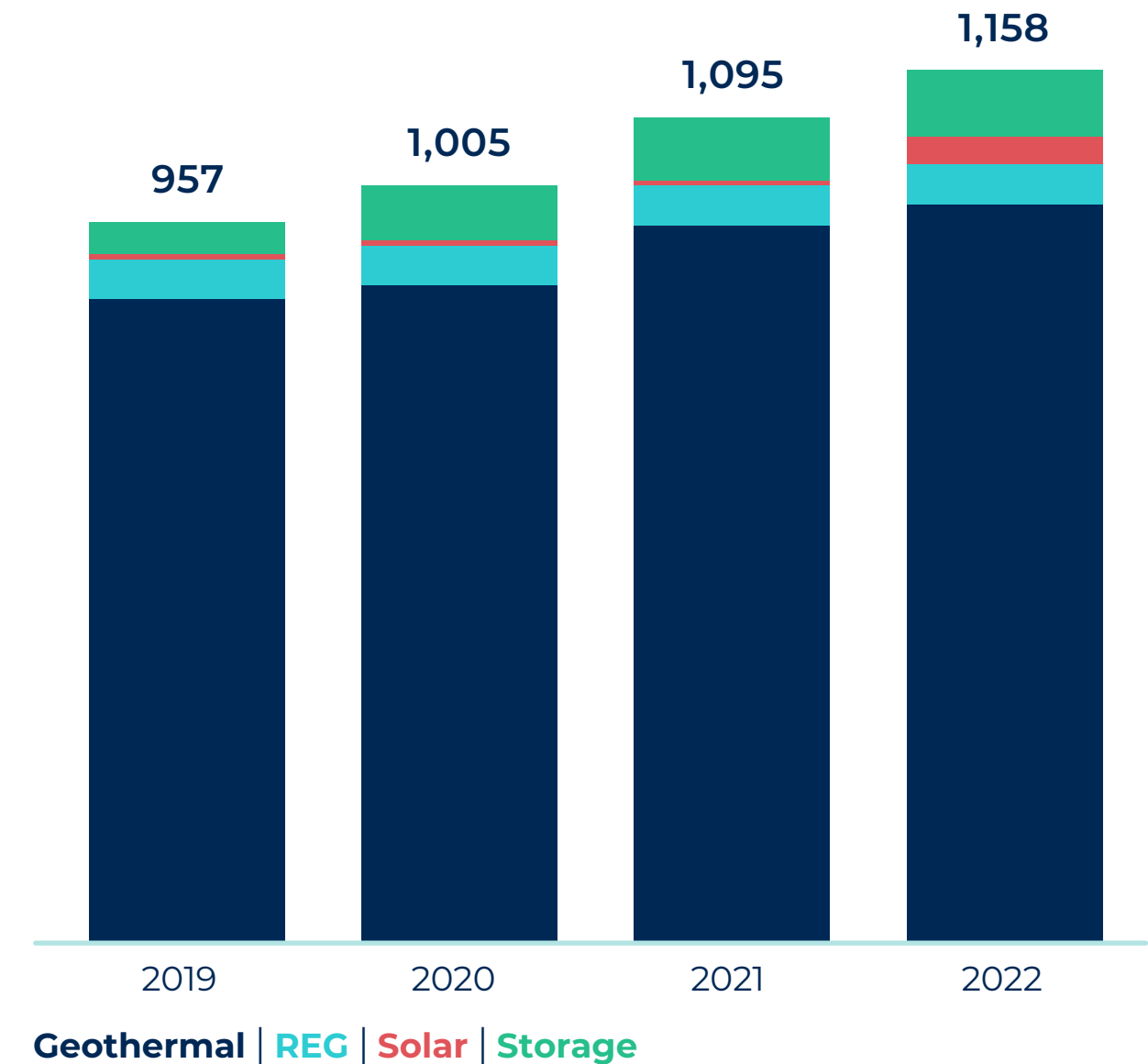
**980 MW**  
Geothermal in 6 countries

**88 MW**  
Energy Storage

**53 MW**  
Recovered Energy Generation (REG)

**37 MW**  
Solar PV

## Installed capacity growth (MW)



<sup>1</sup> This data does not include employees in Indonesia, as listed in the 2022 Ormat 10-K Report.



# 2022 ESG Highlights

## Environmental



**2,209,290 tCO<sub>2</sub>e**  
 Avoided emissions\* compared to the local grid, just in 2022

**19%**  
 Absolute reduction in Scope 1 and 2 GHG emissions compared with 2019 baseline

**25%**  
 Reduction in GHG emissions intensity (tCO<sub>2</sub>e/MWh) compared with 2019 baseline

**750 tons**  
 Of metal and construction waste from surroundings were collected in 2 major projects

**78 MW**  
 Of new renewable generating capacity added to our operating portfolio

## Social



**30%**  
 Women in VP-level

**19%**  
 Of employees are women

**0.7**  
 Total Recordable Incident Rate (TRIR)

**25.3**  
 Training hours per employee

**\$1,206,107**  
 Donated to communities

## Governance



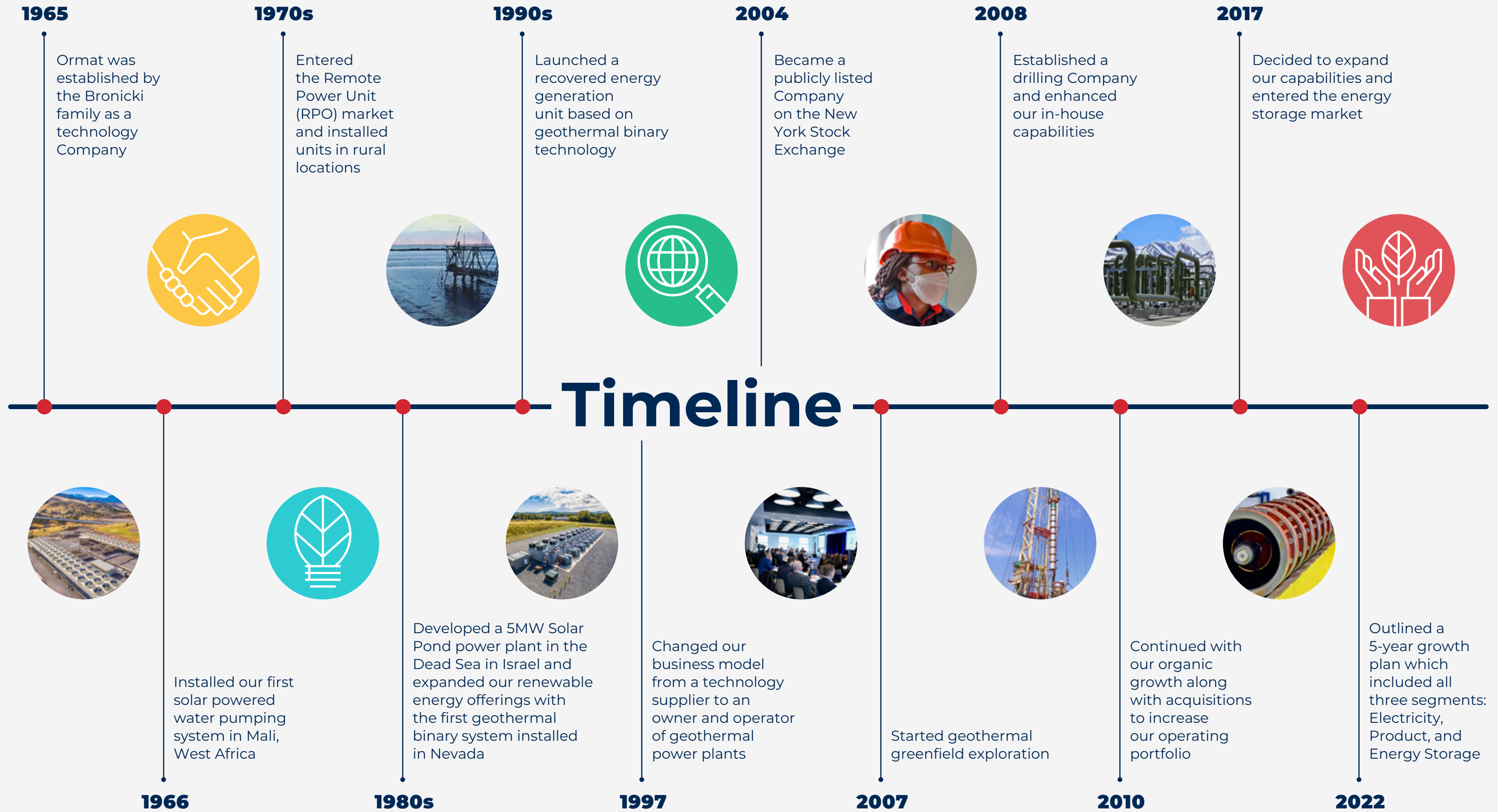
**33%**  
 Female representation in our Board of Directors

**3 out of 5**  
 Board committees are led by women

**ESG Board committee**  
 established in 2023

**\$431M**  
 Green convertible bonds







# About the Company

Since our establishment, Ormat has built geothermal and recovered energy power plants that produce more than 3,200 MW in 29 countries.<sup>2</sup> As of December 31, 2022, we own and operate 1,158 MW of geothermal, energy storage, recovered energy generation (REG) and solar photovoltaic (PV) sites globally. In 2022, we had several significant milestones, including a 10.7% year-over-year increase in total revenue and an 8.5% increase in adjusted EBITDA.<sup>3</sup>

Our headquarters are in Reno, Nevada. Our main manufacturing facility is in Yavne, Israel and we have a small workshop in Turkey. Ormat owns and operates power plants in the US, Kenya, Honduras, Guatemala, Guadeloupe (French Caribbean), and Indonesia.

Ormat is publicly listed on the New York Stock Exchange (NYSE) and on the Tel Aviv Stock Exchange (TASE).<sup>4</sup> In addition, Ormat is included, among others, in the following leading indexes:

- Bloomberg ESG Data Index
- Bloomberg United States Large, Mid & Small Cap Price Return Index Hedged EUR
- J.P. Morgan QUEST Renewable Energy Index
- MSCI Global Environment Index
- MSCI USA Broad ESG Leaders Index
- Nasdaq Clean Edge Green Energy Custom Index
- S&P 1000 Independent Power and Renewable Electricity Producers
- S&P 400 Renewable Electricity
- S&P Global Clean Energy Index
- WilderHill Clean Energy Index

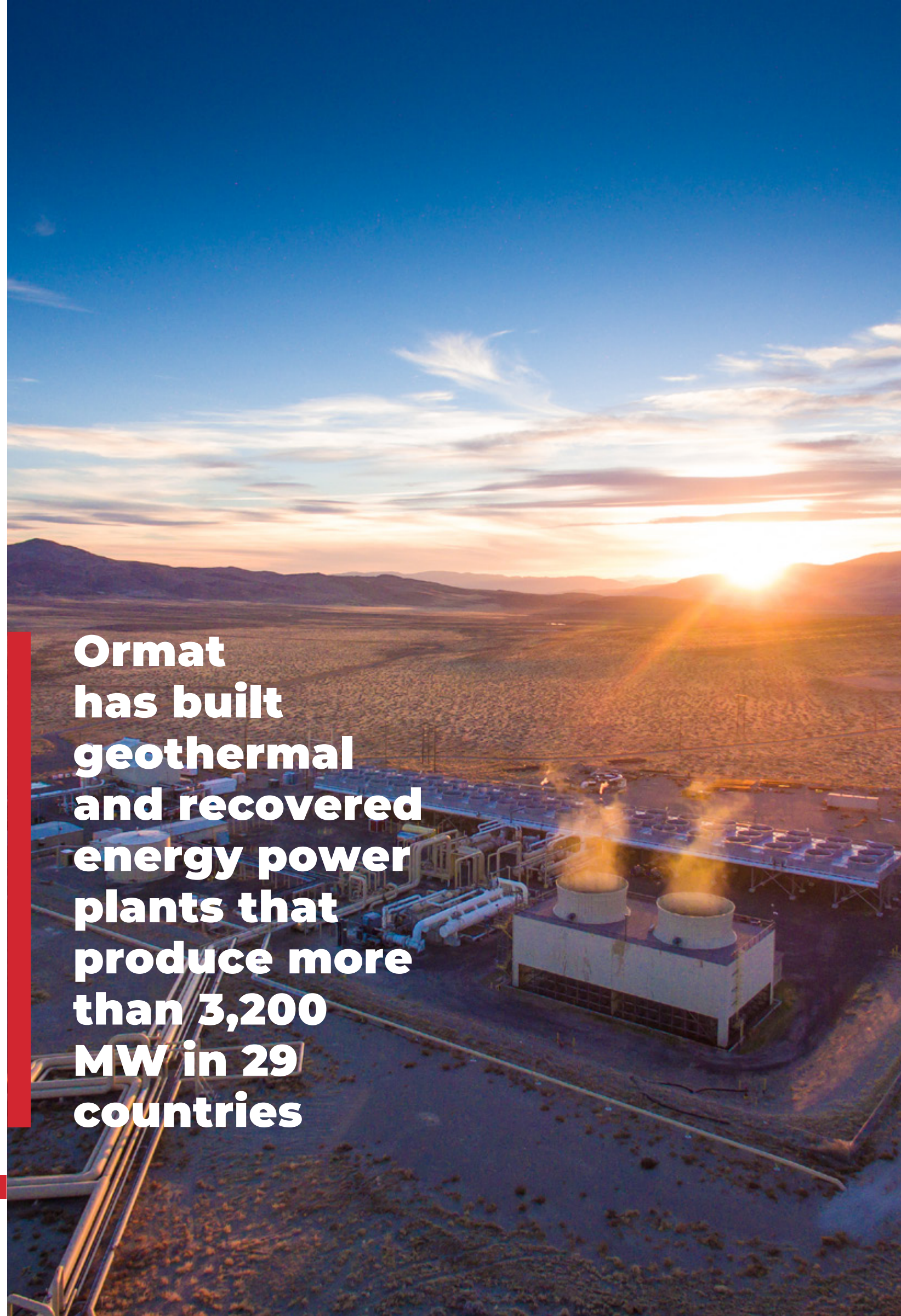
For a further breakdown of our business and revenues, please refer to our financial reports on Forms 10-K and 10-Q that are filed with the US Securities and Exchange Commission (SEC).

<sup>2</sup> As of the publication of this report.

<sup>3</sup> See appendix for reconciliation of non-GAAP financial measures.

<sup>4</sup> Under the ticker "ORA".

Brady Complex, NV, U.S 26 MW



**Ormat  
has built  
geothermal  
and recovered  
energy power  
plants that  
produce more  
than 3,200  
MW in 29  
countries**

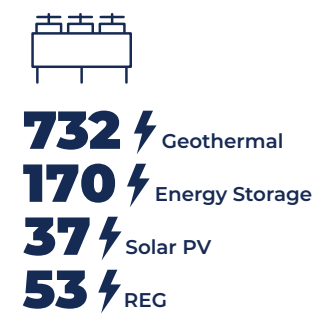


# Our Global Presence

By the end of 2025, we aim to add 230 MW to 260 MW, and to reach a total generating capacity of approximately 1.3 GW in our electricity segment.\*



## 1 U.S.



## 2 GUATEMALA



## 3 HONDURAS



## 4 GUADELOUPE



## 5 TURKEY



## 6 ISRAEL



## 7 KENYA



## 8 INDONESIA\*\*



Ormat power plants

Capacity (MW)

Ormat manufacturing facilities

\*The information presented is correct as of the publication of this report.  
\*\*Ormat owns a 12.75% interest in the 330 MW Sarulla Complex.



# Vision & Values

Our vision is to help mitigate climate change by providing replacements to carbon-intensive energy sources. We believe we will achieve this by adhering to the five core values that our Company is built on, and which continue to define who we are today.

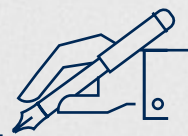
## Our Core Values



**Constant renewal** we continually seek new challenges, new technologies, enter new fields, and to test new business models.



**Stability** we implement long-term action plans and thoughtful, well-planned renewable energy projects, supported by firm financial foundations. Stability is a core value that has helped establish and sustain our Company over the years.



**Full commitment** to our stakeholders and building a sustainable future. We are committed to delivering safe, reliable renewable energy products and services that aim to minimize environmental impacts and support a clean energy future.



**Courage** we act with the certainty that comes from our collective knowledge, experience, prudent risk management, and an unwavering focus on delivering the best results for our clients.



**Creativity** we understand and fully appreciate the uniqueness of the customers we serve and the vital role creativity plays in finding the right solutions.



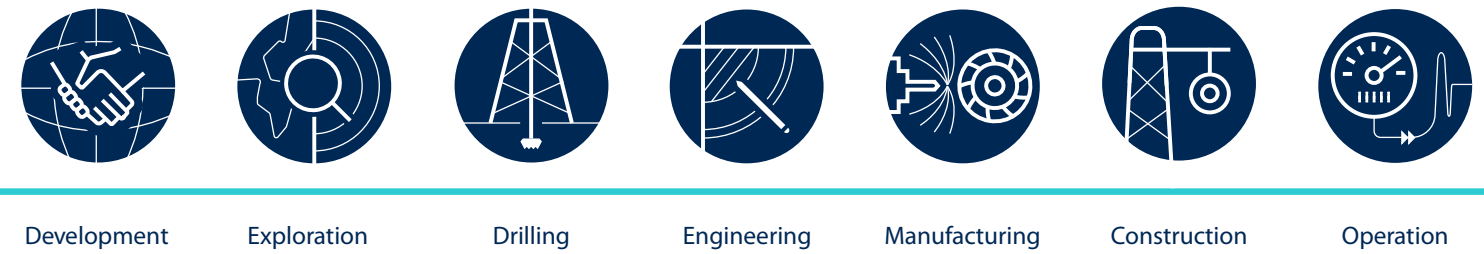




Photo by Noa Sharvit

# Our Business

We are always on, delivering renewable power and energy solutions to customers around the clock, around the world. We focus on providing clean, reliable energy solutions from geothermal power, energy storage solutions, REG, and Solar PV. With over five decades of experience, Ormat is a leading geothermal Company and the only vertically-integrated Company engaged in geothermal and REG.



Ormat owns, operates, designs, manufactures, and sells geothermal and REG power plants primarily based on the Ormat Energy Converter (OEC)-a power generation unit that converts low, medium, and high temperature heat into electricity. We currently own, or have installed, power plants that we have engineered, manufactured, and constructed for utilities and developers worldwide, with a total of approximately 3,200 MW of gross capacity. We are leveraging our core capabilities in the geothermal and REG industries, along with our global presence, to expand our activities in clean energy production and energy storage solutions.

**Our business activities are conducted across three business segments: Electricity, Product, and Energy Storage**



## Electricity Segment

We develop, build, operate, and own power plants around the world, with an expertise in geothermal energy. We also own and operate hybrid projects of geothermal and solar PV, and recovered energy-based (REG) power plants. The electricity generated by these power plants is sold to the grid.

### As of the end of 2022:

- We own and operate 28 geothermal, REG and solar sites globally, with an aggregate generating capacity of 1,070 MW
- Geothermal power plants make up 92% of our generating capacity
- Ormat's geothermal and REG power plants operate at a capacity factor of 83% and 66% respectively, vs. a 25-30% capacity factor for solar and wind projects (in the West of U.S.).<sup>5</sup>

**The Electricity segment contributed 86% of our total revenues in 2022.**

## Geothermal

Geothermal energy is heat that flows continuously from the Earth's interior to the surface. In geothermal power plants, wells are drilled into the earth to tap into this energy, and the geothermal energy is drawn to the surface to generate electricity.<sup>6</sup>

### Advantages of geothermal power

Unlike power plants that burn fuel to generate electricity, geothermal power plants have low emissions. Geothermal power plants emit 99% less CO<sub>2</sub> and 97% less sulfur compounds compared to fossil fuel plants of a similar size.<sup>7</sup> As a result, the electricity produced from geothermal energy sources impacts climate change significantly less.

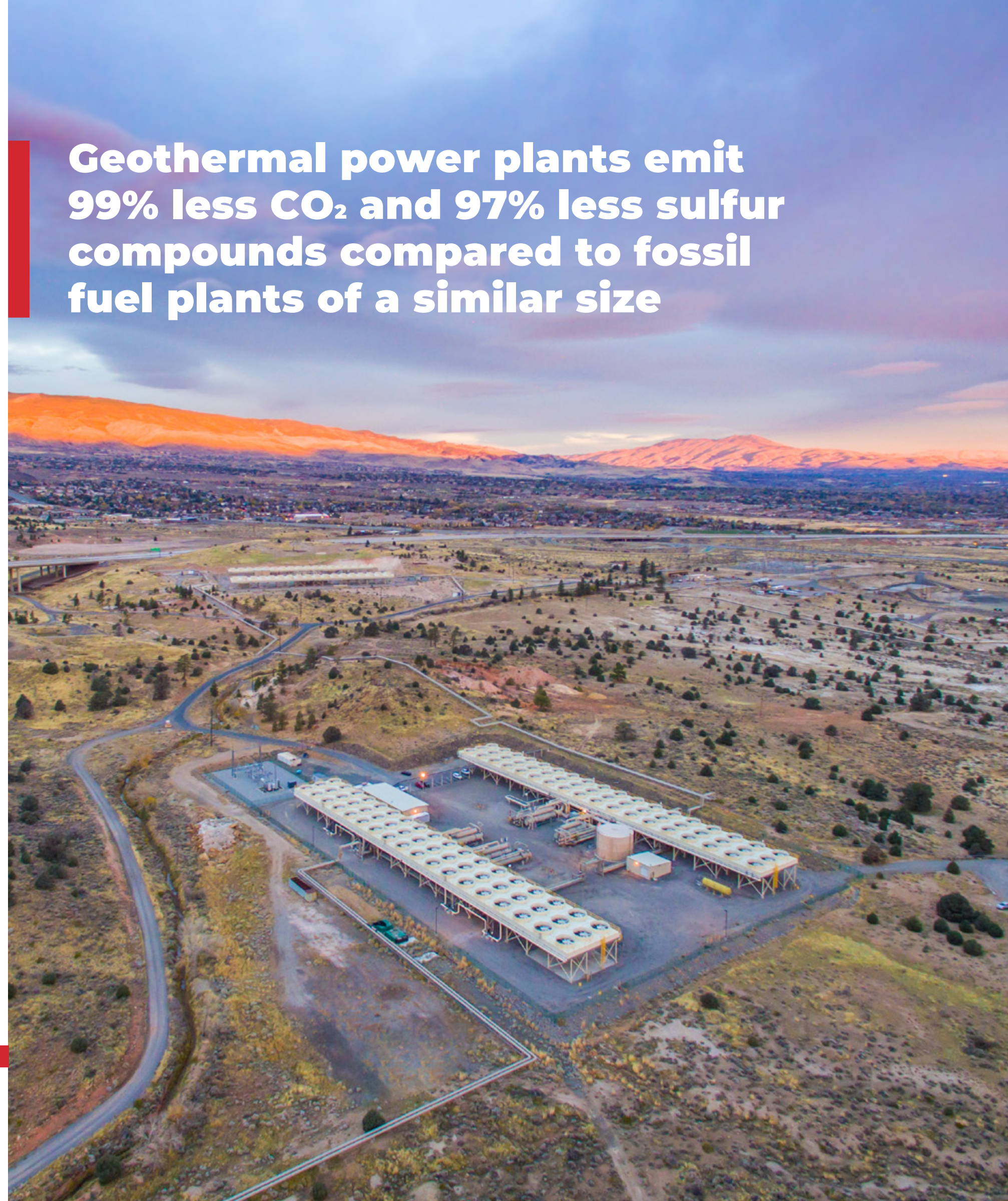
<sup>5</sup> *Lazard's Levelized Cost of Energy ("LCOE") Analysis*, April 2023.

<sup>6</sup> *Geothermal FAQs*, Office of Energy Efficiency & Renewable Energy.

<sup>7</sup> *Geothermal explained*, US Energy Information Administration.

Steamboat  
Complex, NV,  
U.S., 79 MW

**Geothermal power plants emit 99% less CO<sub>2</sub> and 97% less sulfur compounds compared to fossil fuel plants of a similar size**







Geothermal Power Plant and Solar PV system, Steamboat Complex, NV, U.S.

### Ormat's Innovative Geothermal Technology

At Ormat, we have developed innovative technology that includes the original design of turbines, pumps, and heat exchangers. Our technology is based on the Organic Rankine Cycle (ORC) principle, converting low-temperature heat to useful electrical energy.

Our flagship technology is the Ormat Energy Converter (OEC). In this system, geothermal fluid is extracted from a geothermal reservoir that is used to heat and vaporize a secondary organic fluid to drive a turbine that rotates a generator. The organic vapors are cooled and condensed by air or water-cooled condenser, pumped back into the heat exchangers and the cycle

is repeated. Cooled/condensed geothermal fluid is re-injected back into the geothermal reservoir for heating. With 63 issued U.S. patents (and 35 patents pending), the OEC is a state-of-the-art implementation of ORC technology that we have refined for over 30 years.

### Geothermal and Solar PV Hybrid Projects

We own and operate a few geothermal and solar PV hybrid projects where the electricity generated from the solar PV part is used to supply the energy for the auxiliary equipment at the geothermal facility. This further reduces GHG emissions.



### Our Impact

Ormat's binary technology has several advantages over conventional geothermal steam turbine plants.

- Our binary power plants reinject all geothermal fluids utilized in the respective processes into the geothermal reservoir. Full reinjection avoids by-products of emitted geothermal steam and non-condensable gas (mainly GHG emissions) and the need for disposal of wastewater in the case of air cooling power-plants. Furthermore, our plants have a low profile with minimal visual impact and do not emit a plume when using air-cooled condensers.
- A steam geothermal plant consumes significant quantities of geothermal condensate for cooling, causing depletion of the aquifer and requiring chemical treatment of the cooling water. Conversely, Ormat's binary power plants are mainly air cooled and do not consume water for cooling thus all geothermal fluids are reinjected back into a geothermal reservoir.
- Conventional steam geothermal plants require extensive maintenance and repairs, because geothermal fluids come into direct contact with the turbine blades. Ormat's technology utilizes organic vapor to drive the turbine blades, enabling simpler operations and less maintenance.





OREG 2, MN, U.S., 22 MW

## Recovered Energy Generation (REG) Power Plants

### Capturing the value of waste heat

In many energy-intensive industries, a tremendous amount of heat is generated as a byproduct of industrial processes (cement, glass & hydrogen plants, refineries, incinerators, etc.) and gas turbine-driven compressors. This “waste heat” is not used for any purpose and is generally released into the atmosphere. Through Ormat’s recovered energy generation (REG) technology, we capture this waste heat and convert it into useful power that can be used on-site or sold to the grid without burning additional fuel and without additional emissions.



### Our Impact

We enable industrial businesses to utilize their waste heat to generate emissions-free electricity. By doing so, we help companies reduce their environmental impact and improve their efficiency. With Ormat REG plants, companies are able to:

- Replace power produced on-site from diesel or natural gas units
- Offset grid electricity consumption, and reduce costs
- Reduce GHG emissions
- Sell additional power back to the grid to generate revenue



## Product Segment

We design, manufacture, and sell equipment for geothermal and recovered energy-based electricity generation. We also provide services related to the engineering, procurement, and construction of geothermal and recovered energy-based power plants. In 2022, we signed new contracts in our product segment that were added to our backlog and secured \$155M of revenues to be recognized over the next two years.

**The Product segment contributed 10% of our total revenues in 2022.**

### Building Renewable Energy Plants

We apply our expertise to serve as EPC (Engineering, Procurement, and Construction) contractors for geothermal and recovered energy power plants on a turnkey basis, utilizing the electricity generating units we design and manufacture.



### Our Impact

We leverage our expertise in developing and operating geothermal energy and recovered energy power plants by providing our technology and experience to customers around the world. This is aligned with our mission to support the transition to clean energy globally.

Our manufacturing operations and products are certified to ISO 9001, ISO 14001& ISO 45001 as well as by the high standards of the American Society of Mechanical Engineers (ASME) Boiler and Pressure Vessel Code (BPVC) – “U” Stamp and “S” Stamp, and CE for European Pressure Equipment Directive (PED). In addition to those, we are an approved supplier for many electric utilities around the world.

Drilling rig





## Energy Storage Segment

We own and operate grid-connected in-front-of-the-meter (IFM) as well as Behind-The-Meter (BTM) battery energy storage system (BESS) facilities, which provide capacity, energy, and ancillary services directly to the electric grid.

**The Energy Storage segment contributed 4% of our total revenues in 2022.**

In 2022, we commissioned an energy storage facility in California and our goal is to reach a portfolio of **600 to 670 MW by the end of 2025.**

### Today's Grid Challenges

The IEA estimates that from 2022 to 2027, the deployment of renewable energy around the world will be 2,400GW – an increase of 85% over the previous five years.<sup>8</sup> This can strain the electricity grid, as a significant amount of capacity must be available to ramp up and down to accommodate the intermittent output cycles of renewable sources such as wind and solar. These sources are also impacted by changing weather conditions.

Furthermore, power systems around the world face a range of other challenges, including grid aging and congestion, as well as regulatory changes and emission reduction targets. Power operators need to contend with these complex challenges

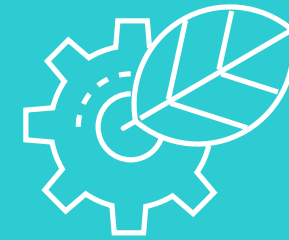
as they seek to ensure that the supply of electricity generation matches the demand. At Ormat, we view the deployment of grid-scale energy storage as a key component of providing grid flexibility and reliability.

### Battery Energy Storage System (BESS)

Our large-scale, grid-connected systems enable the storage of energy during times of excess supply, allowing the energy to be used during times of high demand. The battery energy storage systems (BESS) we develop are designed for optimization and efficiency, and are located in strategic spots on the grid to provide the electric system with reliable capacity and energy optimization.



Hinesburg, VT, USA,  
2 MW / 5 MWh



### Our Impact

Ormat's energy storage systems help to "balance the grid" by providing local capacity, frequency regulation, ramping, reactive power, and movement of energy from times of excess supply to times of high demand. We believe the systems offer various benefits, including:

- Greater system resilience
- Enhanced flexibility in managing peak demand
- Increased uptake of renewable energy
- Greater overall efficiency

While we do not manufacture the batteries we use in our energy storage systems, we recognize the potential environmental and social impacts related to the manufacture and disposal of the batteries we deploy. We expect expanded recycling capabilities to be available when the batteries are ready to be retired in approximately 20 years.

8 *Renewables 2022*, IEA.





# OUR APPROACH





# Our Sustainability Strategy

Ormat recognizes the importance of addressing climate change and the urgent need to reduce worldwide greenhouse gas emissions. Our core business operations are dedicated to addressing these critical challenges. Our primary objective is to contribute to the development of sustainable energy infrastructure and to promote a future that relies on alternative and renewable energy sources across the globe. Our specific focus lies in regions that currently lack access to renewable power options.



### Sustainability is integrated into our business strategy

We are committed to accomplishing our goals in a transparent, ethical manner that supports the development and growth of our employees, partners, investors, and the communities in which we operate. As such, a focus on environmental, social, and governance (ESG) issues is part of our DNA, and we seek to ensure that our business and ESG strategies are fundamentally aligned.

#### Our focus areas to achieve our strategy

We aim to become a leading global provider of renewable energy, and our strategy is focused on three areas:

1. Developing our renewable geothermal business in the US and globally.
2. Establishing a strong market position in the “In Front of the Meter” (IFM) energy storage market.
3. Exploring opportunities to enhance our services and products by leveraging our core competencies and strong market reputation to develop new market opportunities focused on sustainable solutions.



To raise awareness of our activities among our employees and communities, we held the first **Ormat ESG Week** in 2023 across eight countries and over 40 locations worldwide, featuring lectures, activities, and training around ESG topics.

### How we achieve our strategy

We work to accomplish our business strategy in several sustainable ways, including:



#### Increasing clean energy production capacity

We aim to deliver more renewable energy through the development and construction of new geothermal power plants to both our own portfolio and to third parties, expansion of our geographical reach, and acceleration of our energy storage assets.



#### Promoting innovation in all our activities

We strive to establish and operate our sites in the most innovative way, and our R&D department regularly searches for innovations to improve the efficiency of our operations, including environmental performance, at existing and new sites.



#### Maintaining synergy with the communities in which we operate

We work to understand the needs and concerns of local communities near our sites, and to build lasting relationships and community engagement programs that meet their needs.



#### Prioritizing and developing our people

We strive to provide a diverse and inclusive working environment where employees can fulfill their professional goals, and to instill a safe workplace culture.



#### Commitment to a fair supply chain

We see great importance in managing a fair supply chain and working with suppliers and business partners with good human rights practices, and we are committed to complying with applicable laws and human rights commitments.



#### Strong values for solid governance

We strive to conduct our business everywhere with honesty and integrity, and we believe candor, openness, and fairness must be demonstrated by every Ormat employee, manager, and director at all times.



# ESG Governance

In 2023, we created an ESG Committee at the Board level. The purpose of the ESG Committee is to support the Company's ongoing commitment to environmental, social and governance matters, with a particular emphasis on environmental matters. The ESG Committee is chaired by an experienced energy and sustainability professional with expertise in strategic planning, renewables, energy storage, and ESG management.

**The ESG Committee reviews and makes recommendations to the Board regarding Ormat's ESG practices, policies, risks and opportunities.** The Ormat ESG team, led by the VP of Investor Relations and ESG Planning and Reporting, oversees the implementation of our ESG strategy and work plan. This includes reporting on ESG related performance metrics to the CEO and the ESG Committee of the Board.

Our VP of Environmental Health & Safety (EHS) oversees our environmental and health and safety performance globally, and the VP of Quality, Environmental Health & Safety (QEHS) oversees our environmental and health and safety performance in Israel. The EVP of HR is responsible for our ESG social programs, and the General Counsel & Chief Compliance Officer is responsible for governance issues related to ESG. Senior managers across departments support efforts focused on ESG performance and implementation, with guidance provided by the ESG Team, the ESG Committee of the Board, and senior leadership.

In 2022, we established a work plan to raise internal awareness of Ormat's ESG commitments and culture, and in 2023 we began to implement a range of programs for employees across the Company, including the Company's first ESG Week with global activities.

Green wall activity in Yavne site, Israel

**In 2023, we created an ESG Committee at the Board level**



Photo by Noa Sharvit





# Sustainable Finance

**In 2022, we introduced the Ormat Green Finance Framework**, which was developed in alignment with the Green Bond Principles (GBP) issued by the International Capital Markets Association in 2021. Green bonds enable capital-raising and investment for new and existing projects with environmental benefits, and the GBP seek to support issuers in financing environmentally sound and sustainable projects that foster a net-zero emissions economy and protect the environment. The GBP promote transparency that facilitates the tracking of funds to environmental projects, while simultaneously aiming to improve insight into their estimated impact.

Through the Ormat Green Finance Framework we intend to allocate an amount equivalent to the net proceeds from offerings of the green bonds to finance and/or refinance Eligible Green Projects.<sup>9</sup> Projects may include research, field and site development, and operation of new geothermal energy generation facilities with GHG emissions less than 100g CO<sub>2e</sub>/kWh; upgrades to existing geothermal power plants to increase efficiency, resiliency, and reliability; energy storage or solar PV

systems; eco-efficient products that support the circular economy; or others.

We have established a Green Bond Committee composed of members from our executive finance, investor relations, legal, and ESG teams to review and select projects that are aligned with the Eligible Green Project definitions above. The Green Bond Committee works closely with executives and business functions and seeks to ensure that selected Eligible Green Projects align with Ormat’s Corporate ESG policies and strategies, particularly project-related risk management evaluation and specific EHS procedures.

Until full allocation of net proceeds, we plan to publish, and make available on our website, an annual Green Financing Report that includes information on amounts allocated to Eligible Green Projects, the amount of net proceeds pending allocation, and impact reporting, where feasible. Upon full allocation, we will obtain an assurance report reviewing and confirming the allocation of the offering to Eligible Green Projects from a qualified independent external reviewer.

<sup>9</sup> Eligible green projects are defined in the *Ormat Green Finance Framework*.



# Stakeholder Engagement

As a global Company, we are committed to establishing and maintaining regular, proactive communication with key groups of our stakeholders. This includes employees, customers, shareholders, financing bodies, policymakers and public authorities, social and environmental nonprofit organizations, local communities, academia, and the media. Sharing information in a transparent manner is based on our core values and serves to advance our goal of fostering mutual trust and credibility with our stakeholders.

Our approach to managing stakeholder engagement is outlined in our *Stakeholder Engagement Policy* and provides a framework for productive, transparent, and equitable communication and relationships with stakeholders.

To highlight our ESG commitment and activities, we publish an annual report that we share with our stakeholders. Following the release of the 2021 Sustainability report, we reached out to relevant stakeholders for their feedback and input to better understand which topics they believe are important and where to focus our ESG activities and reporting efforts. **We reach out to a wide range of stakeholder groups, including employees, customers, suppliers, investors, and others** via questionnaires, anonymous surveys, and select interviews to gather both quantitative and qualitative feedback. Based on this stakeholder engagement process, we are able to identify areas of focus, prioritize issues, and focus the Company's ESG strategy and objectives.

Stakeholder Group	Potential Methods of Communication
<b>Employees</b>	Employee communication portal and newsletters; training, performance reviews and employee evaluations; events and conferences; and open dialogue between employees, managers and human resources representatives. <sup>10</sup>
<b>Customers</b>	Website, customer service, webinars, on-going sales and business development relationships.
<b>Investors &amp; Shareholders</b>	Communication and updates through the Investor Relations page on the Ormat website, investor calls, conferences and non-deal road shows, annual meetings of stockholders, earnings calls, annual and quarterly reports filed with the SEC, and press releases.
<b>Financing Entities</b>	Engagement through compliance reviews and action plans, annual and quarterly reports, on-going communication through our finance department.
<b>Public Authorities, Policy Makers and Regulators</b>	Engagement through industry organizations, participation in workshops, conferences and events, compliance reviews and action plans, lobbying activities, and ongoing communication.
<b>Local Communities</b>	Communication through relevant local communication channels, as per our Stakeholder Engagement policy, as well as tours and meetings at local facilities.
<b>Social &amp; Environmental NGOs</b>	Participation in relevant events and conferences, contributions and volunteering activities, cooperation in industry and local initiatives.
<b>Media</b>	Ormat website, press releases and informational notes, tours at Ormat's various facilities, and ongoing communication.
<b>Academia</b>	Cooperation in conducting research and development activities, specifically with our Resource Department, provide support for scientific initiatives and educational opportunities, tours at Ormat's various facilities.

<sup>10</sup> This list is not exhaustive and is presented as an example of employment engagement activities which may vary across jurisdictions.

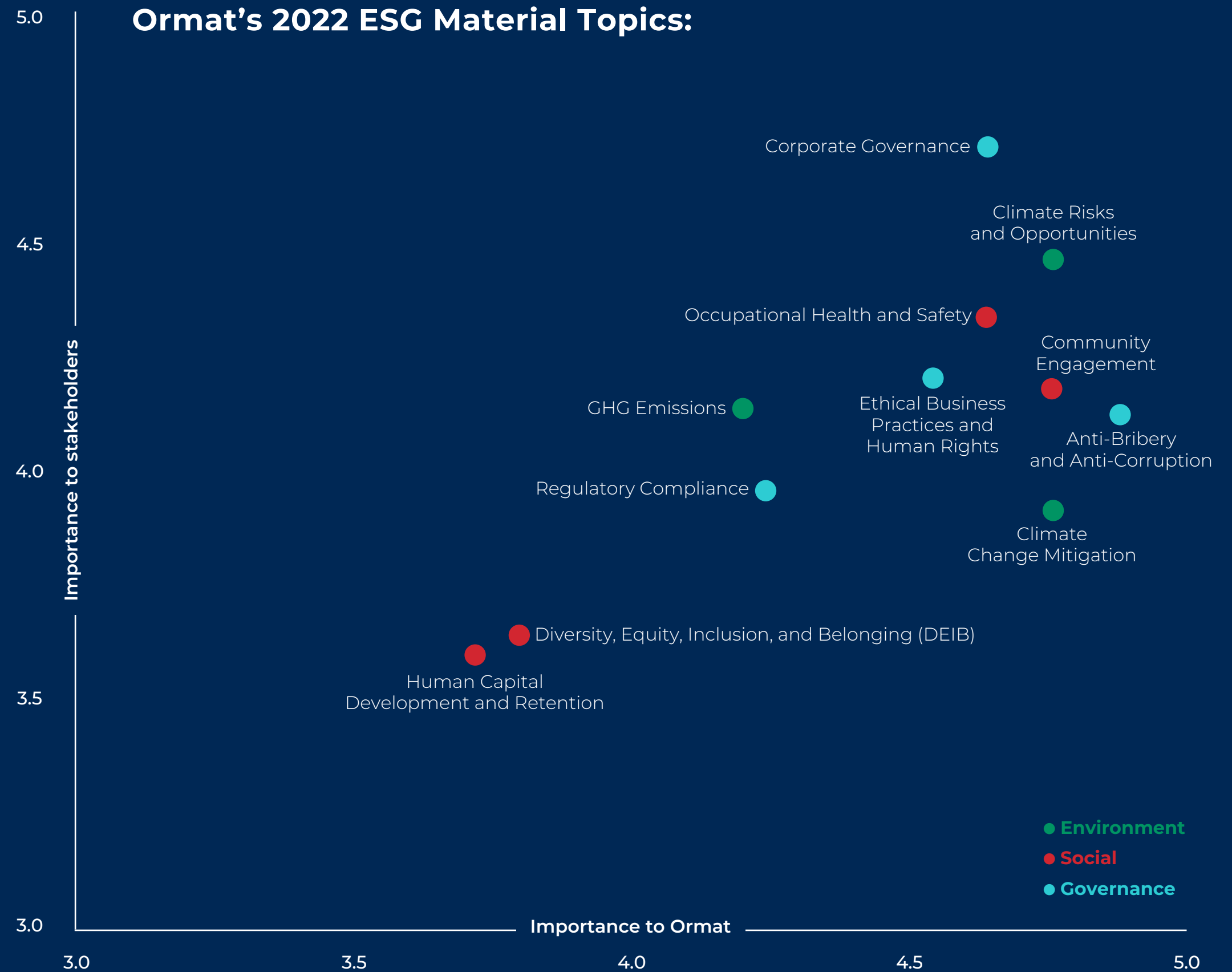




# Materiality Analysis

To further develop our ESG program and strategy, in 2022 we began the process of updating what we consider material ESG topics. The process was concluded in 2023 and included a sector benchmark and review of global standards and government and business initiatives. As part of our larger initiative to support stakeholder dialogue, we interviewed key internal and external stakeholders to receive their feedback and opinions related to relevant ESG focus areas. The process included a questionnaire to rank relevant topics based on perception of importance to Ormat, and taking into account both short- and long-term effects of the issues on Ormat's success and prosperity. Interviews were conducted with various customers, suppliers, senior leadership, directors, and others.

Based on the consultations with internal and external stakeholders, each topic received a ranking according to importance. The graph shows the final list of topics that were most material, i.e. - received the highest ranking from both groups. These results were presented and approved by senior management.







# Our Risk Management Approach

As a global, publicly traded entity, we give substantial effort to identifying and managing pertinent risks to our business and to the pursuit of cooperation with all our major operational locations in order to identify and manage relevant risks while implementing appropriate methodologies for mitigating 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, and we analyze

relevant business processes. To understand 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. The identified risks are further ranked and validated by the process owners and members of management, resulting in a risk profile with priorities and eventually culminating in our plan for management of those risks.



## Mitigating Climate Change Risks & Leveraging Opportunities

**We recognize that climate change presents both risks and opportunities to our business, and we have begun to integrate methodologies to best identify and map our climate change risks and opportunities.** Climate risks are generally categorized into two groups: physical and transitional.

- Physical risks are those that arise from the physical impacts of climate change, such as more extreme weather events, rising sea levels, and changes in precipitation patterns. These risks can have a direct impact on organizations' assets, operations, and supply chains.
- Transitional risks are those that arise from the transition to a low-carbon economy. This transition is being driven by several factors, including government policies, technological innovation, and consumer preferences. Transitional risks can include changes in the regulatory landscape, the cost of capital, the demand landscape, and availability of resources.

Through our sustainability reporting and environmental data collection framework, **we are integrating recommendations from the Task Force on Climate-Related Financial Disclosures (TCFD) framework.** The TCFD is a framework developed to help organizations to facilitate their disclosure of climate-related risks, opportunities, and financial impacts. It is widely adopted by organizations across sectors and jurisdictions, and it is considered to be a leading standard for climate-related reporting. The TCFD framework is structured around four thematic areas: Governance, Strategy, Risk Management, and Metrics and Targets.

At the end of 2022, we initiated a gap analysis process expected to be completed by the end of 2023, to map our compliance with TCFD's recommendations. This analysis will help us formalize an action plan to reduce the identified gaps, with the aim of reporting consistent with TCFD. By disclosing our climate-related risks, opportunities, and financial impacts in accordance with the TCFD framework, we will improve the transparency and comparability of our disclosure regarding the effects of climate change on our business. We believe that this improvement, in turn, will refine our decision-making processes, enhance our risk management frameworks, and increase our engagements with different stakeholders.

As part of this process, we undertook a formal climate risk analysis expected to be completed by the end of 2023, with the aim of detecting material climate-related risks and creating a mitigation plan for each. For the climate risk analysis, we aggregated potential climate-related risks from different sources, including: the Company's Enterprise Risk Management risks list, a benchmark of peer companies to examine risks along each segment of Ormat's supply chain, and interviews with Company managers from a variety of fields and departments to classify the specific risks to Ormat, taking into account geographic considerations, nature of activity, etc.

The output of this phase was a list of potential climate-related risks, both physical and transitional, to be rated by the Company managers, in terms of severity and likelihood ranking criteria. The aim of the rating process is to detect the most material risks related to Ormat's activity. For risks rated as material, mitigation plans will be set, to reduce our potential exposure in the short, medium and long term.

Don A. Campbell Complex, NV, U.S., 32 MW

**In 2022, we initiated a formal Climate Risk analysis, to detect material climate-related risks and create a mitigation plan for each**





## Risks and Opportunities Related to Climate

In addition to the climate risk analysis and TCFD gap analysis, as part of our **general risk management** process, we have identified several risk and opportunity factors related to climate. These include risks related to the Company’s business and operation, such as:

**1.**

We are susceptible to losses and interruptions caused by extreme weather conditions such as droughts, hurricanes, tsunamis, floods, wildfires, and water or other natural resource shortages, occurrences of which may increase in frequency and severity as a result of climate change. Climate change may also produce general changes in weather or other environmental conditions, including temperature or precipitation levels, and thus may impact consumer demand for electricity.

**2.**

Daily and seasonal fluctuations in temperature generally have a more significant impact on the generating capacity of geothermal energy plants than on conventional power plants. For example, some of our power plants have experienced reduced generation in warm periods due to the lower temperature difference between the geothermal fluid and the ambient surroundings.

While we generally account for the projected impact of seasonal fluctuations in temperature based on our historical experience, the impact of climate change on traditional weather patterns has become more pronounced, and this has reduced the certainty of our modelling efforts. In addition, the potential physical effects of climate change, such as increased frequency and severity of storms, floods, and other climatic events, could disrupt our operations and cause us to incur significant costs to prepare for and/or respond to these effects.

**3.**

Climate change could also affect the availability of a secure and economical supply of water, which is essential for the continued operation of some of our power plants that use water cooling systems. Ormat monitors water risk carefully. If it is determined that a water supply risk exists that could impact projected generation levels at any plant, risk mitigation efforts are identified and evaluated for implementation.



There are also market **opportunities**. In August 2022, for example, **the US signed into law the Inflation Reduction Act of 2022 (IRA)**. The IRA includes several tax incentives to promote climate change mitigation and clean energy, as well as the manufacture or purchase of battery and energy storage. The IRA includes production tax credits (PTCs) and investment tax credits (ITCs) for renewable energy projects, including geothermal.

The Company believes that the construction and operation of its geothermal power plants, recovered energy-based power plants, battery energy storage systems and solar PV will benefit in the future from the IRA and enhance the economic feasibility of projects in the United States.



# External Initiatives & Memberships

In addition to meeting our regulatory requirements, we work with a range of external organizations, associations, and governmental entities to support our ESG activities. We select these relationships based on alignment in ESG commitments and values.

In addition, we voluntarily report our GHG emissions to the **Israel Ministry of Environmental Protection**, and have done so annually since 2011. We have also participated in the annual **CDP** voluntary climate change disclosure program for the past five years.



Students tour in Steamboat Complex, NV, U.S.

Type of Organization	Organization
<b>Geothermal Organizations</b>	Geothermal Rising - U.S.
	Women in Geothermal (WING)
	International Geothermal Association (IGA)
	Indonesia Geothermal Association (INAGA)
<b>Energy Organizations</b>	California Energy Storage Alliance (CESA)
	World Energy Council
	Utah Clean Energy
	Heat is Power
<b>Health and Safety Organizations</b>	National Safety Council – U.S.
	AGC Safety Committee
<b>Chambers of Commerce</b>	Churchill Economic Development Authority – Nevada, U.S.
	Hawaii Island Chamber of Commerce
	Israel Export Institute
	Israel Latin America Association
	Israel Turkey Business Council





# Sustainable Development Goals (SDGs)

As part of the 2030 Agenda for Sustainable Development, the United Nations has adopted 17 Sustainable Development Goals (SDGs) to address some of the world's most pressing social, economic, and environmental issues.

As a leading global renewable energy provider, we believe Ormat has an important leadership role to play in supporting the SDGs, and we have identified specific SDGs where our operations have the greatest impact.

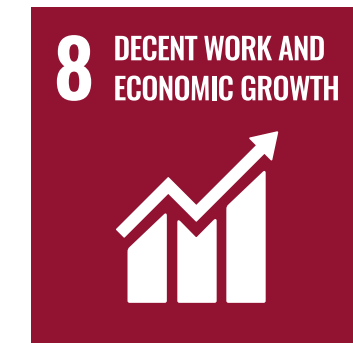


**Ensure access to affordable, reliable, sustainable, and modern energy for all | 7.2; 7.3; 7B**

As a leading provider of renewable energy solutions worldwide, we are helping countries and communities meet their renewable energy targets by helping them reduce their reliance on the import of conventional, fossil fuel based energy sources.

Own & operate **~1,158** MW of sustainable energy

**2%** increase in net sustainable energy provided in 2022 compared to 2021



**Promote sustained, inclusive, and sustainable economic growth, full and productive employment and decent work for all | 8.3; 8.4; 8.5; 8.6; 8.8**

As a global renewable energy Company, we are creating and providing jobs in the sustainable energy sector with a focus on hiring from local communities. Ormat is also investing in renewable technology projects that work to achieve higher levels of economic productivity through technological innovation. Through our Ormat sponsored schools, we are increasing youth employment, education and training.

**100%** of plant management employed from local communities

More than **36,000** hours of training was provided to employees in 2022





**Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation | 9.1; 9.4; 9A**

Our power plants contribute to the existing energy generation infrastructure in the countries where we operate. The nature of renewable energy infrastructure helps to support the increase in the overall level of resilience in the country of operation. We actively encourage the adoption of clean technologies, mainly in developing countries that may have limited access to such solutions.

Ormat has developed renewable energy power plants in **29** countries around the world, **16** of which are developing countries

**63** issued U.S. patents and **35** pending U.S. patent application

**\$5.1** million research and development expenses in 2022



**Ensure sustainable consumption and production patterns | 12.2; 12.5; 12.6**

We encourage the sustainable use of materials and resources, including natural geothermal resources. 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.

**39%** year over year increase in recycling in 2022

**79%** of non-hazardous waste recycled

**53%** of total waste (hazardous and non-hazardous) recycled

Two major projects handled **750** tons of metal and construction waste

**97%** of our electricity consumption is from self-generated sustainable energy



**Take urgent action to combat climate change and its impacts | 13.1; 13B**

We provide customers with renewable sources of energy and reduce their need to use non-renewable energy sources. These efforts build resilience and a capacity for dealing with future climate change-related risks through the use of sustainable reliable energy. In addition, we analyze our risks and opportunities in terms of climate change impacts, and work to assess how our business and operational activities impact the likelihood of climate change and other environmental impact scenarios.

Responded to CDP questionnaire for the **5th** year in a row

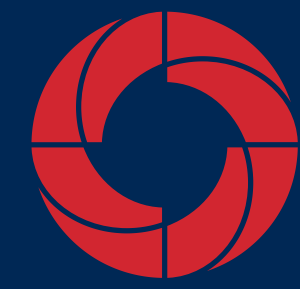
We have begun a process to map our climate change risks and opportunities in accordance with the TCFD recommendations

**2,209,290** tCO<sub>2</sub>e avoided emissions compared to the local grid





# ENVIRONMENT



ORMAT



**Ormat has been generating renewable energy for over 55 years, and we are committed to producing power in an environmentally responsible manner. Our activities have an inherent positive impact not only on our own operations, as we consume the sustainable energy we produce to run our power plants, but also across the value chain, as we minimize the GHG emissions of electricity grids around the world to supply residents and other consumers with reliable, renewable energy.**

All of our geothermal and recovered energy power plants operate primarily without fossil fuel power, and we are motivated to continue to reduce our environmental impact as it relates to climate, water use, and waste reduction. This aligns with our Corporate history, mission, and values of producing energy that is powered by nature and sustainably harnessed by Ormat.

We are leaders in the geothermal energy sector, and we have developed a range of innovative products and solutions that continue to drive our success and contribute to the global renewable energy transition. As of December 31, 2022, we have 225 patents and patent applications worldwide, including 63 patents issued in the US and 35 pending US patent applications. These patents and patent applications cover our products, mainly power units based on the ORC, and systems, mainly geothermal power plants and industrial waste heat recovery plants for electricity production. The product-related patents cover components that include turbines, heat exchangers, air coolers, seals, and controls as well as control of operation of geothermal production well pumps.

**2%**  
**Increase in the production of renewable energy in 2022 compared to 2021**

**19%**  
**Absolute reduction in Scope 1 and 2 GHG emissions compared with 2019 baseline**

**2,209,290**  
**tCO<sub>2</sub>e avoided emissions compared to the local grid in 2022**

**97%**  
**Of electricity consumption in 2022 was from self-generated sustainable energy**



## Environmental Management

We take a comprehensive approach to environmental management designed to ensure that all our power plants, manufacturing facilities, and offices around the world operate under consistent policies, processes, and methodologies. The *Ormat Integrated Quality, Environment, Health and Safety Policy* outlines our commitment to principles of environmental sustainability and efforts, through the management of relevant risk and opportunities. This policy was approved by Ormat senior management. Environmental issues related to power plants are managed by the VP of EHS, who reports to the EVP Electricity Segment, and environmental issues at our manufacturing facility in Israel are managed by the VP QEHS, who reports to the SVP Engineering, Innovation, Quality Control, and Safety. Every site manager is responsible for assessing and mapping areas for potential energy efficiency improvements, and for implementing select projects.

**We uphold ISO 14001** at our main manufacturing facility and use the standard as a guideline for other activities worldwide. In addition, we engage in 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 concerns regarding waste management, biodiversity impacts, or other concerns related to our operations, and we strive to address any concerns in a timely and thorough manner.

In 2022, we began the process of setting up a new system to manage our environmental data from around the world in a more accurate and effective manner. The system also includes a permit management and compliance reminder system to help us monitor and manage our compliance and permitting performance Company-wide.

Wildlife beside Olkaria III Complex, Kenya

**In 2022 we began the process of setting up a new system to manage our environmental data from around the world**





# Our Impact in Fighting Climate Change



**Since our founding, we have developed more than 3,200 MW<sup>11</sup> of sustainable energy through our geothermal and recovered energy power plants. We are proud of our role in the renewable energy transformation and our ability to deliver sustainable power and energy solutions to customers around the world, around the clock.**

Geothermal energy is a form of clean energy that can be extracted without burning fossil

fuels, and using geothermal for electricity produces approximately one-sixth of the carbon dioxide of a natural gas power plant and little, if any, nitrous oxide or sulfur dioxide. Binary-cycle geothermal plants, which constitute a majority of our power plants, have significantly less emissions compared to other electricity generating sectors, such as coal and other fossil fuels. The main source of emissions that is related to our operations occurs naturally from the release of steam

from some of the geothermal reservoirs, and not as a result of processes during energy generation.

Geothermal power is a local resource and offers communities reliable renewable energy that is available 24 hours a day, 365 days a year, regardless of weather. This makes geothermal power plants an important contributor to national carbon reduction targets.<sup>12</sup>

<sup>11</sup> As of the publication of this report.  
<sup>12</sup> *Geothermal FAQs*, US Office of Energy Efficiency & Renewable Energy.



Ormat’s power plants, which include geothermal, REG and solar PV, have an incredible ability to generate and supply energy with minimal emissions and an extremely low carbon footprint. In addition, our energy storage facilities help support the resiliency of the grid.

in 2022:

**8,112,420**

Total MWh of (gross) geothermal energy

**34,882**

Total MWh of (gross) solar energy

**351,056**

Total MWh of (gross) REG

**129,368**

Total MWh of (Net)<sup>13</sup> storage provided



In 2022, Ormat’s generating portfolio, which includes geothermal, solar and REG, generated 8,498,358 MWh (gross) of electricity, out of which we sold 78%. The remaining energy was used to run the power plants’ auxiliary needs. In 2022, we launched in total 78 MW of new capacity consisting of new geothermal and solar projects, which **will contribute zero emissions to our carbon footprint.**

<sup>13</sup> We present net MWh since gross MWh data includes inherent loss power of the battery.

## Developing New Projects and Helping to Mitigate Climate Change

### New geothermal projects in 2022:

#### CD4, Mammoth, CA:

35 MW operational since July 2022, will save **~69,940 tCO<sub>2</sub>e** on an annual basis, compared to the local grid

#### Tungsten 2, NV:

13 MW operational since April 2022, will save **~35,120 tCO<sub>2</sub>e** on an annual basis, compared to the local grid

### New solar projects in 2022:

#### Steamboat, NV:

13 MW operational since the second half of 2022, will save **~3,250 tCO<sub>2</sub>e** on an annual basis, compared to the local grid

#### Wister, CA:

20 MW operational since July 2022, will save **~10,370 tCO<sub>2</sub>e** on an annual basis, compared to the local grid

#### Tungsten Solar, NV:

5 MW added in 2022, and will save **~3,250 tCO<sub>2</sub>e** on an annual basis, compared to the local grid

Steamboat Solar, NV, U.S., 5 MW

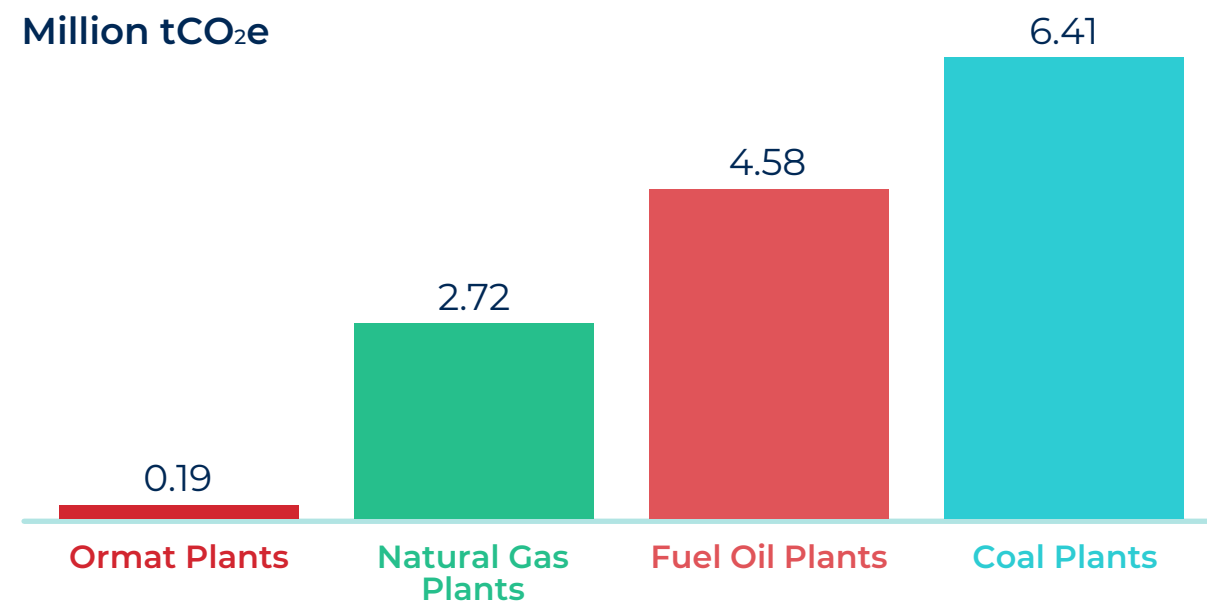




## Ormat as a Pathway to a Net Zero Future

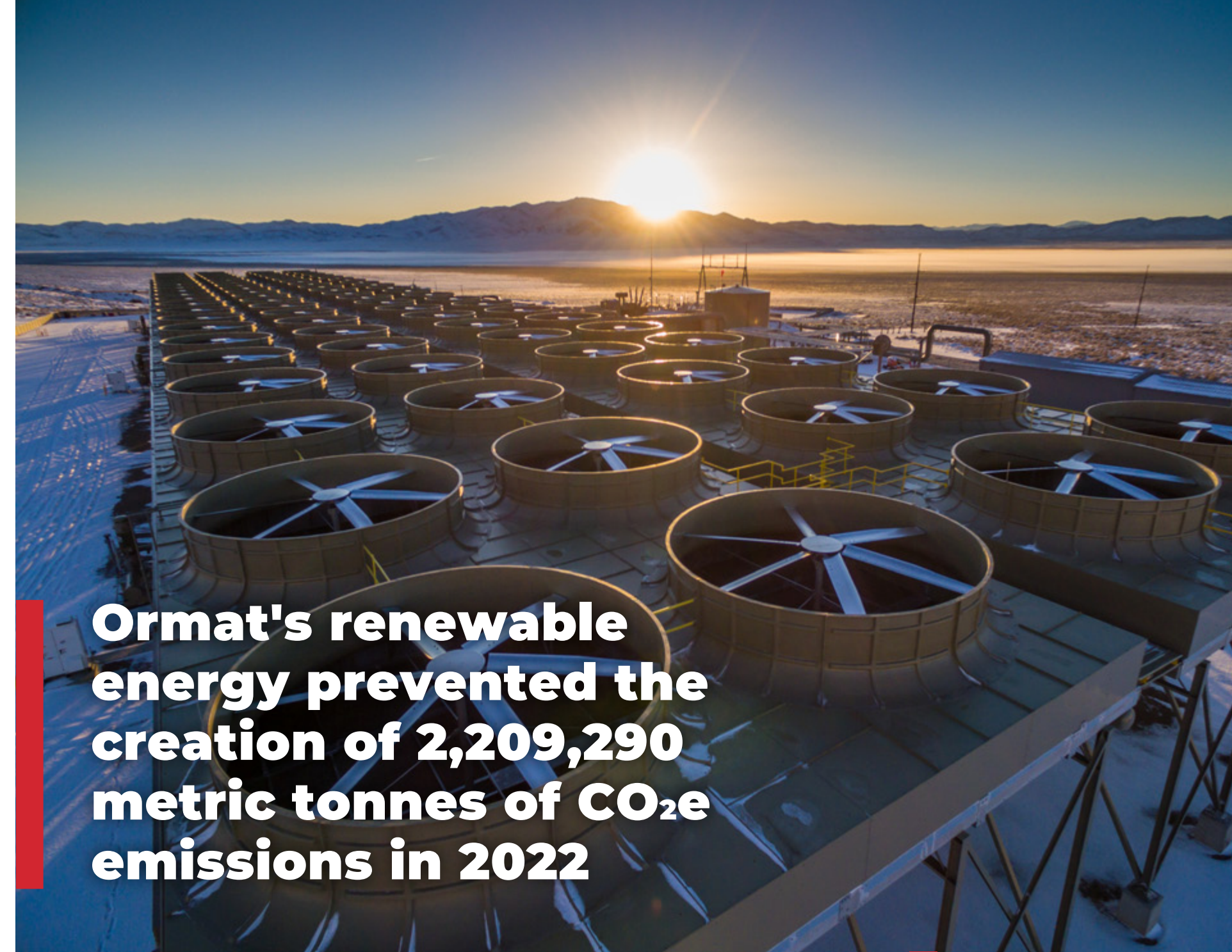
Our geothermal and recovered energy power plants have significantly lower emissions compared to power plants that run on coal or other fossil fuels. The table below compares the CO<sub>2</sub> emissions derived from our power plants operations to the CO<sub>2</sub> amount generated by other technologies, for an equivalent amount of power. The chart demonstrates the amount of emissions that are saved by the creation and use of geothermal, REG, and solar PV sources of energy in comparison to more traditional energy sources.<sup>14</sup>

Overall, the generation of Ormat's renewable energy prevented the creation of 2,209,290 metric tonnes of CO<sub>2</sub>e emissions in 2022, compared to the local grid at Ormat's locations.<sup>15</sup>



<sup>14</sup> The emission factors used for conventional energy sources are from "CO<sub>2</sub> Emissions from Fuel Combustion Highlights 2019" International Energy Agency (IEA), 2019.

<sup>15</sup> The comparison to the local grid was calculated using location-based emission factors for each of Ormat's sites.



**Ormat's renewable energy prevented the creation of 2,209,290 metric tonnes of CO<sub>2</sub>e emissions in 2022**

Tungsten Mountain Geothermal, NV, U.S., 42 MW

### Energy Storage

Ormat's energy storage facilities contribute to a more sustainable electricity grid, enabling the increased use of renewable energy resources that are intermittent, and supporting grid resilience. We consider energy storage solutions as an essential component for supporting the global transition to clean energy and in the fight against climate change.

**Our energy storage facilities provided 129,368 MWh of services to the grid in 2022. This is a 14% increase from 2021,** which is due to the addition of the new 5 MW/20 MWh Tierra Buena energy storage facility in California. The addition of this facility increased our energy storage portfolio to approximately 88 MW/196 MWh at the end of 2022.

**In 2022, we commissioned an energy storage facility in California, and our goal is to reach an energy storage portfolio of 600 to 670 MW by 2025.**



# Our GHG Emissions

Ormat actively works to reduce the GHG emissions that we generate through our operations and business practices, and we are committed to mitigating the effects of climate change. We closely track these emissions, with the aim to reduce them globally.

**We use 2019 as the baseline year** to calculate our carbon footprint. Our carbon footprint includes Scope 1, 2, and 3 emissions, and we regularly report on our progress to the CDP and the Israeli Ministry of Environmental Protection.

We remain focused on managing and reducing our GHG emissions intensity, identifying opportunities to minimize our carbon footprint across our power plants, manufacturing, and business operations.

In 2019, we established a target of a 5% annual average absolute reduction in Scope 1 and 2 greenhouse gas emissions (according to 2019 base levels). **We exceeded this target in 2020, 2021, and 2022.**

Due to our growth in 2022 and expected future growth both in the geothermal and energy storage segments, we believe that setting an intensity reduction goal, as opposed to an absolute reduction goal, is better suited to our emissions profile.

**Our updated target as of 2023 is a 5% annual reduction in Scope 1 and 2 GHG emissions intensity (tCO<sub>2</sub>e/MWh) compared to our 2019 base year.**

Don A. Campbell Complex, NV, U.S., 32 MW



## Scope 1 Emissions

**The main emissions associated with our Scope 1 (direct) emissions include** activities from Ormat's power plants and owned facilities. This includes emissions resulting from the operation of our drilling rigs, our corporate automobile fleet, geothermal power plants with steam content, direct ozone depleting substances (ODS) emissions - due to the release of motive fluids at our plants, manufacturing and maintenance processes, and machinery.

**The majority of our geothermal power plants operate with 100% reinjection of the geothermal resource, and therefore do not generate any emissions.** A small number of our steam and binary plants which use artesian wells with steam content are unable to conduct 100% reinjection of the geothermal resource due to the non-condensed gases coming to the surface from the geothermal reservoir.

**Our Scope 1 GHG emissions** for 2022 totaled 178,031 tonnes of CO<sub>2</sub> equivalent.

**This represents a decrease of 12% compared to our 2019 base year**, and a decrease of 2% compared to 2021. This decrease from 2021 can be attributed to 24% less fuel used in our global operations, due to fewer drilling operations in 2022. In addition, there has been a 5% decrease in direct emissions from our power plants.

Our overall Scope 1 emissions have decreased, even though emissions of ODS from the release of motive fluid at our plants increased in 2022. Most of these emissions originate at the two new geothermal plants (Dixie Valley and Beowawe) that we purchased in Nevada in mid-2021. This increase can be partially attributed to the fact that we included a full year of emissions data from these new plants in 2022, compared to only several months in 2021 for the time period when they were owned by Ormat, following the acquisitions. We plan to replace the

technology at the Beowawe power plant with Ormat's binary system in 2024, which we anticipate will reduce ODS emissions at that site and reduce our Scope 1 emissions even further.

**We have made changes in our methodology** for accounting and reporting on GHG emissions arising from the operation of our following geothermal plants: Desert Peak, Zunil, Amatitlan, Olkaria, Bouillante, Beowawe and Dixie. We have restated our previous years' Scope 1 emissions data 3 years back including our base year (2019). These restatements have resulted in an increase of Scope 1 emissions compared to the numbers previously reported. This process has improved reporting methods at these plants, moving from an estimated calculation using emission factors to directly measuring the annual CO<sub>2</sub>e emissions from each of these plants, according to third-party sampling measurements of NCGs (Non-condensed gases) in the steam content.

### Implementing New Technologies

In 2021 we installed FLIR (Forward Looking Infra-Red) cameras at some of our sites to locate and address the sources of any ODS leaks. Through the use of the FLIR cameras, we can identify and mitigate these emissions and we are actively working to find solutions to reduce them further. These cameras supplement our robust leak protection program, which includes daily checks.

In 2023, we initiated an R&D project to install FLIR cameras at one of the geothermal plants in the Mammoth geothermal complex. This will replace the current process of manually tracking ODS emissions.

We seek to make our operations more energy efficient and to reduce the auxiliary loads of our power plants through optimizing our processes and utilizing solar power where possible.

Manufacturing facility, Yavne, Israel



Photo by Robby Yahav

**Our overall Scope 1 emissions have decreased by 12% compared to our base year**





## Scope 2 Emissions

The main emissions associated with our Scope 2 (indirect) emissions include the electricity we consume at our manufacturing facilities, offices, and some of our plants, and auxiliary and power losses from our battery storage facilities.

**Our Scope 2 GHG emissions** for 2022 totaled 13,190 tonnes of CO<sub>2</sub> equivalent.

**This represents a decrease of 62% compared to our 2019 base year**, and a decrease of 1% compared to 2021. Even though our activities have grown significantly since our base year, we still see a decreasing trend in our overall Scope 2 emissions.

**Our energy storage segment represents 36%** of our total Scope 2 emissions in 2022. We expect this segment to grow in the following years, due to the expansion of our energy storage activities.

**We strive to shift our electricity use to renewable resources** such as our own geothermal and solar power, rather than electricity purchased from the grid. In 2022, 97% of the electricity we consumed was from self-generated, sustainable geothermal energy.

**We have made improvements to our data collection process** for accounting and reporting on our Scope 2 GHG emissions arising from our energy storage operations, resulting in a restatement of our previous years' Scope 2 emissions data 3 years back including our base year (2019).

Stryker Alpha storage facility, NJ, U.S., 20 MW / 20 MWh

**Our overall Scope 2 emissions have decreased by 62% compared to our base year**





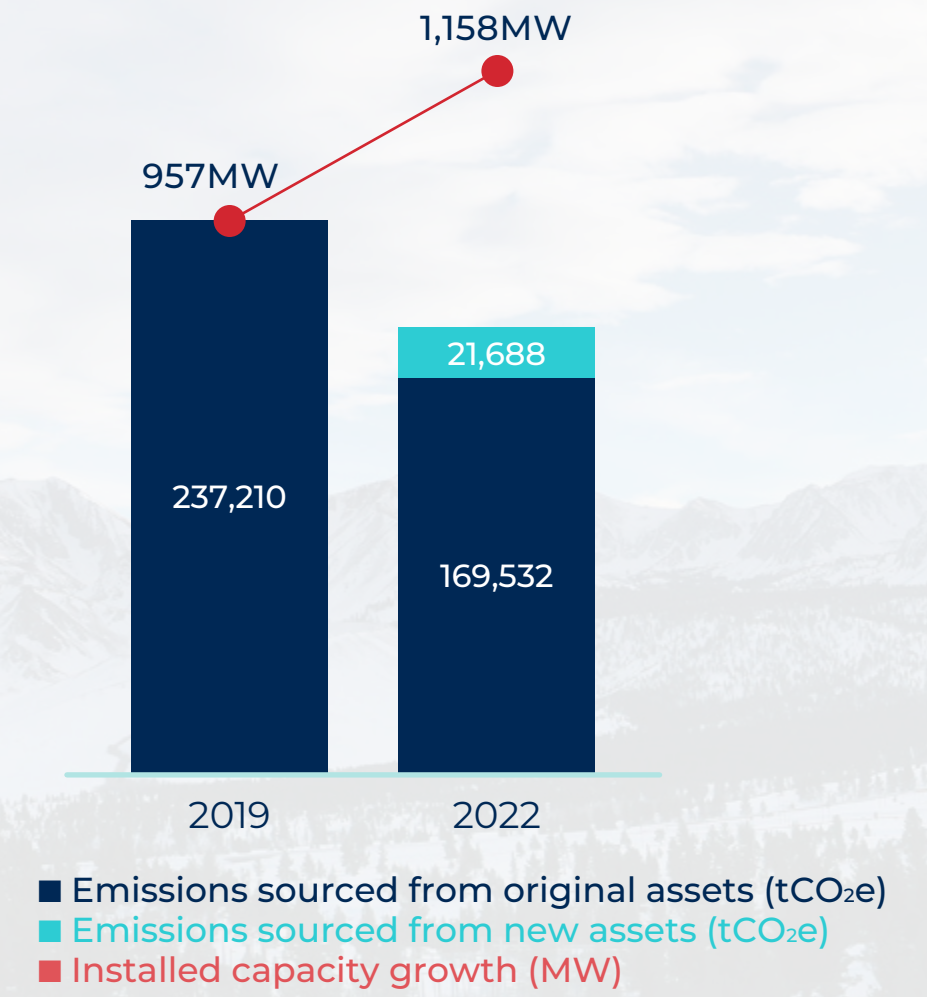
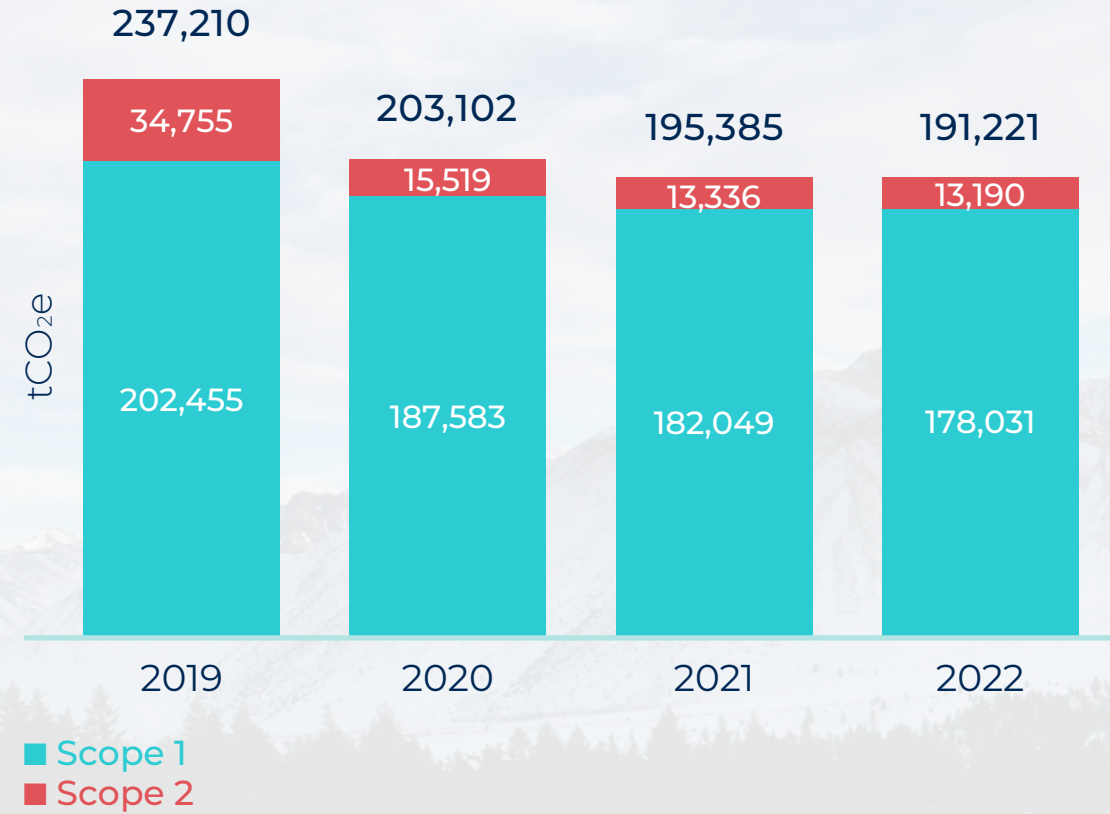
## Reducing our emissions while increasing production

Between 2019 (our base year) and 2022, our production portfolio increased by 21%, while our absolute Scope 1 and Scope 2 emissions decreased by 19%. Excluding new assets, our emissions have gone down by 29%.

Many of these new assets were acquired by Ormat, and emit relatively more emissions than original projects developed by Ormat. We are working to reduce the emissions of these new assets.

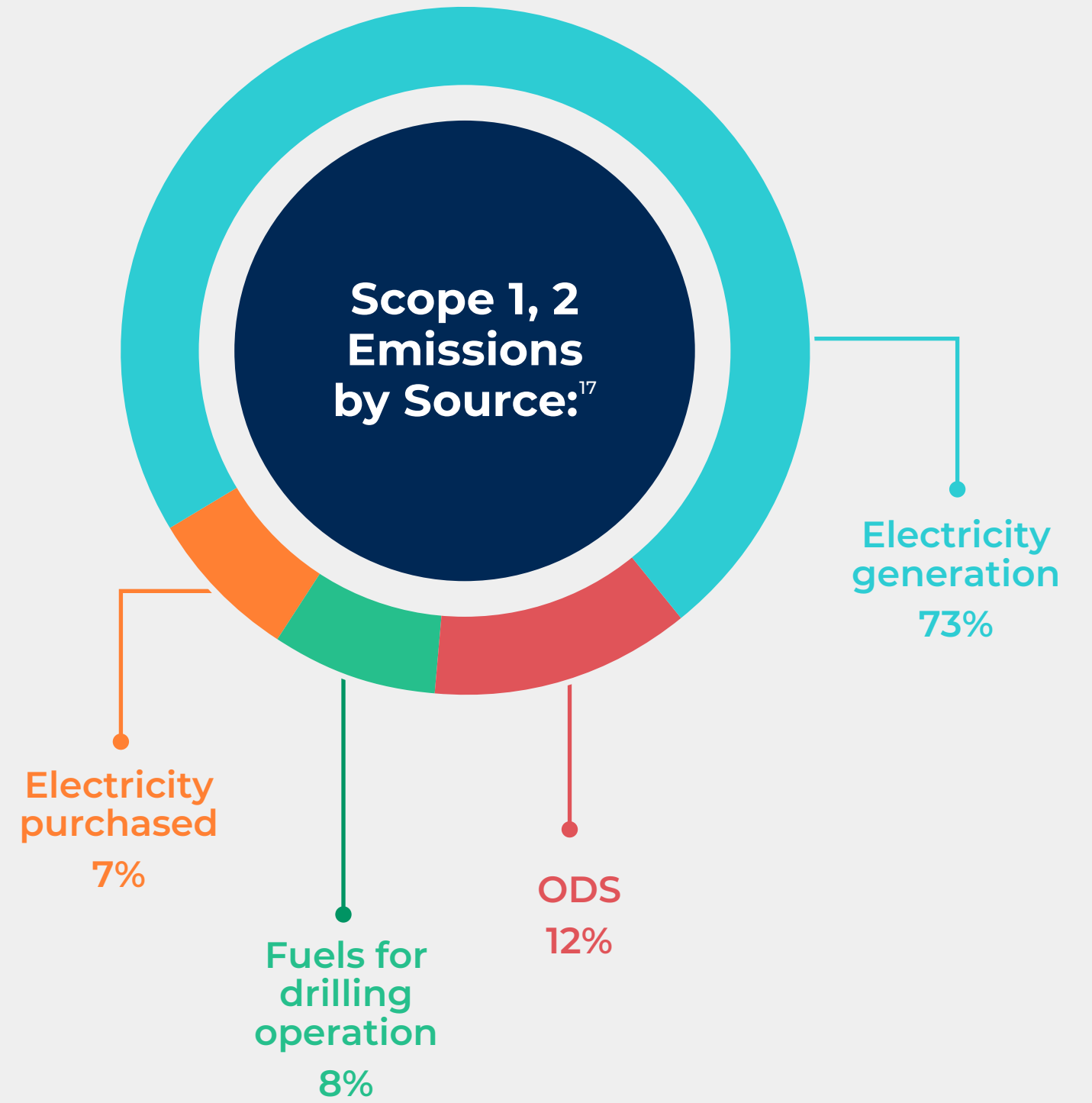
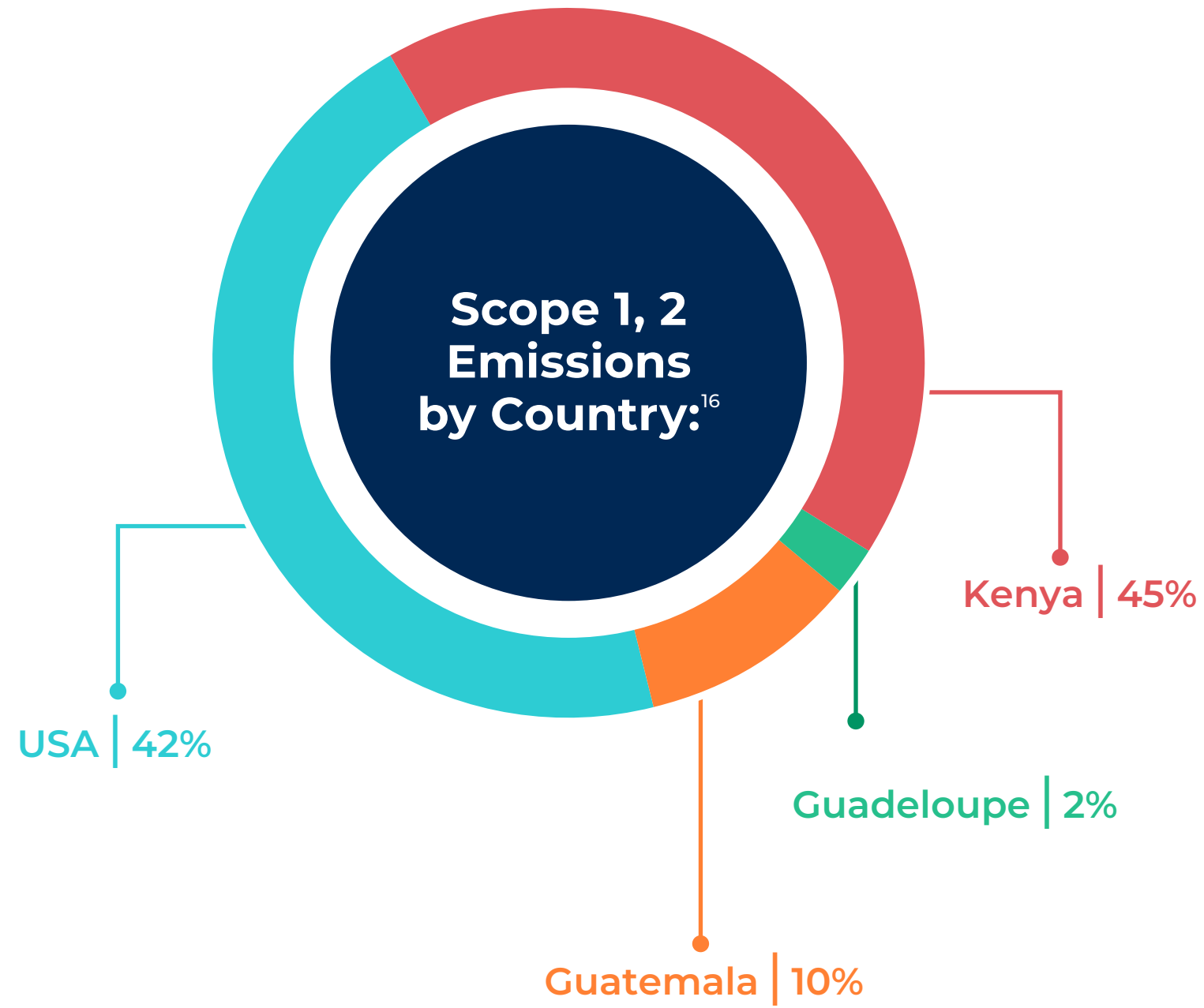
For more information, see 'Scope 1 Emissions' and 'Scope 2 Emissions' above.

### Scope 1, 2 Emissions (tCO<sub>2</sub>e)



Mammoth Complex, CA, U.S., 65 MW

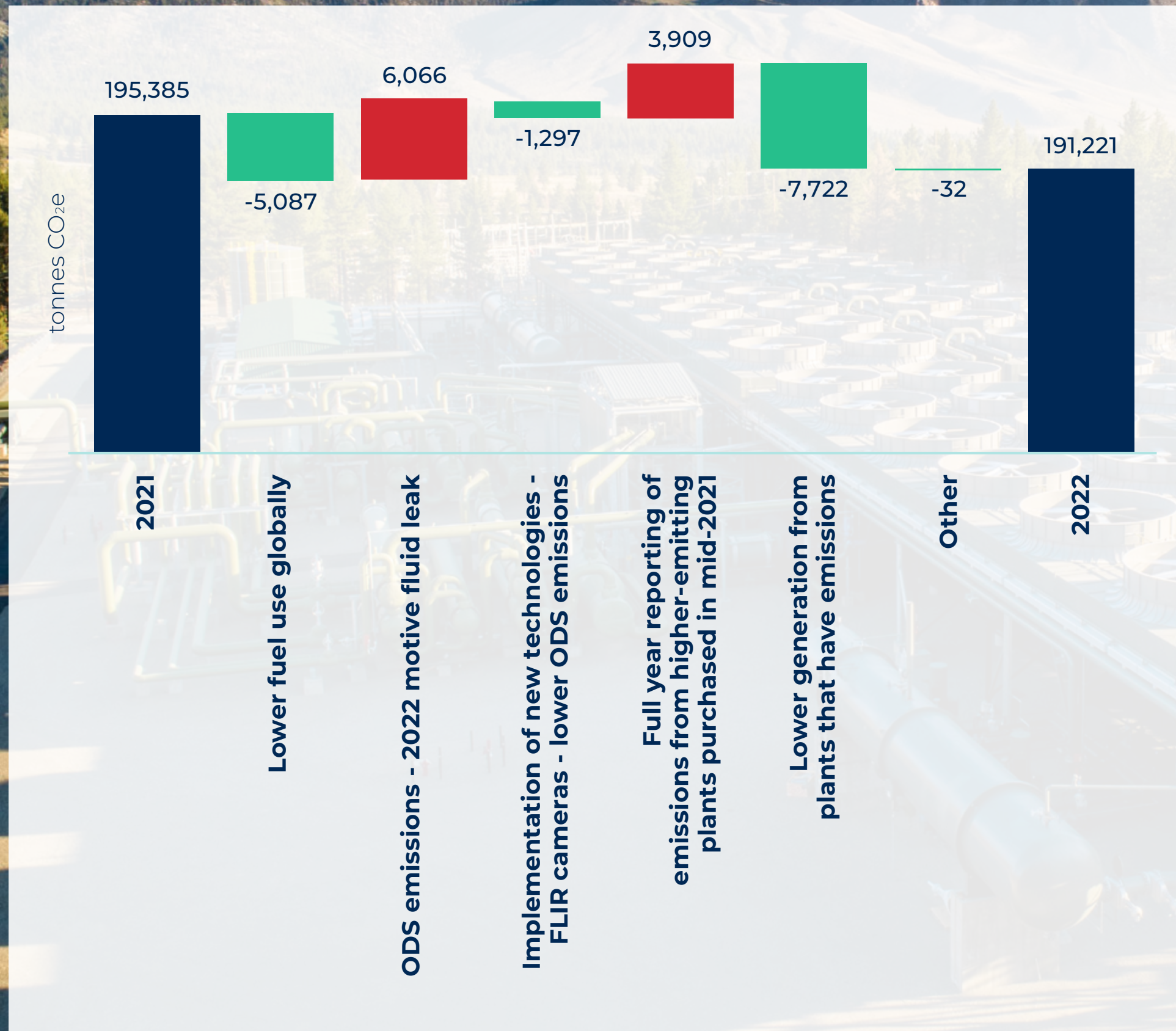




<sup>16</sup> Countries where emissions make up less than 1% of total emissions are not shown in the chart.  
<sup>17</sup> Categories where emissions make up less than 1% of total emissions are not shown in the chart.



## Change in Scope 1&2 GHG Emissions



The graph here quantifies and illustrates all of the increasing and decreasing activities that result in the change of Ormat's emissions from 2021 to 2022.

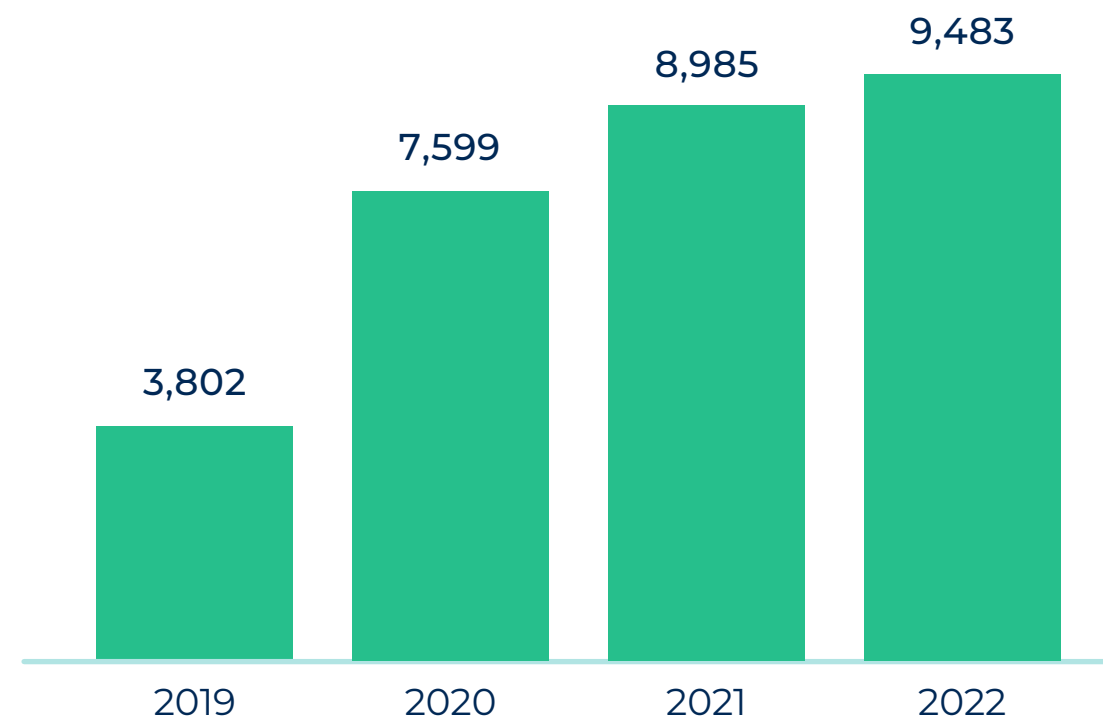


## Scope 3 Emissions

We calculated our Scope 3 GHG emissions for 2022 at 9,483 tonnes of CO<sub>2</sub> equivalent, showing a 6% increase compared to 2021. The indirect impact through our downstream activity is mainly positive, as we replace the conventional electricity on the grid and thus help communities to consume more sustainable energy. However, we understand that there are other indirect emissions related to our operations throughout the supply chain.

For our Scope 3 emissions calculations, we currently include freight by sea, employee commuting, and business travel. In the coming years, we plan to explore the expansion of our Scope 3 emissions disclosures for enhanced transparency through an assessment of our supply chain emissions in all relevant Scope 3 categories, as defined by the GHG Protocol.

### Scope 3 Emissions (tCO<sub>2</sub>e)



Drilling rig in McGinness Hills Complex, NV, U.S.

**In the coming years, we plan to explore the expansion of our Scope 3 emissions disclosures for enhanced transparency**





## Emissions Intensity

At Ormat, we use both absolute emissions and emissions intensity to compare, track, and account for our environmental impacts and improvements. We evaluate and calculate our GHG emissions intensity by using 2019 as our base year and point of comparison. To present our GHG efficiency in a way that best matches Ormat's activity, we use two different calculations: our emissions by revenue and our emissions by production.

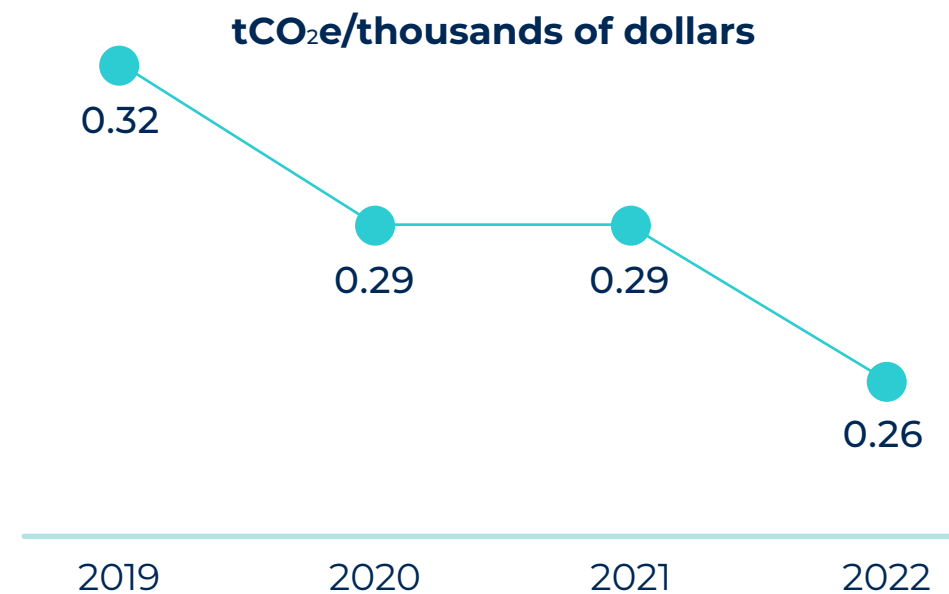


Wildlife beside Olkaria III Complex, Kenya

### Emissions by Revenue

**Our Scope 1 & 2 GHG emissions intensity by revenue** was 0.26 tCO<sub>2</sub>e per thousands of dollars.

**This represents a decrease of 18% compared to our 2019 base year**, and a decrease of 12% compared to 2021.



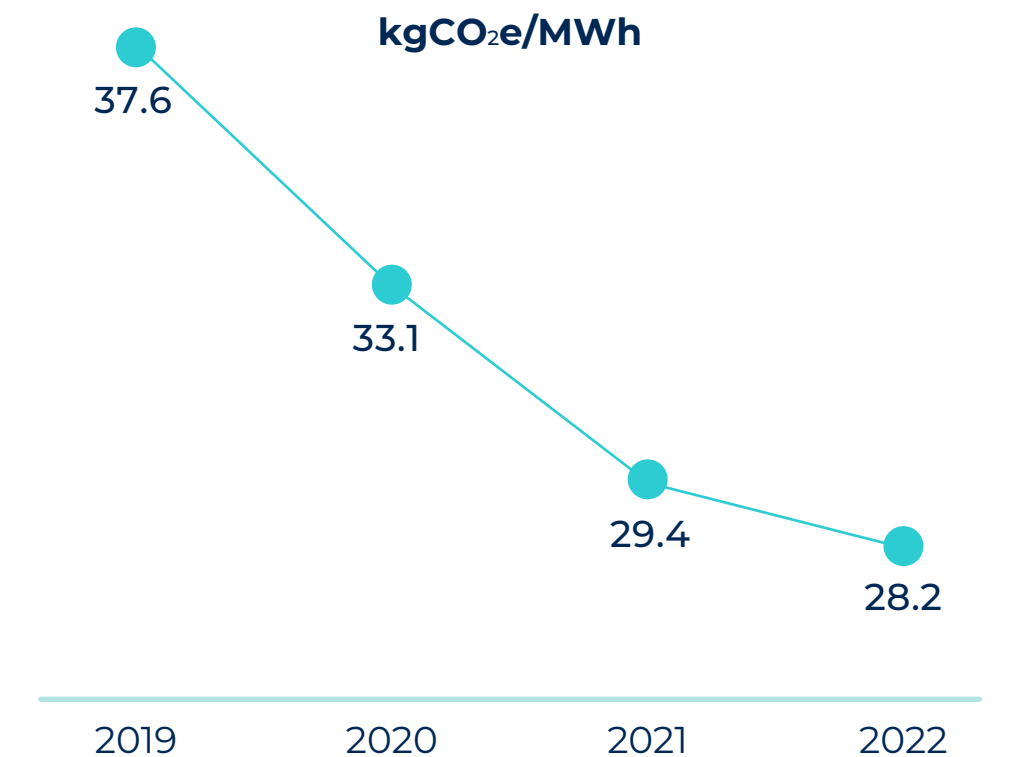
### Emissions by Production

Measuring our GHG emissions intensity by MWh demonstrates our strategy to grow our business through adding renewable energy generation sources. With the new power plants and activities that we plan to add in the next few years, we anticipate that this measure will continue to improve over time.

**Our 2022 Scope 1 & 2 GHG emissions intensity by generation** is 28.2 kgCO<sub>2</sub>e per MWh.

**This represents a decrease of 25% compared to our 2019 base year**, and a decrease of 4% compared to 2021 - an annual average decrease of 9%.

This decreasing trend continues, even though some of our newly purchased geothermal plants currently generate more GHG emissions due to their use of a different technology than ours. We are planning to replace part of the equipment in these plants, and expect that it will reduce the GHG emissions and the intensity measure even further in the future.







Resource testing in Platanares, Honduras

# Managing our Water Use

The management of water resources is of key importance to Ormat and our stakeholders. This includes managing water required for cooling in geothermal energy generation, as well as water resources used for other processes. We are committed to using water resources in the most environmentally responsible and sustainable manner.

**Our goal is to maximize water recycling at all locations by 2025.**

We utilize water resources from diverse sources to operate our power plants, manufacturing facilities, and offices as well as for our drilling operations. We

have established ambitious objectives to guide our water use and reach our goal to maximize water recycling by 2025 in all locations. This commitment is in line with our ***Integrated Quality, Environment, Health, and Safety Policy*** and the Ormat ***Water Management Policy***, which outlines our commitment to principles of environmental sustainability and efforts to control our impacts on water, through the management of relevant risks and opportunities. Ormat senior management is responsible for organizing necessary internal control systems to oversee this process, and the management of daily water use is overseen by the plant manager at each site.

**The Water Management Policy outlines our commitment to, among other things:**

**Lead the sector** and actively manage our water resources, especially in “water-stressed” areas

Continue working to control, track, measure, and report on relevant data to **measure progress and ensure transparency** on various water management issues

**Analyze water usage** to identify opportunities to improve efficiencies and management in our operations

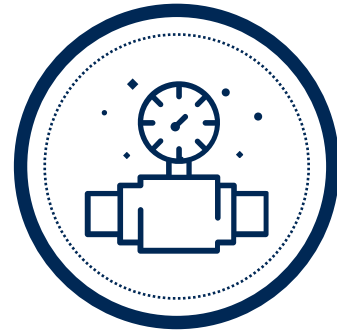
**Continue to perform testing** and to monitor our projects that have the potential to impact local aquifer and groundwater quality

**Go beyond local environmental compliance**, so we are prepared for water emergencies and are proactively supporting long-term water security in our communities

**Minimize the amount of water** used in our manufacturing process

**Engage with a wide range of stakeholders** to address public and customer expectations, including by considering the impact of our operations on local water supplies.





In 2022, our water consumption was 20,332,043 m<sup>3</sup>. This 6% increase compared to 2021, can be attributed to the inclusion of a full year of data for Dixie Valley and Beowawe, NV geothermal facilities, in 2022, vs. a partial year inclusion in 2021 following the acquisition of these assets in July 2021.

In addition to that, we performed drilling activities, including cleaning wells, at Tungsten, NV (US), Puna, Hawaii (US), Olkaria (Kenya), Bouillante (Guadeloupe), and Amatitlan and Zunil (Guatemala), which increases the water consumption as well.

We are constantly working on improving our data collection methods and practices, to ensure full reporting and transparency. Information about data restatements can be found in the 'About this Report' section.

**Over 90% of the water consumed in Ormat's operations is due to our water-cooled plants.** Of this water, the amount that is not lost due to evaporation is injected into the ground through reinjection wells. This process is done in accordance with all applicable environmental regulations to preserve underground water reservoirs.

Water reservoir near Mammoth Complex, CA, U.S.

**We are committed to using water resources in the most environmentally responsible and sustainable manner**





Drilling rig in Bouillante, Guadeloupe Island, France

### How we use water

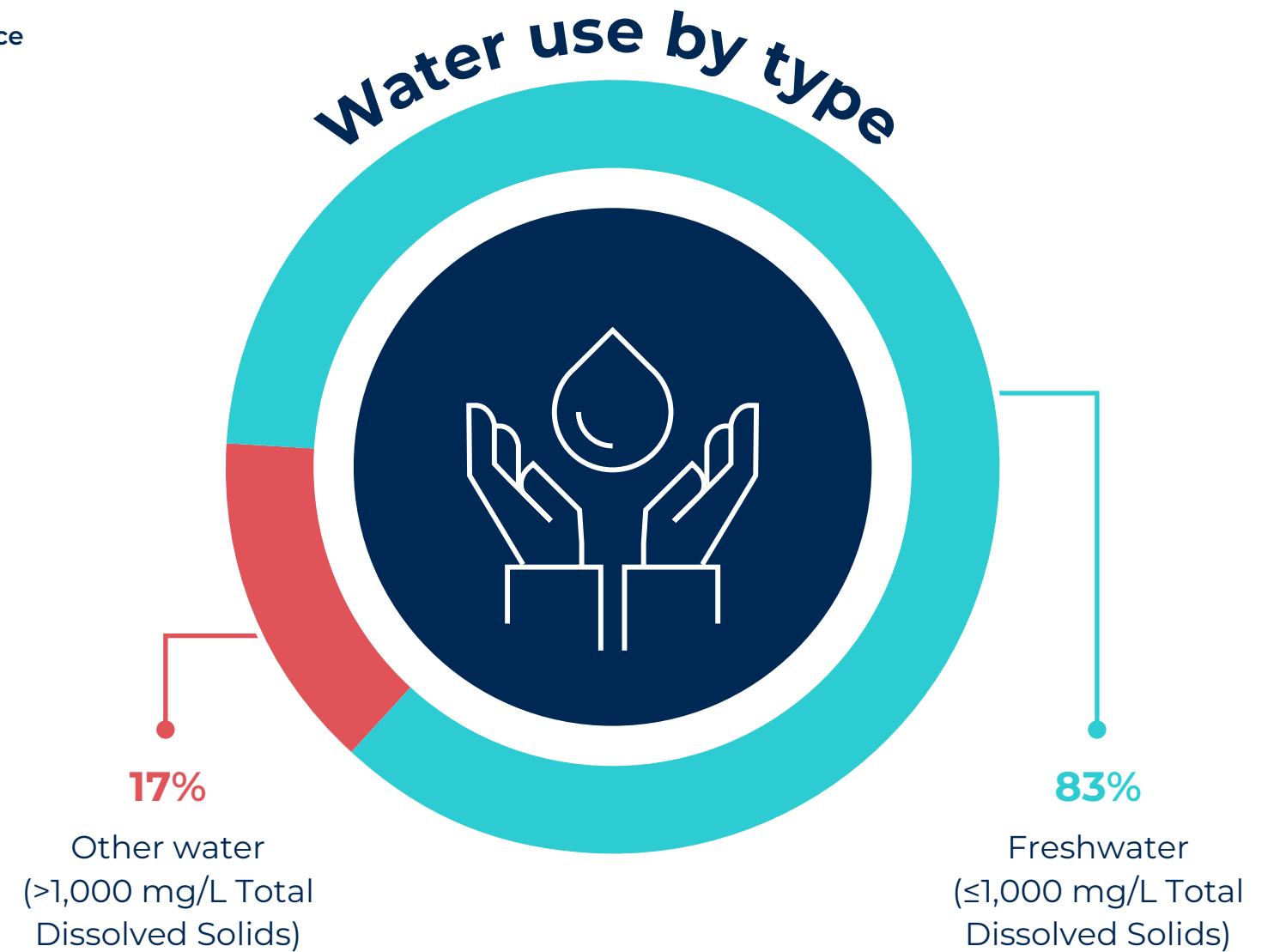
**At our geothermal power plants, we are dedicated to prioritizing air cooling systems over water cooling systems whenever possible.** However, in certain locations where high ambient air temperatures make air cooling impractical for our geothermal facilities, we employ water cooling to ensure the efficient operation of our innovative facilities. While we always opt to use air-cooling systems whenever technically feasible, we continuously strive to find ways to reduce water demands when water-cooling systems become necessary. In pursuit of water conservation, we actively explore and implement hybrid air and water systems, aiming to significantly reduce overall water consumption. A prime example of this approach can be found in the recent implementation at the Heber complex. By embracing innovative solutions and constantly seeking improvements, we aspire to lead the way in responsible energy generation, balancing our commitment to clean power with the preservation of our precious water resources.

For the operation of our air-cooled power plants, water resources are used only for maintenance activities and for administrative and sanitary purposes. This provides a significant advantage in our plants that are located in areas of water scarcity, such as Nevada, California, and Kenya. In our solar PV plants, the water is used for washing the panels, and, in our manufacturing facility, water is used for various applications to facilitate the manufacturing process, including testing the viability of our power plant equipment in the factory setting, for which we use recycled water.

Since 99% of our water comes from water-stressed areas,<sup>18</sup> we recognize the potential impact our activities may have on local water sources, and we conduct the necessary studies, including environmental impact assessments, to uncover and mitigate any potentially negative impacts on local hydrology and groundwater systems.

### Water sources

We strive to minimize the use of freshwater for operations, and where possible, we utilize water that is not suitable for drinking, as it contains more dissolved solids, such as salt. We recognize freshwater as a valuable natural resource, and 17% of the water we use in our operations is not suitable for drinking.



### Water Heat Reuse

At the Brady geothermal plant, we cooperate with a local spice business to use the waste heat produced by the water used in our production process to dry out onions to create onion powder. This helps reduce energy consumption by the local business during the year. We are investigating further opportunities to partner with local businesses to benefit from reuse of our heated water.

18 Water Stressed Areas as defined by WRI: *Aqueduct Water Risk Atlas (WRI.org)*.



# Managing our Waste

Ormat is committed to managing our waste and material use in an environmentally responsible manner, and we have implemented extensive waste management and materials-handling policies across our global locations. We uphold all relevant legal and regulatory requirements regarding waste management, and we map and monitor these standards on the local and national levels on an ongoing basis. To minimize our impact on the natural environment and help ensure sustainable business practices over the long-term, we seek to reduce, reuse, reclaim, or recycle materials wherever possible.

Management of waste, materials, and recycling policies and activities is overseen Company-wide by the VP of Quality, Health, Environment, and Safety. The ongoing handling and safe treatment of waste, including hazardous waste and recycling efforts, is managed by plant managers at each site. The overall waste management process is planned, implemented, measured, and monitored for continuous improvement through strategic objectives, including the proper handling of hazardous waste or materials. We expect our subcontractors to abide by our waste management principles and policies, as set out in our contractual agreements and outlined in our list of Environmental Compliance Responsibilities.

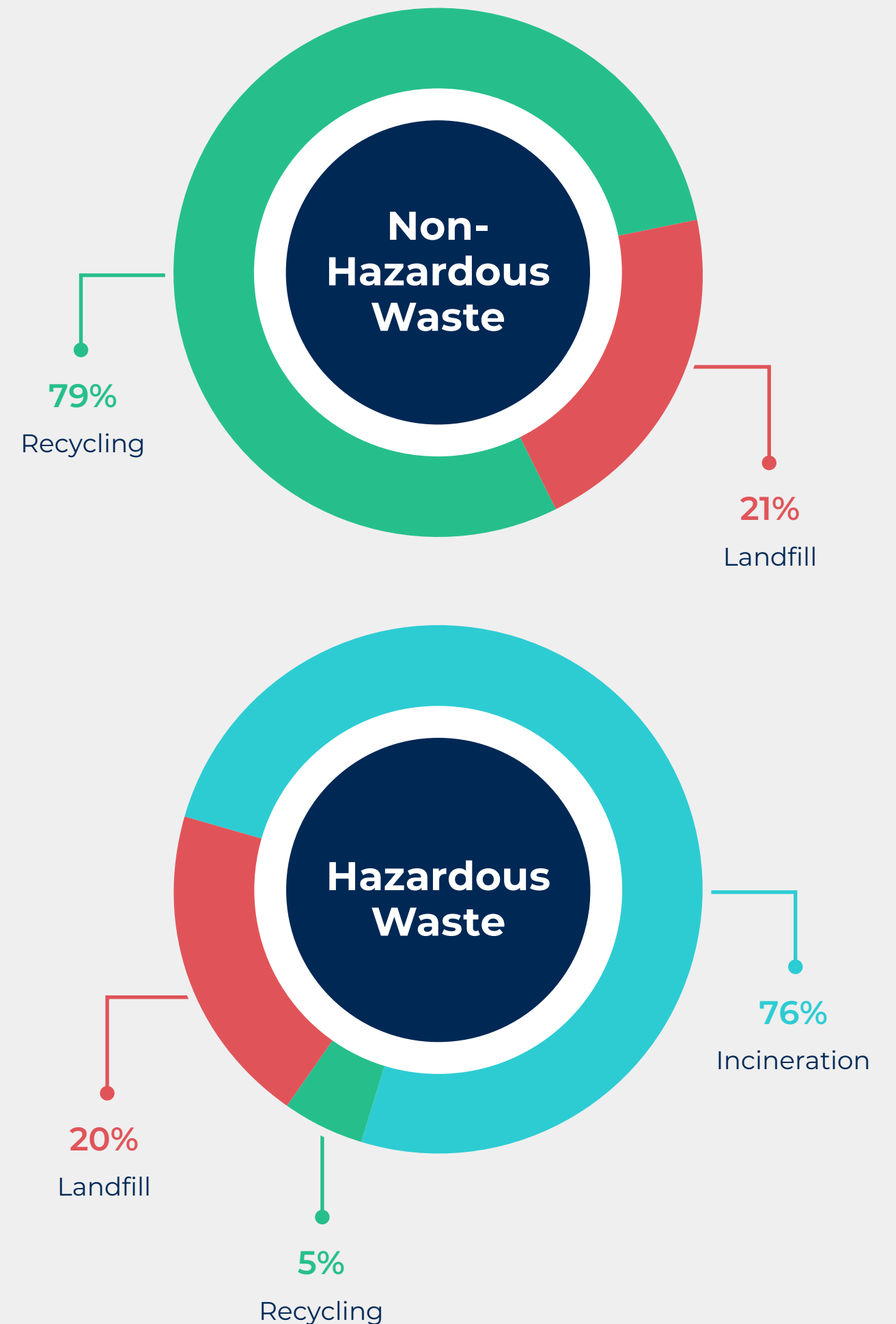
We take a proactive approach to prevent leakages or other potentially environmentally wasteful events.

## Waste Type by Treatment:

In 2022, we initiated two major voluntary waste clean-up projects to remove large amounts of metal and construction waste that were left in the vicinity of our plants. We continue to evaluate opportunities to undertake additional clean-up projects and to reduce our overall waste.

**In 2022, we achieved a 39% increase in waste recycling, compared to 2021. 79% of our non-hazardous waste is recycled and 53% of our total (non-hazardous and hazardous) waste is recycled.**<sup>19</sup>

The operation of geothermal power plants requires the use of some sensitive and hazardous materials, including flammable materials such as industrial lubricants and organic motive fluids. These are handled according to regulations in the country of operation. Mineral scale can also form as a byproduct of the use of geothermal resources, and we actively monitor the level of scale in our systems. If we cannot prevent scale build-up, we remove and dispose of it in accordance with local regulatory requirements and internal guidelines for sound environmental management.



<sup>19</sup> Categories where waste makes up less than 1% of total waste are not shown in the chart.





Cleaning activity of employees and their children, OrZunil, Guatemala

## Waste Initiatives

We have implemented a range of voluntary waste reduction and reuse initiatives across our sites, including:

### Oil reuse:



We donated thousands of gallons of industrial oil that was used at two of our geothermal facilities in Nevada, US. In 2022, we donated 2.1 tons of oil from the McGinness Hills facility to be used to heat the Lander County maintenance shop, and 1.5 tons of oil from the Tungsten Mountain facility to be used to heat other buildings in Lander County.

### Metal recycling:



We removed 600 tons of metal scrap waste that was in the surrounding area of the Brady geothermal facility in Nevada, US. The waste had been there for several years, and was not produced by Ormat. In 2022, we hired an outside agency to clear the metal waste, which was collected for recycling. The clean-up took approximately one year to complete.

### Construction waste removal:



We removed approximately 150 tons of construction waste that was in the surrounding area of the Mammoth geothermal complex in California, US. We worked with an outside agency to clear the waste, which was there for some time and was not produced by Ormat, and it was sent for proper disposal. In 2023, we plan to initiate a project to collect the waste from a nearby shooting range and to work with local authorities to relocate the shooting range.





# Biodiversity

Wildlife crossing project in Mammoth Complex, CA, U.S.

**We believe the global renewable energy transformation can have a positive impact on nature, and we are committed to our role to protect biodiversity and local habitats, and to minimize negative impacts.**

Our renewable energy solutions are derived from nature itself, and we place the utmost significance on protecting and supporting natural habitats and biodiversity in all the locations in which we operate. With nature under increasing pressure due to climate change and human activity, it is imperative that the renewable energy transformation does not further harm our natural resources. We make every effort to maintain and support the biodiversity around Ormat’s power plants and facilities. This starts from the earliest stages of power plant design, as we take into consideration the physical location of each facility, through working with local communities, environmental NGOs, and third-party experts to protect and support the local flora and fauna.

## Managing Our Impact on Biodiversity Across All Phases of Our Projects

### Exploration

We have extensive procedures in place designed to ensure that we meet all national and local requirements related to biodiversity and our environmental impacts. Before the development of any facility, we conduct a detailed environmental and social impact assessment (ESIA), as mandated by local authorities. This includes an assessment of impacts related to ecology and nature conservation, landscape and visual impacts, traffic and transport, noise, and socio-economic impacts on health and safety. It also includes an analysis of ground, water and air emissions, as well as impacts on local archaeological and cultural heritage sites. Detailed plans are developed based on the ESIA to manage and mitigate any identified impacts, according to best commercial practices and in line with our commitment to protect and support local communities and biodiversity.

### Planning & Construction

Once a site has been approved to proceed, we create a detailed, site-specific environmental plan. This plan is designed to minimize the impacts on the surrounding natural lands and wildlife ecosystems across all phases of the facility’s lifecycle, from construction through operations and maintenance. During the construction phase, the site manager and construction team are required to abide by a list of specified environmental compliance responsibilities regarding biodiversity preservation at various stages of the construction process. These responsibilities vary from site to site and include many initiatives,

such as monitoring dust conditions, re-contouring impacted areas to match the surrounding terrain, re-vegetation and noxious weed control in affected areas, salvaging and stockpiling soils for later use in the construction process, and helping to ensure there is no use of construction paint on the natural surface.

### Operations & Maintenance

Once the plant is operational, the local site management team is tasked with developing and implementing an environmental action or management plan that addresses actual and potential impacts on an ongoing basis. They are also responsible for communicating with regulators and local communities as needed. Measures discussed in environmental management plans include the responsibility of informing the local population about any construction activities in a timely manner, and commitments to repair any damage to local access roads as well as to restore any disturbed lands.

In addition, we conduct ongoing research into new equipment to help minimize the environmental impacts of 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, can reduce the number of wells required at the site, and thereby reduce our overall footprint, while enhancing overall facility operational capacity.





## Biodiversity Initiatives

**We have implemented a range of programs to support and protect biodiversity near our facilities around the globe:**

- **North Valley geothermal plant, Nevada, US**  
we have initiated a **field mouse** study designed to ensure that the operations of our geothermal plant are not impacting the mice’s habitats. The study, which began in 2022, is being conducted by a third-party organization and we plan to continue the study for several more years.
- **McGinness Hills geothermal plant, Nevada, US**  
we have a project to monitor the ambient sound around the plant’s perimeter. This project is designed to ensure that we do not impact the breeding season of the **Sage Grouse bird**. We are working with a third-party organization to identify where the birds are gathering to breed, and another third-party organization to monitor the sound.
- **Mammoth geothermal complex, California, US**  
we have an ongoing program with remediation efforts designed to ensure that our pipelines are not impacting the migratory path of **local deer**. The deer migrate on the same route every year, and if they see an above-ground pipeline – and there is not an obvious crossing to the other side – they may alter their migratory path. This impacts young fawns’ ability to learn the migratory path each year and could also increase the risk that predators may catch up with the deer as they alter their route.

To prevent this, we have altered the pipeline line in certain areas and installed deer crossings, so the deer can use the same migration path without interruption. During the migration season, we work with a third-party organization to monitor deer tracks in the area and assess whether they are altering their route due to the pipeline. If so, we promptly take measures to install a deer crossing in that area.

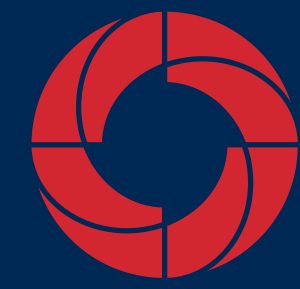
In 2023, we plan to begin a project to plant genetically pure pine trees in areas of the Mammoth complex that are no longer in use.

- **Dixie Meadows complex, Nevada, US**  
in 2021, the Center for Biological Diversity and the Fallon Paiute-Shoshone Tribe filed a lawsuit alleging that the planned project threatens the Dixie Valley Toad and infringes on the tribe’s enjoyment of a religious sacred site. Ormat has elected to undergo a supplemental NEPA (National Environmental Policy Act) review with BLM (Bureau of Land Management) to ensure that all potential impacts are addressed and mitigated, while also working with the Department of Fish and Wildlife Service on the Section 7 consultation process.
- **In the US,** we are working with a third-party organization to minimize the potential impact that our plants and construction groups may have on raptors - hawks, falcons, eagles, and others – and the locations in which they nest. We have an annual contract with the organization for ongoing monitoring, and we plan to take any remediation efforts, as needed.

Protected flora in Steamboat Complex, NV, U.S.







ORMAT

ORMAT





**At Ormat, we are committed to the advancement and development of people—both our employees and the members of the communities where we operate. As a global corporation operating on nearly every continent, we aim to support a more secure economic future. Our promise of delivering renewable energy to people around the world aligns with our commitment to support local employment and community development wherever we work.**

We put the highest priority on the health and safety of our employees. We design and operate our sites according to all relevant requirements and often go beyond compliance and seek to ensure we are meeting our high internal standards for safety. We recognize the value of diversity, equity, inclusion, and belonging for all our employees and are dedicated to creating a workplace environment that is safe, secure, and

offers opportunities for individuals to thrive. We invest significant resources in training and development, so our employees can grow and develop on a personal and professional level.

We work in collaboration with the communities where we are located to create an environment that benefits all. We invest in community development with a focus on education, the advancement of women, and health, and work closely with local organizations and stakeholders. We take pride in collaborating with the local communities in which we operate to understand their needs and work together to develop programs designed to make a real impact in people's daily lives.

Our activities and approach to creating opportunities for individuals and communities are grounded in our history, as well as our core values of stability, constant renewal, full commitment, and courage that guide us as we contribute to building a sustainable future for all.



# Our People

At Ormat, we recognize that our success largely depends on our people. We strive to foster a work environment that encourages individual growth, teamwork, innovation, and community involvement, and we put our employees at the center of our business-and work to ensure we serve them in the right way throughout their professional journey at Ormat and beyond.

The global Human Resources department, led by the Executive VP of Human Resources, is responsible for implementing a unified, data-driven approach to HR management and our global processes and systems. We emphasize a “service leadership” approach to management at Ormat and provide training and support to managers to help them create a work environment that fully supports employees.

## Employees by Region:

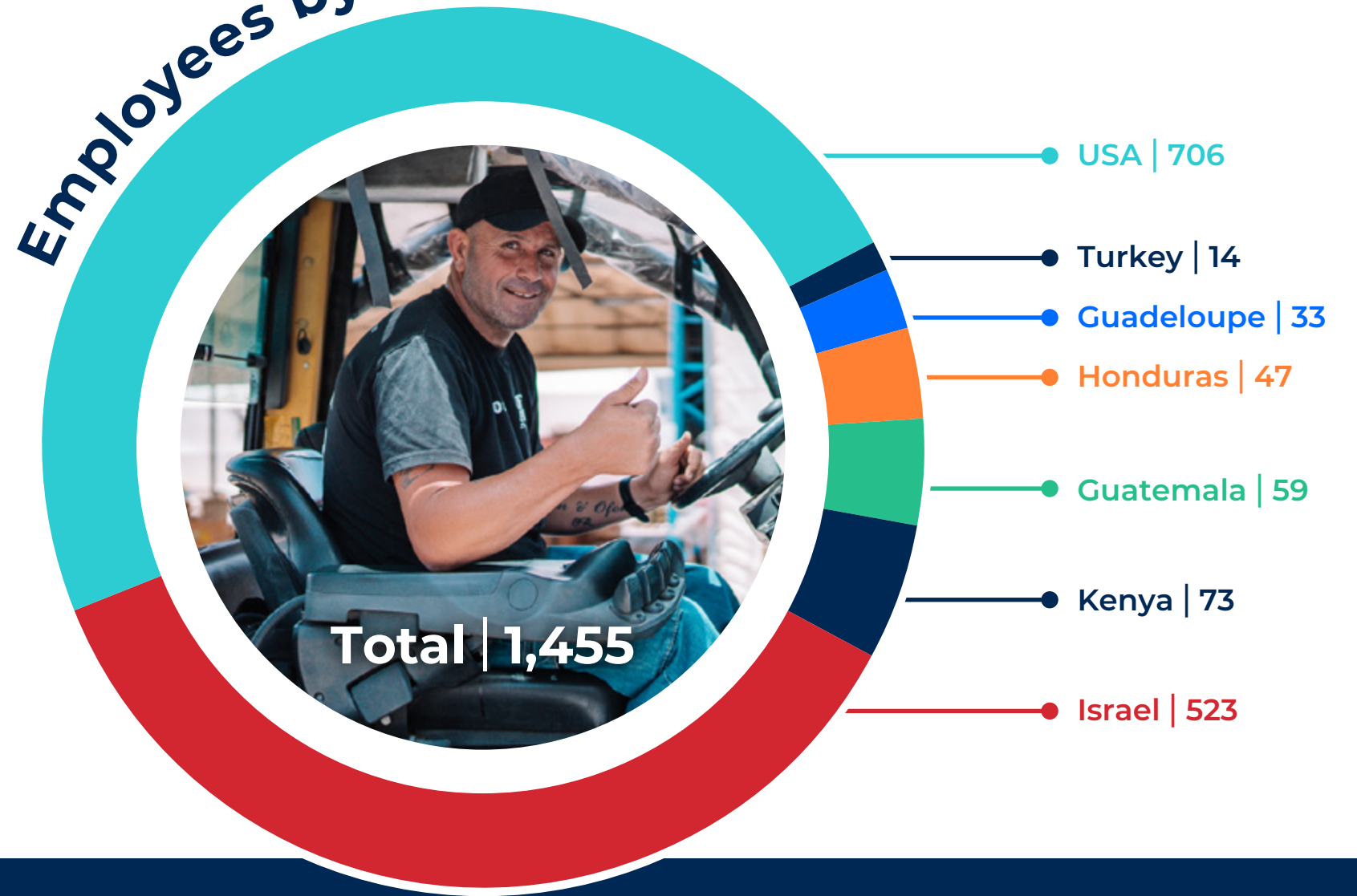


Photo by Noa Sharvit



**1,455** employees<sup>20</sup>

**0.7** total recordable injury rate (TRIR)

**25.3** hours (average) of training per employee

**85%** retention rate in 2022

**100%** of plant management was from local communities

**37%** of our employees in the US in 2022 were from minority groups<sup>21</sup>

<sup>20</sup> This data does not include employees in Indonesia, as listed in the 2022 Ormat 10-K Report.

<sup>21</sup> In the U.S., we categorize minority groups as defined by the US Dept. of Labor. In other locations outside the US, we do not track the specific diversity of our workforce; all overseas employees are locally hired and thus are representative of the communities in which we operate.



## Providing a Healthy & Safe Workplace

Health and safety is a top priority at Ormat. We operate in complex environments with industrial equipment and infrastructures, and we are dedicated to creating a safe working environment for our employees and contractors. We follow all relevant local and national regulations for workplace health and safety and strive to go beyond compliance wherever we operate.

We are committed to establishing a comprehensive health and safety framework that covers our entire organization, tailored to the specific needs of our power plants and manufacturing facilities. We aim to equip all employees with the necessary resources to foster a secure work environment. To achieve this, we strive to implement a standardized set of policies and training programs across all sites, to help ensure consistency in our approach. Furthermore, recognizing the unique risks and challenges faced at each location, we also deliver customized training programs that effectively address and manage local safety concerns.



Wellfield Team at Toka Tindung Field, Indonesia

Our occupational health and safety program is based on **four main principals:**

**1.**

**Everyone, everyday**

all Ormat employees are integral to safe operations, and each employee has the responsibility to work safely and create and maintain a safe work environment.

**2.**

**Management of hazards**

we strive to systematically identify hazards and manage them through elimination, isolation, or minimization.

**3.**

**Safety as a core value**

safety is a core value at Ormat and requires a personal commitment from employees across all levels of the organizations.

**4.**

**Continual vigilance**

we strive to maintain constant vigilance to ensure unsafe work conditions or activities are identified, addressed, regulated, and prevented.



## Managing Health & Safety

Health and safety is managed Company wide and is overseen by the VP of EHS for Ormat power plants worldwide and by the VP of QEHS for the Ormat manufacturing facility in Israel. Accordingly, there are two safety committees - one for power plants and offices, and the other focusing on our manufacturing facility, that oversee the implementation of health and safety policies and programs. We believe it is important for all employees to be integrally involved in managing health and safety, and, in addition to managers and EHS coordinators, there are employee representatives on the safety committees.

To track and monitor our performance Company-wide, **we have a safety management system** in place to help ensure that we are meeting our safety standards and goals. The Ormat Integrated Quality, Environment, Health & Safety policy guides us in our commitment to continually improve working methods and maintain organizational progress. Additionally, at every power plant there is a dedicated employee who oversees operational health and safety at the site and reports directly to the site manager.

**Our manufacturing and office facilities in Israel operate according to ISO 45001**, which specifies requirements for an occupational health and safety management system. In the US, we report our health and safety data to the Bureau of Labor Statistics at the US Department of Labor according to internationally accepted reporting standards, including those of the Occupational Safety and Health Administration (OSHA). Our sites operate **according to OHSAS 18001**, an international standard for occupational health and safety.

Safety brigade in Geoplatanares plant, Honduras



**Our manufacturing and office facilities in Israel operate according to ISO 45001**



Safety delegaters, Yavne site, Israel

In addition, the *Ormat Human Rights and Labor Policy* outlines our commitment to ensuring that essential health and safety standards and practices are enforced in the workplace and that we develop risk awareness and encourage responsible health and safety behavior among employees.

**We have implemented Company-wide Key Performance Indicators (KPIs) related to safety to help ensure we are aligned on our goals,** and to monitor and track our performance. Based on these indicators, we have a proactive safety plan in place, and each site is required to provide regular reports on their performance.

Our health and safety performance is regularly shared with employees, and specific teams and departments are informed of any incidents, to help ensure full awareness of the issue and any related remedial actions. **We also track and share “near misses”** with all employees, as we believe that awareness of these events can help prevent future incidents.



**Safety indicators include:**

**Performance**

Relevant indicators, such as OSHA recordable injuries, preventable equipment incidents, preventable vehicle accidents, property damage, environmental fines, etc.

**Training**

Percentage of attendance at safety training.

**Meetings**

Number of safety committee meetings to share information, updates, best practices, near misses, etc.

**Communication**

Engagement with employees regarding meetings, permits, incident investigations, etc.





**In 2022, our Total Recordable Injury Rate (TRIR) was 0.70, which is a 37% reduction from the 1.1 rate in 2021**

### Training for Health & Safety

We offer health and safety training to all operational employees, and we send out regular newsletters with safety information so that everyone is aware of any updates or changes. We regularly conduct pre-job safety meetings where we review upcoming tasks, go over how to report a concern or near miss to a supervisor, and provide refresher information on health and safety procedures relevant for that day. Where relevant, contract employees participate in these meetings to help ensure that everyone at the facility is up-to-date with the most recent health and safety requirements.

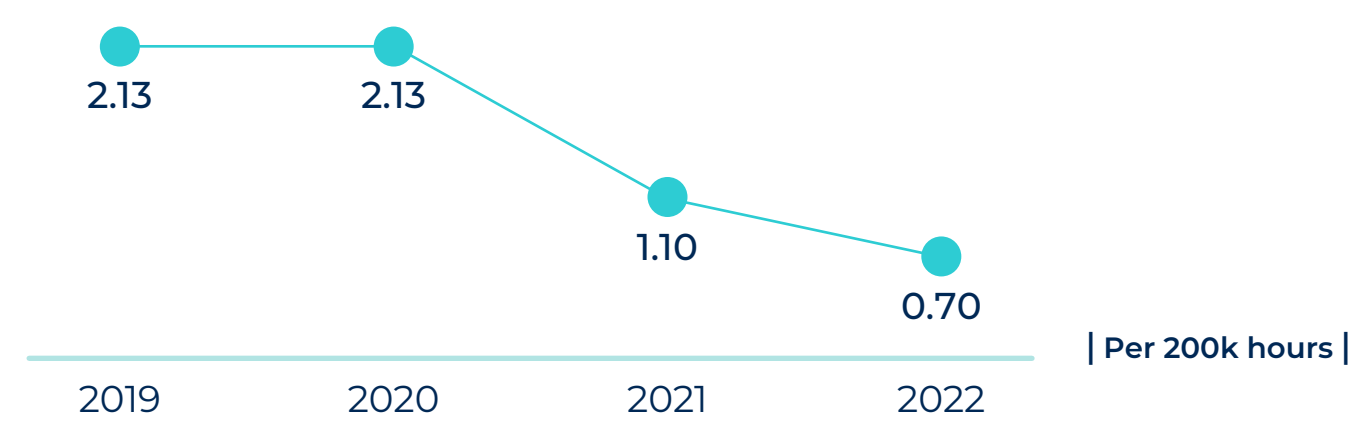
In 2022, we continued our Safety Leadership Training, and expanded employee participation in our **SafeStart®** health and safety training and implementation program, including by integrating of the SafeStart® philosophies and practices into our health and safety KPIs. In addition, we increased employee participation

in our behavior-based safety programs, which contributes greatly to maturing and advancing a culture of safety at our organization. **In the US, we are members of the Nevada chapter of the Associated General Contractors of America (AGC)**, through which we participate in industry training and awareness events.

To support a unified vision for health and safety, we held a Health & Safety conference in San Diego, CA in 2022 for 20 senior EHS employees from around the world. The two-day event included lectures, classes, and management strategies to support the implementation of effective health and safety procedures.

**In 2022, our Total Recordable Injury Rate (TRIR) was 0.70, which is a 37% reduction from the 1.1 rate in 2021.** This reduction was a result of significant efforts we undertook to raise awareness and provide employees with the appropriate training and tools to support a safe workplace. As in previous years, there were zero fatalities in 2022.

### Total Recordable Incident Rate (TRIR)<sup>22</sup>



22 This does not include Ormat employees located in Turkey.



## Hazardous Materials & Emergency Response Plans

In the US, our power plants are subject to a variety of regulations related to the safe handling of hazardous materials, including the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), the Emergency Planning and Community Right-to-Know Act (EPCRA), and the Federal Risk Management Plan/Process Safety Management (RMP-PSM). These regulations apply to motive fluid used in our power plants: pentane, isopentane, butane, or isobutane. There may be small quantities of other regulated substances, such as solvents, at the facilities, but these typically do not reach threshold levels required for mandated treatment. Our manufacturing facility aims to adhere to the rules and regulations outlined in the Hazardous Materials Law (1993).

**We have detailed emergency response plans** in place at all facilities that outline evacuation procedures in case of emergency, natural disaster, or other events, such as chemical or pollutant spills and leakages. In general, Emergency Action Plans (EAPs) are developed by each power plant, operational facility, or office on a local, case-by-case basis. Emergency plans are shared with all relevant employees to help ensure that everyone is aware of proper procedures in case of an emergency.

In addition, **all relevant facilities have a Spill Prevention, Control, and Countermeasure (SPCC) plan** in place where developing, maintaining, and implementing an oil spill prevention plan is required. Employees at relevant sites receive training on the SPCC as well as on hazardous waste operations and emergency response plans, as required by local regulations.

## Engineering for Health & Safety

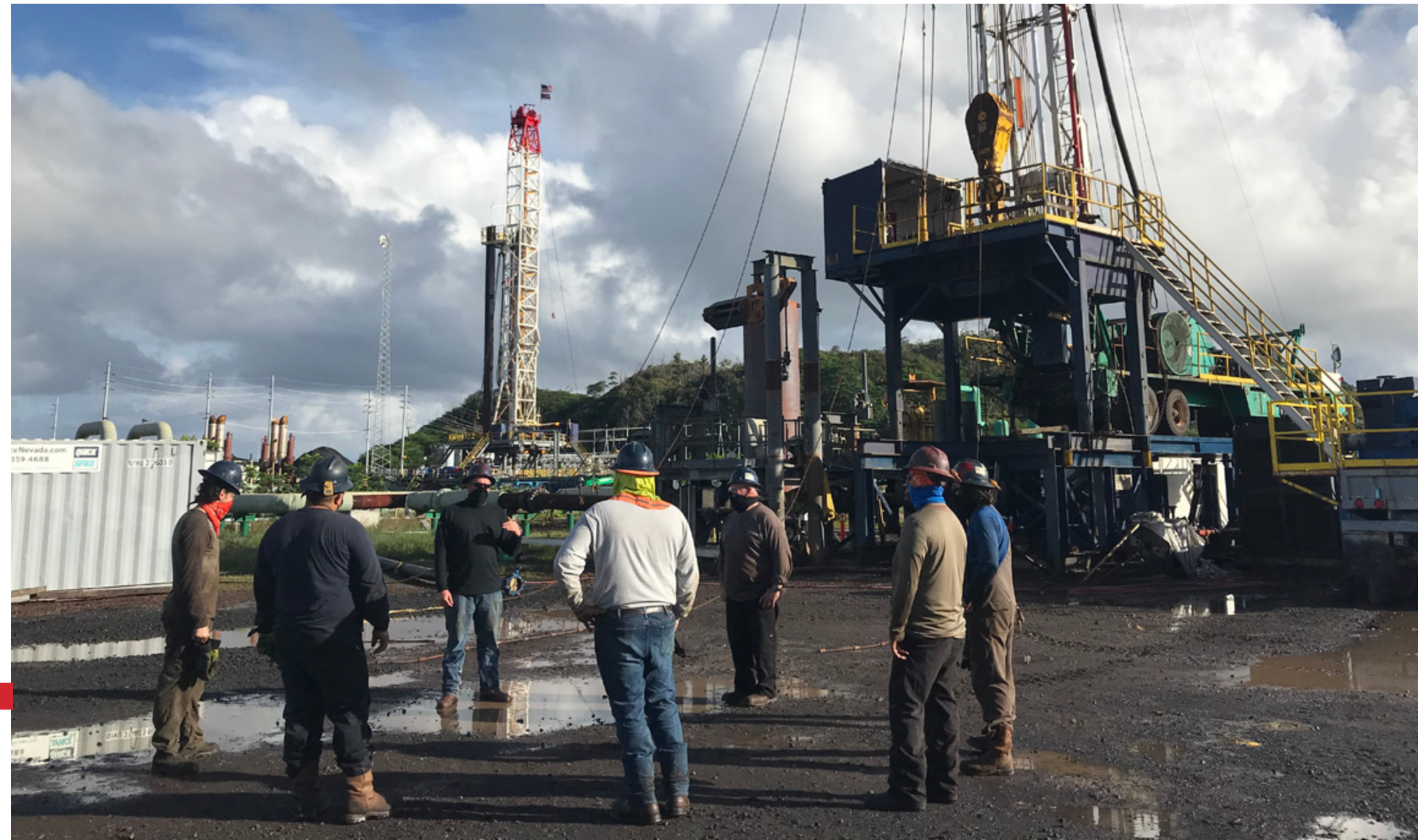
Our power plants are engineered, designed, and built with safety as a key feature. Our approach to health and safety risk management is one of continuous improvement and learning, and our engineers frequently implement new practices and procedures based on learning from past experiences. This could include upgrading or designing a facility with additional space to perform a certain activity, raising platform levels so employees can carry out tasks at “eye level”, and other initiatives.

**In 2022, we introduced a campaign to prevent hand injuries** - a common injury across all industries. We introduced new tools and safety equipment designed to



prevent hand and finger injuries and raised awareness of the issue and new regulations in a global internal campaign.

**In addition to operational safety, engineers at the Ormat manufacturing facility take safety into consideration** from the start of the design process, and safety features are implemented into the engineering requirements for all Ormat products.



Safety meeting



## Diversity, Equity, Inclusion, and Belonging (DEIB)

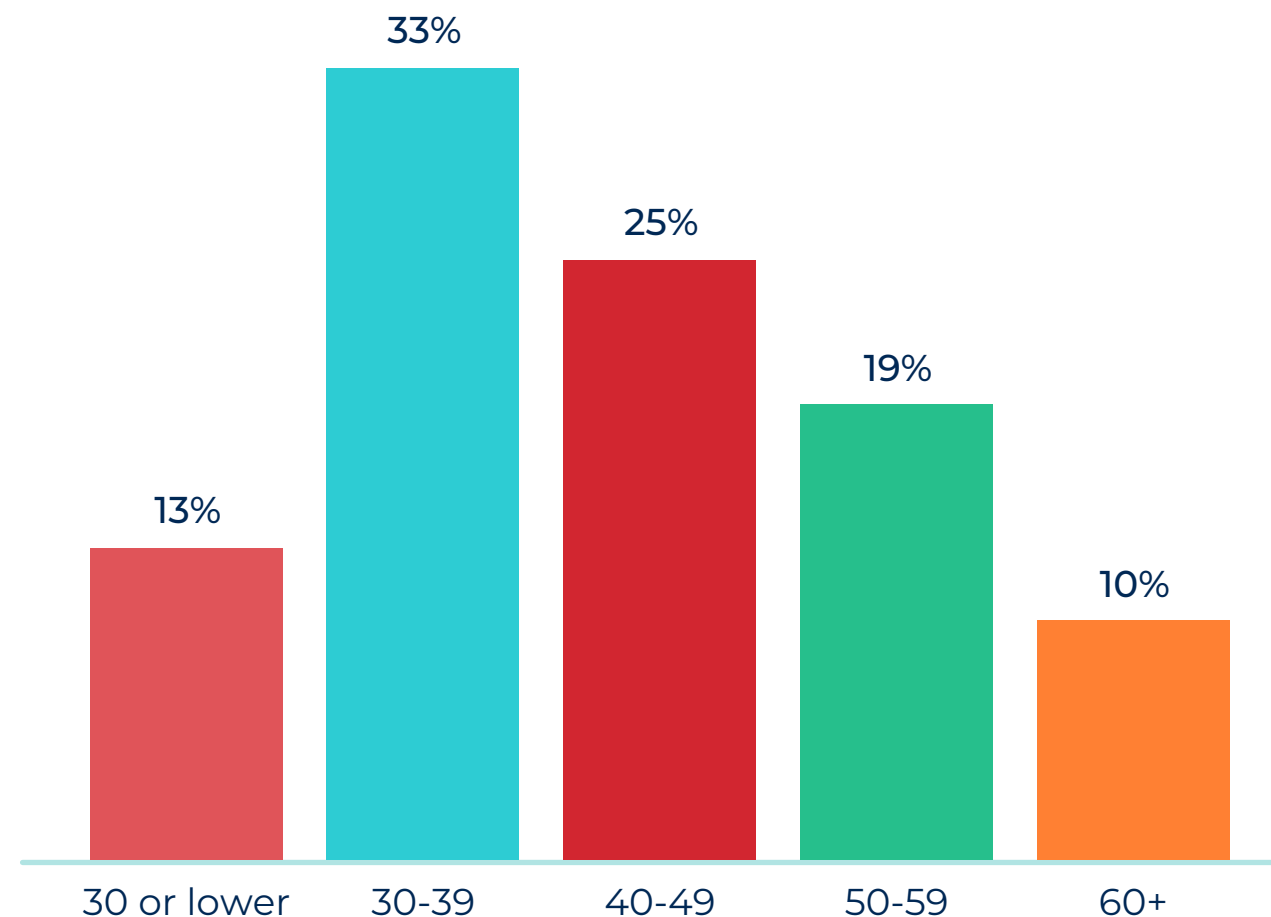
We are dedicated to creating a work environment that is diverse and inclusive, based on the principles of equality for all people. We believe diversity, equity, inclusion, and belonging (DEIB) is a key component for developing innovative, diverse ideas and for supporting every employee in reaching their individual potential. We are committed to providing equal opportunities in hiring and career development, regardless of race, gender, ethnicity, religion, disability, sexual orientation, or other attributes. This is clearly expressed in our commitment to anti-discrimination, seeking to eliminate the gender pay gap, and enabling free association of labor organizations.

### Our Approach to DEIB

We believe that to create real change in the workplace related to DEIB, it is crucial to understand peoples' mindsets and not just dictate change or requirements from above. We seek to understand the current barriers to DEIB that exist and understand the root cause of these issues, such as whether they are due to lack of awareness, education, or other factors. We believe that getting to know each other as individuals and learning about different cultures are the first steps towards improving interactions between different types of people, and we are building our DEIB strategy with this approach in mind.

We are committed to ensuring everyone feels included in the workplace. We have representatives of 4 generations at Ormat, from millennials to baby boomers.

## Employees by Age Range



We take care to celebrate various holidays and cultural events throughout the year; at our manufacturing facility in Israel, for example, we held the first Company Sigd celebration to mark the Ethiopian holiday and to introduce other employees to this cultural tradition.

provide training to our HR recruiters and hiring managers on how to avoid bias in the recruitment process.

Employees are able to report any grievances related to harassment or unethical conduct, as outlined in the Company's whistleblower policy.

We have a wide range of ages at Ormat, with employees representing four different generations and a diversity of ideas, knowledge, and life experience. Approximately 13% are under the age of 30, and approximately 10% are over the age of 60.

We provide DEIB training across the Company to raise awareness of the differences between people, seek to eliminate barriers that prevent full participation of all team members, and help employees feel a sense of belonging at work. We plan to implement training courses for our top leadership to increase awareness of ESG issues, including DEIB, and provide them with the tools to implement these aspects of the Company's strategy.

To support diversity in recruitment and hiring, we highlight diversity in our job listings, post listings on job boards that target diverse populations, and

**~13% of employees are under the age of 30, and ~10% are over the age of 60**



## Empowering Women at Work

We are committed to increasing the number of women working at Ormat across different departments and management levels. As a Company operating in an industrial sector, there are certain jobs where women have historically been underrepresented, such as drillers or operators of heavy equipment at power plants and manufacturing facilities.

We closely track the gender balance across business units and support female advancement internally. **Currently, the percentage of women managers is higher than the percentage of all women employees, an accomplishment that stands out within the energy sector.**<sup>23</sup>

This demonstrates our continuous support for women’s career development and movement up the corporate ladder. At the beginning of 2023, we established a DEIB Committee with employee representation to further define our DEIB goals and work plan.

**By the end of 2023, mandatory DEIB training for all employees will be instituted Company wide.**

To diversify the talent pipeline, especially as it relates to women and minority engineers, we have initiated programs with several

universities, including creating scholarships for women to study engineering subjects. In Israel, we hold open days at Ormat for current students to visit our facilities and learn about our work. This enables students to get a personal sense of the stories and career paths of various employees and raises awareness of the professional opportunities that are available to them. In the US and Israel, our talent acquisition specialists will receive training on how to further support a diverse recruitment and interview process to create an open, welcoming work environment.

**To promote equality within the energy sector, we are a bronze sponsor and board member of Women in Geothermal (WING),** a global network that promotes gender equality in the geothermal industry. Ormat senior leaders participate in many WING programs. We are also a member of the Global Women’s Network for the Energy Transition (GWNET), which works to accelerate women to management positions within the energy sector. In addition, we are working to encourage women to enter the field through our work in high schools and universities, with the goal of supporting a more equal energy sector.



23 Energy and gender: A critical issue in energy sector employment and access to energy, IEA.



## Development & Well-being

At Ormat, we recognize the importance of human capital. From attracting new talent to onboarding employees to investing significant resources to support employees' development and wellbeing, we embrace a leadership approach that aims to create an enhanced employee environment.

We are committed to the professional and personal development of our employees, and, as a Company that develops innovative technology, we seek to provide employees with the best available tools and resources to help them fulfill their creative drive. We are proud to support their individual contributions to the worldwide shift towards renewable energy. We believe in supporting the whole individual, and, in addition to professional development support, we offer extensive benefits to support the health and wellbeing of our employees.

### Investing in Professional Development

In 2022, we invested resources to further develop our cross-organizational training and development activities for employees and managers. **We conducted focus groups and roundtables with managers to better understand their needs and challenges and developed a comprehensive strategic plan to implement management training and skills development programs.** We plan to implement these programs first with our senior management and VPs and then expand them throughout the organization to help ensure that we are implementing the same management approach across the different business units and levels. To that end, we implemented shared KPIs for all managers, in addition to their specific individual and business targets. This is designed to not only support a consistent management approach but also to break down any potential department silos and improve interaction between leaders, with the ultimate

goal of improving communication and collaboration across all employee levels.

To empower management at the VP level, we held the first global VP Forum in 2022 to provide development and leadership training. Over the course of a three-day in-person event, participants identified specific management strategies they considered integral for better Company results and created cross-functional

working groups to work on these issues. To support training and development at the manager level, we established a Management club, where every month covers a different topic to help develop management skills.

We collaborate with the Leadership team, HR, Safety, and Legal departments, to identify corporate, safety, and employee development training programs to help ensure we provide appropriate training across all organizational levels. In addition, all employees receive relevant training in their job areas, including technical and soft skills, as well as language classes in select locations. We are in the process of rolling out a global learning management system for all employees which will allow us to expand our Company-wide training and improve the facilitation of our training in a consistent and timely manner.

In 2023, we plan to introduce management training sessions for employees across all levels, including non-managers, on topics such as how to work effectively with teams, tools for improving collaboration, and others. All employees are welcome to suggest training topics they deem necessary to fulfill their positions, and our HR team works closely with employees and departments to help ensure that individuals receive the relevant skills development. In 2022, we launched the Ambassador program, which provides training in outreach and communications to a cross-organizational team of employees to help them share their work experiences on social media. In 2023, we plan to work on further programs to encourage and support internal mobility and promotions within the Company.

**In 2022, Ormat's employees completed a total of 32,379 hours of training globally and 25.3 hours on average per employee.** This included professional skills development and soft skills training, with topics including communication skills, health and safety training, team building, mentoring, critical thinking, DEIB and more.

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### Preparing for the Future

To support continued education for employees, we have a tuition reimbursement program which provides opportunities for advanced learning and career growth. For employees transitioning to another position at Ormat or another workplace, we provide access to reskilling or upskilling training to help them prepare for their next steps. Highlights in our training include the launch of Horizon Leadership, the Management Club, HR 101, and support for life-changing events such as retirement. In addition to our internal training programs, we offer a range of subsidies and scholarships to employees and their families for academic courses to help them update their professional skills.

### Dialogue with our Employees

We see great importance in creating an open dialogue with employees and strive to create a global Company that feels like one unit. As our employees are located across the globe, we continuously work to connect and engage with them to foster a sense of community and belonging at Ormat. In 2022, we expanded our team building activities, created new internal communication practices, and developed new initiatives to enhance our employee engagement activities. Our HR team is responsible for engaging with all employees, including full time, temporary, and other contract employees. **Activities included:**

- Actively engaging our employees through online portals, social media networks, and online platforms. We have Company Instagram, Facebook, and LinkedIn pages that document our factory and power plant activities where people comment on and share items. We have employee chat groups for easy and accessible communication.

- Regular distribution of an employee newsletter with key updates and alerts, and a designated internal communication platform, called “OrMeet”, that allows employees to create professional insight and team groups to share experiences, and provide professional support.
- Local events for employees, including in-person workshops and lectures, virtual webinars, holiday gatherings, and team-building outings and activities.

### Employee Performance Reviews & Engagement Survey

As part of our commitment to providing our employees with a better employment experience, we invest significant time and resources in our performance review program. At least once a year, employees meet with their direct

manager to share career goals and receive and share feedback. The reviews also give employees and managers the opportunity to set goals and milestones for assessing future performance.

As of 2022, 74% of our permanent and temporary employees received regular career performance reviews on an annual or biannual basis. We are in the process of implementing a new system to assist in tracking and monitoring performance improvement.

**To gain further insights and feedback from employees, in 2023 we will deploy a Company-wide-employee engagement survey.** We are working with external experts to develop survey questions, implement a communication plan, and provide training to managers to develop action items and plans based on survey results.

Town hall meeting with the CEO, Reno Corporate Office







## Employee Benefits & Healthcare

We strive to provide all employees with the highest level of benefits and access to healthcare and other social frameworks, as a clear expression of our appreciation and care for every employee’s well-being. We provide basic and competitive employment benefits comparable to local industry standards. Most of our employees receive parental leave benefits, health care insurance,<sup>24</sup> sick leave benefits, coverage in the event of disability and/or infirmity, and vacation days.

At locations with significant operations, full-time employees are provided benefits that may include life insurance, healthcare, dental care coverage, disability and invalidity coverage, retirement provision, optical care, and others. In some locations outside the U.S., benefits are made available to part-time and temporary employees.<sup>25</sup> In 2022, we expanded our healthcare coverage to include travel in select locations, increased our employer matching to the 401(k)<sup>26</sup> retirement plan

in the US, and provided financial advisor services to eligible employees.

To support employees’ growing families, we provide access to family support programs, including parental leave for new mothers and fathers.

Our retirement commitments are for both voluntary and mandatory frameworks, according to the regional or country-based schemes in our countries of operation. We fully cover retirement and pension plan liabilities with our general resources in relevant countries. The Company has an obligation to partially fund the liabilities through regular deposits in pension funds and severance pay funds. At several locations, we offer employees reaching retirement the option to continue working after retirement age, or to retire in phases. **We consider Ormat retirees and alumni as part of our community,** and we include them in some of our Company events and engage with them on a regular basis.

## Encouraging a Healthy Work-Life Balance

To support a healthy lifestyle for employees, in 2022 **we expanded our global health and wellness program** which deals with a range of issues, from mental health to physical activity to nutrition. We share wellness resources with our employees and provide opportunities to participate in health and wellness activities, generally on a monthly basis. Throughout the year we hold events for employees and their families, such as the first Company run/walk held in November 2022, an outing to a local minor league baseball game, and a clinic for employees and their families to receive COVID-19 and flu vaccinations.

We encourage employees to maintain a healthy, active lifestyle. We provide lectures on fitness and weight loss, as well as opportunities to participate in yoga classes and running groups. To highlight the importance of healthy heart month, in 2022 we provided employees across global locations with educational resources and information about daily actions they can take to maintain their health. Individuals received recognition for meeting monthly health goals, and some teams have gone a step further by implementing daily stretching into their morning meetings. Part-time, temporary, and contract employees are encouraged to join these events and enjoy the health and wellness activities available at their locations, where possible.

In addition to physical health, we emphasize the importance of mental health for our employees. **We have an employee assistance program that provides emotional support.** We encourage employees to include a mental health check-in at morning meetings, take breaks during the day, and speak with their manager if they require additional rest. We seek to promote a healthy work/life balance and encourage employees to take vacations and holidays throughout the year. We engage with employees on health and wellness topics and activities across a variety of channels, including email newsletters, webinars, on-site lectures, and opportunities to join athletic events.

24 According to the relevant national mandatory or voluntary healthcare frameworks in the relevant significant location of operation.

25 Benefits are not provided to part-time or temporary employees at our significant locations of operation in the U.S..

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





Inauguration of the new road connecting the Ortitlan plant and main locations in the village

**It is a priority for Ormat to work with local communities in an open, transparent, and engaged manner to maximize our partnerships and our impacts**

# Supporting Sustainable Communities

We view the communities in which we operate as our partners, and we aim to foster long-term relationships with them that support their development in a sustainable manner. Our role as an organization that creates inclusive economic growth, drives local progress, and improves living standards is central to what we do and is grounded in our core values.

We apply the same high standards that we have for our internal operations to our community engagement work, and we strive to meet the unique needs of every community in which we operate around the world. It is a priority for Ormat to work with local communities in an open, transparent, and engaged manner to maximize our partnerships and our impacts. We continue to build upon our past activities while identifying new opportunities to contribute to sustainable development in a meaningful, measurable manner.



## Facilitating Local Employment

Ormat takes great pride in being a part of the fabric of the local communities where it operates, and we place great importance on supporting local employment in these areas. **At our power plants around the world, 100% of management are country nationals, and a majority of employees are residents of nearby communities.** Many of our geothermal power plants are located in remote rural areas where there are limited employment opportunities, so the jobs we provide contribute directly to local economic development. We believe that local employment is an essential component of our business strategy, as local employees have a keen understanding of the local geography, environment, communities, and stakeholders.

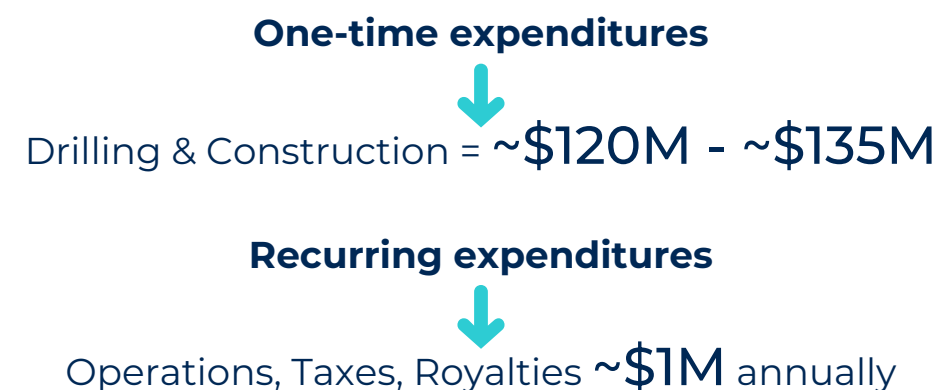
In countries such as Kenya, Guatemala, Honduras, and Guadeloupe, where local employment options are limited in remote and rural areas, **Ormat offers employees access to a broad range of professional opportunities**, from plant managers to local sustainability managers, power plant operators, maintenance workers, engineers, mechanics, and more. Employees are hired based on relevant experience, knowledge, and education, and in some locations where employment options are particularly limited, we have agreements with local community councils and representatives to create additional job opportunities for the communities nearby, thereby helping to increase the rate of local employment and Ormat's economic impact on local communities.

In addition, we invest in creating professional advancement opportunities for local residents around the world. In Nevada, US, for example, we partner with local community colleges and universities to create curricula focused on technical subjects, such as plant operations, and relevant academic subjects, such as geoscience, which helps promote the local talent employment pool.



**For example, in Reno, Nevada<sup>27</sup> it is estimated that:**

**Every 30 MW of geothermal development has an economic impact on the local community:**



**Every 30 MW of geothermal development has direct employment impact on the local community:**



<sup>27</sup> Source: Wahlstrom & Associates. 2011 "Economic benefits of proposed Dixie Meadows Geothermal power plant, Churchill County, Nevada." Reno, NV: Prepared for Ormat Technologies.



## Engaging with Communities

Our power plants are designed for long-term operations. We put great emphasis on working on the local and national level to support local sustainable community development that has a positive environmental, social, and economic impact.

**On the local level, we recognize that each community in which we operate is comprised of a unique constellation of stakeholders with its own characteristics, needs, and challenges.** Our approach to community engagement is based on meaningful, open communication and engagement with local stakeholders. This helps us understand and assess the local conditions, so we can work together to develop programs and initiatives with real impact. Across all the countries we operate in, we conduct significant community engagement activities to understand their needs, including social, environmental, economic, and cultural aspects. This helps us identify potential joint projects. Our approach aims to be responsive and respectful to local customs and sensitive to the specific needs and requests for contributions and assistance voiced by each community.

In addition to our outreach efforts, stakeholders may contact Ormat directly through various channels, including mail, email, online, and telephone, with the contact information listed on our website. In areas where electronic communication may be limited, local residents can visit Ormat facilities in person to share any concerns or input. All comments are reviewed by Ormat’s Communications department and directed to the relevant corporate department for review and any necessary actions and follow-up.

We have strategic alliances with local municipalities and associations to identify the needs of local communities near our facilities. **In Guatemala**, we continue to work closely with the COCODES committee, which manages stakeholder requests from five local communities.



**Our approach to community engagement is based on meaningful, open communication and engagement with local stakeholders**

Ribbon-cutting ceremony, North Valley, NV, U.S.

We also work directly with local municipalities, nonprofit health and environmental organizations, and local suppliers of goods and services. **In Honduras**, we work with the local municipality of La Unión on an entrepreneurship program that supports residents to establish new sustainable businesses; **in 2022, 20 new businesses were created, and many of them were women-owned.** The program celebrated its fifth year with a community-wide celebration attended by approximately 500 people, and many small businesses that were created through the program provided services and goods for the event, including logistics, decorations, food, and more. To reduce inequalities and encourage full community participation, in Kenya we encourage the participation of local stakeholders, including residents and representatives of vulnerable groups, to support the

development of our community programs and initiatives. We engage with local development committees to identify relevant programs and have identified job opportunities for women at the Ormat power plant.

As a leading geothermal provider in the US, we recognize the role we play in helping to drive forward the entire sector and in its contribution to the decarbonization of the US economy. We work to raise awareness of the value and benefits of geothermal energy, and in 2022 we advocated on the federal level to streamline the permitting process to enable quicker deployment of renewable technologies. At select geothermal power plants across the country, we provide tours and workshops for students and educators, to raise awareness of potential career opportunities in the renewable energy sector.





## Investing in Community Development

We work together with local communities to identify opportunities to support sustainable community development. The following are selected projects that we carried out as part of our focus on these three areas: empowering women and youth through education, promoting community health, and supporting environmental resilience and infrastructure. These community investments are overseen by the Ormat Compliance department to help ensure that all community funds reach the intended beneficiaries and meet our community engagement goals and requirements, including due diligence analysis.

**In 2022, our community donations totaled more than 1.2 million USD in all of our locations, which represents 1.82% of Ormat's net income.**

**Ormat provided local community funding for the following:**

- Empowering women and youth through education
- ORT Ormat High School (4 year technical high school located in Israel)
- Science, Technology, Engineering, and Math (STEM) educational initiatives
- Local scholarships
- School supplies for local students
- Renovation of local classrooms
- School yards / playgrounds
- Computer labs
- Transportation assistance
- Sponsorships of local youth soccer teams
- Teacher training
- Food supplies to local schools
- Community health services via local partnerships

Highlights of these activities are presented below.



**In 2022, our community donations totaled more than 1.2 million USD**

Joint activity on recycling with the children of the first public bilingual school, Honduras



## Empowering Women and Youth through Education

### Israel

We continue our support of the ORT Ormat High School, located near our manufacturing facility in Yavne. The school - which was established in 1970 through a partnership of Ormat, the Ministry of Labor and Welfare, and ORT Israel, a national network of educational institutions focused on technology and science, and the four-year technical high school - prepares students for future employment in the electrical, metal, and multimedia industries.

Students at ORT Ormat High School have the opportunity to work at the Ormat manufacturing facility as part of their professional training and receive hands-on guidance from Ormat employees. For example, students trained in the heat-exchange department received certification as professional welders, enabling them to enter the workforce as professional, experienced workers after graduation. Our manufacturing facility employs several graduates of ORT Ormat High School, including those who have been promoted to management positions and continued their academic studies in engineering, with the support of Ormat.

**Approximately 20% of the manufacturing employees at the Ormat Yavne facility are graduates of ORT Ormat High School.**



Imperial Valley (CA, U.S.) employees volunteering

### United States

We continue our commitment to invest in educational development in the local communities where we operate. To support students in communities near our Mammoth geothermal plant in California, in 2022 **we donated funds to the Mammoth Lakes Foundation for the second year in a row** to support local student scholarships. In addition, we hosted two **facility tours for students interested in renewable energy career opportunities**. We continue to provide **full-tuition scholarships** for up to 15 high school seniors to attend Cerro Coso Community College. In Nevada, the McGuinness Hills geothermal plant provides \$10,000 annually to support student scholarships, as well as local high school education programs to support STEM (Science, Technology, Engineering, and Math) education.



Joint activity of planting trees with ORT Ormat High School students





A class established with the help of Ormat for the kindergarten children, Olkaria, Kenya

### Kenya

Many of the communities surrounding the Olkaria III geothermal complex are pastoral, with local residents moving with their livestock to seek greener pastures during the dry season. The settlements are remote, having been isolated from the nearest urban center, and the communities, therefore, depend on our project for transport to access basic amenities (e.g., shopping, and health services).

In addition, the remote locations of certain communities limit access to quality education, with the most significant impacts on girls. **Ormat sponsors students and supplements their tuition across educational levels, with a focus on supporting girl students.** The program, which has been in place since 2003, continues to operate, and several graduates are currently employed at the local Ormat geothermal facility. In addition, in 2022 and continuing in 2023, we contributed to the upgrade of facilities at a girls' dormitory with beds, mattresses, and renovations to support their learning

environment. We also constructed separate sanitary facilities and electricity connection for one of the early childhood learning centers.

In the future, we plan to increase the number of scholarships awarded to students and to explore opportunities for vocational training for skills development and adult education, to increase literacy and financial knowledge and improve professional opportunities for local residents.

Ormat also sponsors a **local youth soccer team** with funding for uniforms and sports equipment. The team provides local youth with the opportunity to be involved in sports activities through engagement with the Kenya Football Federation and to gain access to advanced coaching and participation in competitions on the national level and beyond. The team plays an important role in offering local students access to extra-curricular activities that support good health and well-being.

### Guatemala

In Guatemala, **we awarded 25 scholarships to local students, mostly to girls**, and provided new backpacks and school supplies to children in communities near the Orzunil geothermal power plant. Due to limited public transportation, we also provide transportation for students to school. In addition, **we support a computer lab at a local school** where students receive computer instruction from a designated teacher, and we have contributed to **creating school yards and local playgrounds to enable safe play spaces** after school.

### Honduras

In Honduras, **we awarded 50 scholarships** to students across middle school, high school, and university levels, and we are working with the Ministry of Education to create the **first public bilingual school** for the study of Spanish and English. Ormat will provide funding for **renovations of classrooms**, the purchase and installation of computer and audiovisual equipment, textbooks and workbooks, and training for teachers in teaching English as a second language and other pedagogical instruction. In addition, we supported the **renovation of local playgrounds** for children.



Musical instruments donated to the school band in El-Pepinal village, Guatemala





Geoplatanares plant health fair for the local communities, Honduras

## Promoting Community Health

### Guatemala

To encourage healthy living, **we support a wide range of health activities and programs for youth and adults** in the nearby villages of the Orzunil geothermal power plant. In 2022, we conducted a health campaign where 110 children and 125 adults received checkups across a range of health specialties, including pediatric, dental, nutritional, and optometry care. Ormat provides quarterly deliveries of **food supplies to local schools** so that they can provide nutritious snacks to students, and in 2022 we sponsored a nutritional review of local schools to create a healthy food plan for students.

### Honduras

We continue our partnership with CAMO (Central American Medical Outreach), which provides medical services to local communities in the region. In 2022, we partnered with CAMO to provide a range of health services and goods to over 200 people, including **dental care, ophthalmology care and glasses, hearing care and hearing aids, and women's health care**. The CAMO medical brigades provide specialized care to a wide range of community members, including men, women, and children. In addition, we are working on a **five-year project in partnership with the Health Ministry to rebuild and equip the Community Health Center** of Azacualpa. We donated medical equipment and administration supplies to assist with the smooth operations of the center.

### Kenya

At the Orpower4 facility, Ormat partners with the local Health Ministry to provide **free mobile clinic services** to local communities, where health centers may not be easily accessible. In addition, we donated hospital beds, handwashing stations, cleaning detergents, and other health supplies to a community clinic. In partnership with the Naivasha sub-county Health Management team, we sponsor integrated **medical outreach programs for common ailments, ENT services, dental care, HIV/AIDS checkups, cancer screening, family planning services**, etc. This was a result of a community need assessment that we conducted in the area, where we noted that health services are not readily available, especially to women and children. The project is currently engaging the Nakuru county medical services department to further expand these services to monthly clinics, with a focus on expanding services to mothers and children, HIV/AIDS services, and other health care as needed.



## Supporting Environmental Resilience & Infrastructure

We are committed to supporting environmental resilience and improving infrastructure in the communities in which we operate. Our collaborations 2022 included, among other projects:

<b>Contributions to the American Red Cross Disaster Relief</b>	<b>Funding to construct new water lines</b>	<b>Infrastructure improvement projects</b>	<b>Training workshops (construction, reforestation, etc.)</b>	<b>Reforestation initiatives</b>
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### United States

Many communities in the western US are dealing with severe weather events and their impact on local residents. In response to wildfires that occurred in the fall of 2021 in the Lake Tahoe Basin, which ravaged the landscape and displaced many families, Ormat made a contribution to the American Red Cross Disaster Relief in 2022, to aid with rebuilding efforts.

### Honduras

As a result of two hurricanes, the water lines to the community of San Andrés were destroyed, leaving the village with no freshwater. As an emergency response, Ormat donated funding to construct two water lines that supply freshwater to 400 homes, utilizing a 150,000-gallon water tank previously installed by Ormat as a reserve. In addition, Ormat built new playgrounds for three local communities, renovated a local central park, and is working in partnership with the local government to build and install new toilets for residents to promote healthy sanitation practices.

### Guatemala

In the surrounding villages of the Orzunil geothermal power plant, we contributed to a wide range of **infrastructure improvement projects in 2022 to support local community development**. We provided professional training to teach local residents how to complete small construction and infrastructure projects. This enabled us to hire local residents to complete projects instead of hiring outside suppliers and to generate local income. Projects included the construction of a new pedestrian bridge used by over 150 people every day, paving the main village road to enable smoother transportation and provide safe sidewalks for pedestrians, and donating 30,000 cobblestones for the improvement of the international vegetable market in Zunil.

To support environmental conservation, employees provided **workshops for students** at local schools on the importance of reforestation and how to plant trees and care for them. We also held a local **reforestation day** where we planted trees near the geothermal power plant and a local **clean-up day** for the surrounding areas. In addition, we replaced a muffler to reduce noise at the power plant.

At the Ortitlan geothermal power plant, we work with the Orpacaya Trust to contribute to the development of the five surrounding communities. Activities include reforestation projects at local parks, the donation of materials to build a playground, as well as building materials for a school terrace, community park, and improvements to train tracks that connect two of the communities.



Clean-up day, Reno, NV, U.S.

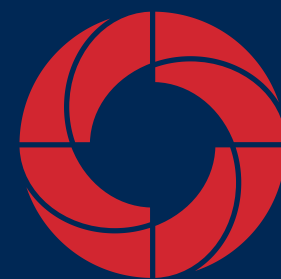


Renovation of a public basketball court, Ortitlan employees, Guatemala





# GOVERNANCE



ORMAT





As a publicly traded Company with operations and activities across the globe, corporate governance is a top priority for us. We believe that transparent corporate governance practices contribute to the financial success of our business and help ensure that our Company remains resilient and strong in the face of challenges while also creating space for new business opportunities and engagement. Corporate governance at Ormat is based on our commitment to honesty, transparency, and fairness, and we expect all employees and leaders to exhibit these qualities at all times.

**Governance highlights in 2022 include:**

- Provided performance-based compensation for executive officers, including annual cash bonuses based in part on the Company's achievements with respect to ESG-related metrics.
- Established and achieved a diversity commitment for the Board to include at least two women at all times. At the end of 2022, there were three women on the Board.

In addition, we established an ESG committee on the Board in 2023. For more info, see the ESG Governance section in this report.



# Ethics and Compliance



## Conducting business according to the highest ethical standards

Ormat is committed to conducting business according to the highest ethical standards. We have policies and guidelines in place that require ethical business conduct across our operations. The Ormat **Code of Business Conduct and Ethics** is applicable to all our employees, executive officers, and directors. The Ormat **Code of Ethics for Senior Executives** was developed specifically for our principal executive, financial, and accounting officers. Amendments or waivers to these codes applicable to our principal executive, financial and accounting officers are publicly disclosed, to the extent required by SEC rules.

In addition, Ormat's **Corporate Governance Guidelines** establish the governance framework for management of the Company and are intended to align the interests of directors and management with those of our stockholders. The guidelines cover issues such as the role of the Board, Board composition and committees, membership criteria, director independence, and other relevant topics.

To safeguard business activities that are free from corrupt behavior and help ensure that employees comply with relevant legal, ethical, and Company requirements, we have a range of other policies in place for good governance and business practices.

### These include, among others:

- Insider Trading Policy
- Anti-Bribery and Anti-Corruption Policy
- Whistleblower Policy
- Ormat Political Contributions and Activities Policy
- Human Rights and Labor Policy

To support transparent business practices, Ormat policies are available on our **website**.

To promote ethical operations throughout our business operations, we also require that certain third parties sign the Ormat Code of Conduct on an annual basis, including but not limited to certain agents, sales representatives, legal counsel, customs brokers, security services, and accountants.

Analyst day, NY, U.S.





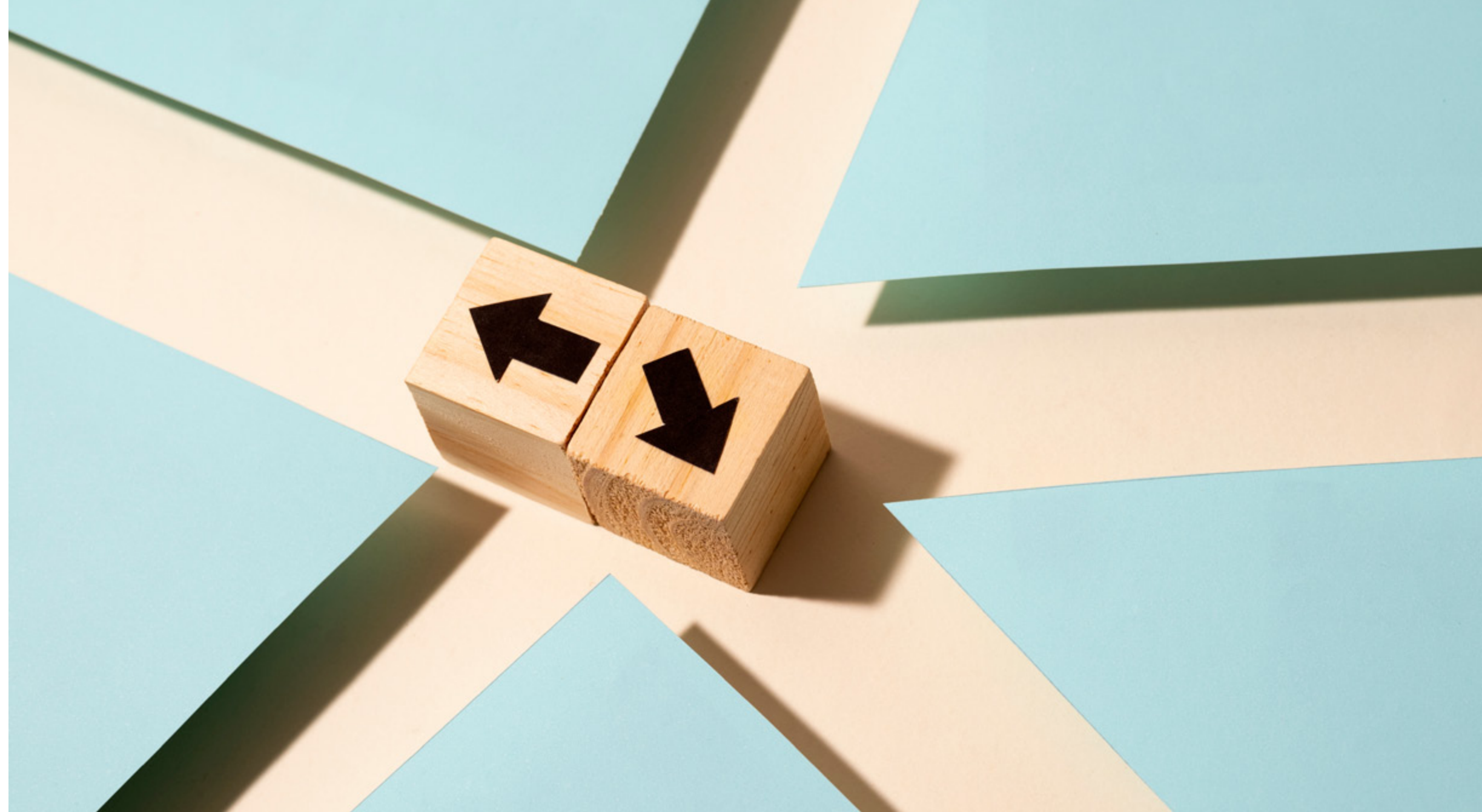
## Anti-Bribery and Anti-Corruption

The Ormat *Anti-Bribery and Anti-Corruption* policy outlines our commitment to conducting business with honesty and integrity, in a manner that avoids even the appearance of impropriety, and provides guidance for all Ormat employees, officers, and directors for proper business dealings worldwide. The Company also has a suite of policies supporting Anti-Bribery and Anti-Corruption, which provides additional detail and guidance on various topics. The policies also outline roles and responsibilities for managing compliance within the organization, as well as information related to training, awareness, and due diligence for initiating potential business relationships.

Management of the policies is overseen by the Chief Compliance Officer. The Company also has an Anti-Bribery and Anti-Corruption committee, comprised of the Chief Compliance Officer (CCO) and other members of senior leadership and generally meets quarterly to review compliance related issues. The Chief Compliance Officer reports quarterly to the Audit Committee. All employees are responsible for complying with the Company's Compliance policies.

## Political Contributions and Lobbying Activities

In addition, we have implemented a *Political Contributions policy*, which outlines details related to prohibited and permitted political contributions, lobbying activities, and employee political contributions. The CCO is responsible for all policy, guidelines, and decision-making regarding Ormat's political contributions worldwide.



## Whistleblower Procedures & Policy

To encourage and support a transparent, open work environment, the Audit Committee of the Board has established procedures for receiving, investigating, and treating complaints or concerns related to accounting, internal controls, audits, or other legal and regulatory matters. The Ormat *Whistleblower policy* provides detailed information to employees and other interested parties, including shareholders, and is available on the Ormat website.

The policy lists various channels for reporting violations, including directly to the Audit committee or General Counsel and Chief Compliance Officer, and reports can be made via mail, online, or through the Ormat whistleblower hotline, with local phone numbers in each country where

we operate. Employees, contractors, or other stakeholders are requested to report any suspected violations and may do so anonymously.

All reports are reviewed by the General Counsel and Chief Compliance Officer who shares the report with the Audit Committee, if necessary, and determines whether an internal or external investigation is needed. If necessary, disciplinary actions or remediation measures are taken. As stated in the policy, retaliatory action is not to be taken or tolerated against any person who, in good faith, reports suspected policy violations.

More information regarding the whistleblower mechanisms can be found in Ormat's *Whistleblower policy*.



## Outreach and Training

We are focused on raising awareness regarding compliance issues. We introduce our new employees to our corporate guidelines and policies as part of their employment onboarding, and certain employees are required to undergo continuing ethics and corporate governance training sessions. Employees are identified according to their compliance risk level, and relevant training (available in multiple languages) is provided through the compliance management system.

We require that our employees review and acknowledge certain policies annually, including the Code of Business Conduct Ethics, and Anti-Bribery and Anti-Corruption policy. We aim for 100% of our employees to receive training on relevant corporate governance practices every year. Compliance training is provided to full- and part-time employees, as well as contractors and temporary employees. We have implemented a range of measures to engage with our employees on compliance matters, including:

- Once a year, a member of the Compliance team visits each country site to provide in-person compliance training to employees and review the compliance management system.
- In-person training is provided to employees who do not have access to a computer in their daily roles.
- A newsletter is sent quarterly to all employees by the Compliance team with information, resources, and reminders to complete compliance training tasks.
- We conduct an internal audit every year at two locations that are at high risk for compliance issues, with a focus on anti-bribery and anti-corruption activities, including third party suppliers and consultants who may interact with government agencies.

# Ormat Board of Directors

## Role of the Board

The Ormat Board directs and oversees the management of the business and affairs of the Company in a manner consistent with the best interests of the Company and its stakeholders. The Board takes an active role in assisting management with the development of the Company's strategy, strategic oversight of operations, and financial and investment activities. The Board and Ormat management meet throughout the year to discuss the competitive landscape in our industry, emerging technologies, significant business risks and opportunities, and strategic priorities of the Company.

Our senior management team regularly reports to the Board on the execution of our long-term strategic plans, the status of important projects and initiatives, and key opportunities and risks facing the Company. In addition, the Board regularly receives cyber risk and cybersecurity updates at its meetings. ESG and climate change considerations are factored into the business strategy through the recognition of risks and opportunities.

For more extensive information regarding Ormat's governance structure and details regarding the Ormat Board of Directors and executives, please see the most recent ***Ormat Proxy Statement***.





## Independence of the Board

Our commitment to good corporate governance is reflected in several practices of the Board and its committees, including Board independence. All directors are independent, other than Isaac Angel, our former CEO, and all committees are made up of independent directors. The Board has determined that it was appropriate to appoint a lead independent director to enhance the Board's ability to carry out its roles and responsibilities effectively on behalf of our stockholders, and Stanley Stern currently serves as Lead Independent Director.

The Board maintains the flexibility to determine whether the roles of Chairman of the Board and CEO should be combined or separated, based on what it believes to be in the best interests of the Company. The Board believes that effective governance structure must balance the powers of the CEO and the independent directors, and ensure that the independent directors are fully informed and able to provide effective oversight of management. There is currently a separation of the CEO and Chairman positions, which we believe is the appropriate governance for us at this time. All Board members, including the Chairman, are up for re-election at our annual meeting of stockholders. In addition, we have adopted a 15-year term limit for each director, which the Board, by majority vote, may waive if it deems such waiver to be in the best interests of the Company.



Don A. Campbell Complex, NV, U.S., 32 MW



## How the Board is Organized

The Ormat Board manages or directs the business of the Company and conducts its affairs through meetings of the Board and five standing committees.







**As of the end of 2022, there are 9 directors on the Ormat Board, including 3 women directors and 4 ethnically diverse directors**

## Diversity of the Board

The Nominating and Corporate Governance Committee seeks to achieve diversity within the Board and adheres to the Company's philosophy of maintaining an environment free from discrimination. This process is designed to ensure that the Board includes members with diverse backgrounds, skills, and experience. The Board includes members with a range of experiences in the energy industry, ESG, finance and accounting, including expertise in cyber risk management and audits.

In 2022, the Nominating and Corporate Governance Committee recommended, and the Board approved, amendments to our Corporate Governance Guidelines to provide that **the Board shall at all times include a minimum of two female directors**, subject to periods of director transitions. As of the end of 2022, there are 9 directors on the Ormat Board, including 3 women directors and 4 ethnically diverse directors (Asian and Middle-Eastern/North African). **Currently, three out of the five Board committees are led by women.**

## Executive Compensation

The Compensation Committee of the Board, which consists of independent directors, oversees Ormat's executive compensation program. The committee administers our annual cash bonus and long-term equity incentive plans and reviews performance levels relevant to compensation for all named executive officers, other than our CEO, and makes recommendations to the Board with respect to the compensation of the CEO. The CEO recuses himself from all Board discussions and decisions on his own compensation. In 2022, the Compensation Committee appointed F.W. Cook as an independent outside compensation consultant, and they provided general market data on compensation levels for the Company's executive officers and advice on emerging trends in ESG-related incentive metrics in executive compensation programs.

**We design our executive compensation program to "pay for performance" and incentivize the creation of stockholder value.**

For the CEO and named executive officers, the Compensation Committee reviews a number of factors in assessing the level of achievement of individual



Ribbon-cutting ceremony, North Valley, NV, U.S.

performance goals and CEO goals in determining the amount of annual cash bonuses, including achievement with respect to, among other things:

- Successful **employment retention** programs and enhanced focus on **leadership development**.
- **ESG-related metrics**, including the publication of new ESG policies, **reduced carbon footprint** with respect to Scope 1 and 2 emissions, and increased disclosure and transparency of Scope 3 emissions.
- **Diversity, equity and inclusion goals**, including increased diversity in senior management, such that more than 30% of Vice President level employees as of fiscal 2022 are women, and there is greater representation of local communities among senior management at our plants, such that all senior management at our power plants are hired from local communities.

More information on remuneration can be found in the our 2023 Proxy Statement, available under "SEC Filings" on our [website](#).



# Tax Policy

As a global Company and in accordance with our core values, it is of principal importance that we pay the right amount of taxes by abiding by the rules and regulations of the jurisdictions in which we operate and paying what we owe in a timely fashion. We seek to operate in a transparent, ethical, and socially responsible manner in our interactions with tax authorities, contributing to the communities in which we operate while maintaining our responsibility to our shareholders.

The Ormat **Global Tax Policy** helps define and guide our approach to tax strategy, which was established to facilitate compliance with applicable tax laws and regulations and appropriate coordination of tax practices. This is conducted within the framework of fulfilling the corporate interest and supporting a long-term business strategy that avoids tax risks and inefficiencies in the implementation of business decisions. The Tax Policy is reviewed on a regular basis, and changes are approved by the Audit Committee of the Board. Ormat’s CFO is responsible for the Tax Policy and delegates execution to the VP of Global Tax. Execution of the Tax Policy is supported by the Company’s Global Tax and Finance teams.

**Our attitude towards tax planning is that it must support genuine commercial activity, comply with the laws and regulations of the jurisdictions in which we operate, and be consistent with our business strategy and core values.** We do not engage in “prohibited tax shelter transactions”, including listed transactions, transactions with contractual protection, or confidential transactions as defined by the IRS or similar provisions in other tax jurisdictions.



# Data Privacy and Cybersecurity

At Ormat, we rely on information technology systems to manage our business and financial information, including personal information regarding our employees and third parties. We also rely on operational technology systems to operate our power plants, provide services, and manufacture equipment. Additionally, we often rely upon third-party vendors to host, maintain, modify, and update our technology systems. **Ormat’s Electronic Communication Policy establishes security procedures for our internal stakeholders** regarding the use of Company equipment, identification information, password policies, and how electronic messaging and documents should be properly handled. The policy is managed by our Information Technology Department, and all internal stakeholders are requested to acknowledge the policy annually.

In addition, we work to strengthen our information technology systems by implementing security and control measures that are designed to prevent cyber threats or attacks. We have an internal policy for managing cybersecurity risks, overseen by our Information Technology

Department. In our risk management processes, we consider threats and vulnerabilities in the information technology and communications systems that we use regularly, as well as any facilities or assets that are a part of our cyber-infrastructure.

In addition, we are subject to various legislation and guidelines from federal, state, local, and national agencies such as the U.S. Federal Energy Regulatory Commission, that are intended to strengthen cybersecurity measures. This includes the California Consumer Privacy Act and the California Privacy Rights Act, which imposes obligations on businesses to be transparent with their data and extends consumer rights and business obligations, which became effective on January 1, 2023.

**We regularly communicate with our employees about cybersecurity threats and awareness.** In addition to ongoing training, we share relevant materials about potential threats to raise awareness and give tools and advice on how to avoid and prevent a potential cyberattack.





As a global Company, Ormat has a diverse supply chain that is managed through our Procurement Department, which is responsible for selecting, managing, and assessing our supply chain as well as determining the conditions for working with various suppliers. We engage with suppliers to procure materials, parts, and services for our manufacturing operations, and we engage with suppliers and subcontractors for the construction, operation, and maintenance of our power plants

around the world. In addition, we work with service providers, such as lawyers, consultants, accountants, and others who provide us with information and guidance related to our Corporate operations.

We consider our work with suppliers, subcontractors, and third-party suppliers as a crucial component of our business operations that extends our circle of impact beyond our direct employees. We make efforts to engage with suppliers in a transparent,

Transportation of heat exchanger

**In 2022, approximately 82% of our spending went to local suppliers**

regular, and fair manner in recognition of the important role they play in our business operations and our commitment to act according to the highest ethical standards. In some locations, such as the US and Guatemala, we engage with subcontractors to operate our plants, and, at the majority of our power plant sites, local contractors are hired for transportation services and routine maintenance. In addition, we work with subcontractors on the development of key infrastructure projects, such as road and transportation routes near our plant sites.

**As of the end of 2022, Ormat worked with approximately 5,800 suppliers across 65 countries.** Where possible, we seek to work with local suppliers. In 2022, approximately 82% (weighted average) of our spending went to local suppliers, as presented in the Economic - Corporate Governance Performance table at the end of this report. We support working with medium and small businesses, and our Procurement Department tracks our spending and volume of business conducted with smaller suppliers. Due to the technical nature and specifications of our equipment and operations, in some cases it is necessary for us to import materials, parts, and supplies that are not manufactured locally.

## Responsible Supply Chain





**Collaboration with our suppliers focuses on supporting our suppliers in their continuous development**

## Promoting Ethical Standards in our Supply Chain

Good partnerships have always been central to our success, and we recognize that our suppliers have helped make us who we are today. Collaboration with our suppliers not only focuses on innovative products and solutions, but also on supporting our suppliers in their continuous development.

We are committed to ensuring the implementation of our values, as outlined in the Ormat Code of Conduct and Ethics, in our dealings with our suppliers, contractors and consultants supply chain. As such, the Ormat **Supplier Code of Conduct** outlines our requirements and expectations of suppliers in the following areas:

- Ethics and corporate governance
- Labor and human rights
- Environment and climate change policies and practices
- Integrated quality, environment, health & safety systems.

The policy is distributed to our existing, new, and potential suppliers and is publicly available on Ormat's website, and suppliers are asked to honor and adhere to the values and standards set forth in the policy. **As of 2022, all of our current US-based suppliers with new engagements have committed to this policy, and in 2023 we plan to be expand this to the procurement process in Israel.** As part of our Compliance program, we have a due diligence process in place to review our suppliers' business activities, including ESG topics.

1st vendor conference in Reno (NV, U.S.) for our Resource and Drilling Departments' vendors



## Human Rights

We recognize our responsibility to respect human rights, to avoid any infringements of human rights, and to address any relevant human rights impacts that we may directly or indirectly be involved with or responsible for. Our commitment to human rights is guided by the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, and the International Labor Organization's (ILO) core labor conventions, including the Declaration on Fundamental Principles and Rights at Work.

We are committed to complying with applicable laws and internationally accepted Human Rights principles, and we expect our principal stakeholder groups, including employees, managers, suppliers, subcontractors, and business partners to support the principles outlined in our *Human Rights & Labor Policy*, as well as in other internal policies that cover human rights issues.

### We are committed to upholding a range of fundamental labor and social standards, including:

- Avoiding child labor practices
- Avoiding compulsory labor practices
- Acknowledging and respecting employees' right to freedom of association and collective bargaining
- Providing and securing all relevant and essential employment rights
- Working to eliminate discrimination with regards to employment, including all forms of harassment and abuse
- Ensuring essential health and safety standards and practices in the workplace by developing risk awareness and encouraging responsible behavior among employees
- Respecting the rights of local communities by promoting free and informed consultation activities, with particular regard for vulnerable communities, such as tribal or indigenous peoples
- Demonstrating zero tolerance for corruption, according to the principles outlined in our Anti-Corruption Policy
- Respecting the right to privacy of all stakeholders, including the correct use of information and data.



Manufacturing facility,  
Yavne, Israel

Photo by Roby Yahav

Our *Human Rights & Labor Policy* is regularly communicated to relevant stakeholders and is available on the Ormat website.

### Conflict Minerals

As part of our commitment to legal compliance, ethical conduct, human rights, anti-corruption work and environmental protection, we have adopted a Conflict Minerals Policy regarding the procurement of minerals from credible and conflict-free sources. While Ormat does not procure metals directly, and only a fraction of the world's minerals originate from areas of conflict in the Democratic Republic of Congo and surrounding countries, we nevertheless take action to increase transparency and seek to ensure responsible procurement by

our suppliers and sub-suppliers and drive positive change.

The Ormat *Conflict Minerals Policy* was adopted to comply with the US SEC's Dodd-Frank Wall Street Reform and Consumer Protection Act (known as "the Conflict Minerals Rule"), and is available on our website. We comply with applicable laws and work with our suppliers to determine the source of tin, tantalum, tungsten, and gold in components and materials supplied to Ormat through the use of the Conflict Mineral Reporting Template (CMRT) of the Responsible Minerals Initiative (RMI). In addition, we have included a Conflict Minerals clause in our standard Terms and Conditions of Purchase that requires suppliers to comply with our Conflict Minerals Policy and requirements.





## Health & Safety Working with Subcontractors

In addition to implementing stringent health and safety measures for our employees, we consider the health and safety of our subcontractors as a top priority. We work with a variety of subcontractors, particularly in the development and maintenance of critical infrastructure for our power plants, such as surrounding roads and transportation routes. In addition, in certain locations, we employ subcontractors to physically operate our plants, and at many of our sites, local contractors are hired for transportation services and routine maintenance work, such as road repairs and pipe cleaning.

We expect our subcontractors to meet our internal safety requirements, as well as local health and safety regulations where applicable. We seek to ensure that our safety expectations are clearly communicated to subcontractors, and our commitment to conducting business with respect and care for the environment, without compromising the health and safety of the public, our employees, suppliers, and subcontractors, is described in our *Integrated Quality, Environment, Health & Safety System Policy*.

In addition, we require that our subcontractors adhere to our checklist of “Environmental Compliance Responsibilities”, which includes tasks and milestones to be reported to Ormat. These include attending pre-construction meetings to review health and safety expectations, preparing an emergency response plan, developing a Storm Water Pollution Plan (SWPP), and other environmental controls.





## Providing Quality in our Services and Products

### Delivering Quality Products

Ormat is the world's only vertically integrated geothermal Company, and for most of our geothermal power plants we are responsible for exploration, development, drilling, design, manufacturing, construction, and operation. By operating our own fleet of geothermal and recovered energy generation power plants, we can assure that any new technology, or any modification implemented in our design, is first tested and approved in our own facilities and only then will be delivered to our clients. This way, 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.

We manufacture most of the power-generating unit equipment components 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 ISO 14001 certified**, with our manufacturing facilities also meeting the 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 standards meet 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.

### Providing Excellent Customer Service

We offer expansive support to our clients, both onsite and remotely, including services to upgrade existing systems and the supply of spare parts, to help ensure that we provide them with continuous, reliable renewable energy power and solutions.

Customer service at Ormat is managed by our After Sales and Product Support Group, which is part of the Business Development and Sales Group. Our Product Support department collects, addresses, and manages relevant requests from our various customers around the world. 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. As a Company that is both an operator as well as an equipment manufacturer, we have a unique advantage in the market to share our operational experience and provide a better experience for our customers.

**Ormat's policy is to address all our customer service requests in a timely and suitable manner to promote the continued satisfaction of our global customer base.**

### Some of these methods of communication include:

#### Continuous contact with direct customer service representatives

Each customer has a direct line of contact with the team regarding any issue that might arise and to maintain an ongoing dialogue.

#### Newsletters

We publish newsletters in which we suggest recommendations for different types of improvements to products and services.

#### Workshops and Webinars

Ormat organizes and hosts several different client workshops or webinars in different countries periodically. The workshop aims to share Ormat Operation and Maintenance experience, address different operations issues, discuss improvements and upgrades, and present innovations in Ormat's technology.

#### 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.



# ABOUT THIS REPORT

Don A. Campbell Complex, NV, U.S., 32 MW

Ormat's 2022 sustainability report highlights our ESG related measures, initiatives, and activities, and is reported in accordance with the GRI Standards for the period from January 1 to December 31, 2022. This is the Company's fifth sustainability report written according to the GRI (Global Reporting Initiative) and the third guided by SASB's (Sustainability Accounting Standards Board) requirements and recommendations.

We have considered 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, social and governance aspects.

This report represents the results of internal processes and includes additions and improvements to last year's report that are based on the feedback that we received. It is our intention to continually refine our sustainability reporting in the years ahead. To assist readers in locating relevant information throughout the report, we provide a GRI content index that can be found on Ormat's Sustainability webpage. In 2022 we began the process of updating what we consider material ESG topics. The process was concluded in 2023 and its results were presented and approved by senior management. We intend to continue to publish a sustainability report on an annual basis.

We have made changes in our methodology for accounting and reporting on GHG emissions arising from the operation of some of our geothermal plants: Desert Peak, Zunil, Amatitlan, Olkaria, Bouillante, Beowawe and Dixie Valley. This process has improved reporting methods at plants, moving from an estimated calculation using emission factors to directly measuring the annual CO<sub>2</sub>e emissions from each of these plants, according to third-party sampling measurements of NCGs (Non-condensed gases) in the steam content.

We have also made improvements to our data collection process for accounting and reporting on our Scope 2 GHG emissions arising from our energy storage operations. We have restated our previous years' Scope 1 and 2 emissions data 3 years back including our base year (2019).

These restatements have resulted in an increase of Scope 1 and 2 emissions in most reporting years, compared to the numbers previously reported.

While collecting the water consumption data for 2022, we discovered that the data for the Desert Peak, NV geothermal power plant was not included in previous years' amounts, due to data

unavailability at the time of the reporting. Also, water use data for the Steamboat, Dixie Valley, Beowawe and OREG sites was re-estimated due to corrections in our data collection system. We have therefore restated our 2019-2022 amounts to correct this data.

For the purposes of this report "Ormat" (or the definitions presented herein on page of this report) 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 on Form 10-K for the year ended December 31, 2022 filed with the SEC (2022 Annual Report). 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). We did not receive external assurance for this report but we are considering securing external assurance for the data reported in our forthcoming sustainability reports.





# Information Boundaries of This Report; A Statement on Materiality

Unless otherwise noted, this report includes environmental and social data from internal systems and information from January 1, 2022 through December 31, 2022 and is focused on our material operations in the United States, Israel, Turkey, Honduras, Guatemala, Guadeloupe (French Caribbean) and Kenya. Ormat has operations and minority holdings in Indonesia, which as of 2022 are not operationally material and hence the data/detailed analysis is not included in this report unless otherwise mentioned. All financial or economic information presented in this report is disclosed according to our 2022 Annual Report which should be referred to in case of any discrepancies.

This sustainability report focuses on the environmental and social topics that are relevant to Ormat's operations and business, and which are of greatest interest to our stakeholders. However, the inclusion of some information is for purposes of the U.S. securities laws. While certain

matters discussed in this report may be significant, any significance should not be read as necessarily rising to the level of materiality used for the purposes of complying with the U.S. federal securities laws and regulations. For additional information regarding Ormat, please see our current and periodic reports with the Securities and Exchange Commission, including our 2022 Annual Report and subsequent Annual and Quarterly Reports on Form 10-Q.

The content presented in the report was prioritized through a process of research and consideration of a variety of sources including feedback from groups of our 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, it is informed by the SASB sector-relevant standards, alongside other relevant third-party frameworks for sustainability reporting. We expect the content and data quality of our reporting to improve and evolve moving forward as we further develop our sustainability strategy and as we continue to receive relevant and valuable feedback from our stakeholders.

Changes to this year's report include a condensing of information and data that is either consolidated in the appendix of the report or linked to the 2022 Annual Report. This is in order to highlight and focus on the main material topics that were identified by Ormat.

This report may contain links to or information from other Internet sites. Such links and information are not endorsements of any products or services in such sites, and no information in such site has been endorsed or approved by Ormat.

The information provided in this report is provided as of the date of this report and is subject to change without notice. Except where noted, the information covered in this report highlights the Company's performance and initiatives in fiscal year 2022. The inclusion of information in this report should not be construed as a characterization regarding the materiality or financial impact of that information. Moreover, this report may use certain terms, including those that GRI, SASB, TCFD or others may refer to as "material," to reflect the issues or priorities of Ormat, its subsidiaries and its stakeholders. Used in this context, however, these terms are distinct from, and should not be confused with, the terms "material" and "materiality" as defined by or construed in accordance with securities, or other, laws or as used in the context of financial statements and reporting.

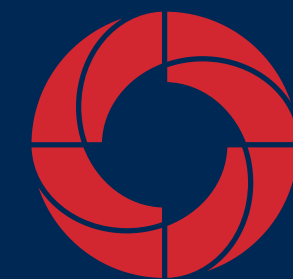


# Contact Point for Questions Regarding This Report

We have strived to provide all the relevant data and information regarding our sustainability performance and activities in 2022 that fall within 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:

- **Requests for general information:**  
IR@ormat.com
- **Requests for sustainability-related information:**  
sustainability@ormat.com
- **Online form:**  
[www.ormat.com/en/company/contact/main/](http://www.ormat.com/en/company/contact/main/)
- **Mail requests**  
Ormat Technologies, Inc.  
6140 Plumas Street  
Reno, NV 89519-6075 U.S.





ORMAT

# APREZENTARE





# Data Tables

For the GRI and SASB Content Index click here or view on the Company's sustainability web-page.

## Environmental Performance

Topic	Metric	2019	2020	2021	2022	SASB Indicator	GRI Indicator
<b>ENERGY</b>							
Electricity Generated (gross)	GJ	28,815,041	28,401,653	30,490,030*	30,540,063	IF-EU-000.D	302-1
Electricity Sold	GJ	22,459,180	21,706,115	23,507,123	23,924,360	IF-EU-000.B	302-1
Electricity Consumption	GJ	6,682,551	6,864,623	7,145,832*	6,787,930		302-1
Electricity Consumption from Renewable Sources	%	95%	98%	98%	97%		302-1
Fuel Consumption Within the Organization*	GJ	200,312	142,317	284,598	221,184		302-1
Total Energy Consumption Within the Organization*	GJ	6,882,863	7,006,940	7,430,429	7,009,114		302-1
Energy Intensity per Revenue	GJ/thousands of dollars	9.23	9.93	11.21*	9.55		302-3
<b>GREENHOUSE GAS EMISSIONS</b>							
Direct (Scope 1) GHG Emissions*	tonnes CO <sub>2</sub> e	202,455	187,583	182,049	178,031	IF-EU 110.a.1	305-1
Indirect (Scope 2) GHG Emissions - market-based*	tonnes CO <sub>2</sub> e	34,755	15,519	13,336	13,190		305-2
Indirect (Scope 2) GHG Emissions - location-based	tonnes CO <sub>2</sub> e	34,721	15,485	13,298	13,358		305-2
<b>Total Scope 1 and 2 GHG Emissions*</b>	<b>tonnes CO<sub>2</sub>e</b>	<b>237,210</b>	<b>203,102</b>	<b>195,385</b>	<b>191,221</b>		
GHG Emission Intensity per Revenue*	tonnes CO <sub>2</sub> e/thousands of dollars	0.32	0.29	0.29	0.26		305-4
GHG Emission Intensity per Production	kgCO <sub>2</sub> e/MWh	37.55	33.14	29.41	28.16		305-4
Other Indirect (Scope 3) GHG Emissions	tonnes CO <sub>2</sub> e	3,802	7,599	8,985	9,483		305-3
<b>WATER</b>							
Water Consumption*	m <sup>3</sup>	16,491,184	17,881,710	19,265,890	20,332,043	IF-EU 140.a.1	303-5
<b>WATER USE BY TYPE</b>							
Manufacturing & Offices*	m <sup>3</sup>	19,594	17,507	23,407	26,298		303-5
Power Plants That Use Air Cooling Systems	m <sup>3</sup>	55,168	52,444	78,506*	69,431		303-5
Power Plants That Use Water Cooling Systems*	m <sup>3</sup>	16,416,422	17,811,758	19,163,977	20,236,315		303-5

\* Numbers include restatements. For more information on restated numbers, please see 'About This Report'



## Environmental Performance

Topic	Metric	2019	2020	2021	2022	SASB Indicator	GRI Indicator
<b>WASTE</b>							
Waste Generated	tonnes	7,063	4,206	3,704 <sup>28</sup>	5,838		306-3
<b>WASTE BY TYPES</b>							
<b>Total Weight of Non-Hazardous Waste</b>	<b>tonnes</b>	<b>6,064</b>	<b>3,624</b>	<b>2,848</b>	<b>3,713</b>		<b>306-3</b>
General Waste Streams and Construction Waste	tonnes	1,710	1,372	1,156	549		306-3
Metal – General, Aluminum, Scrap and Carbon Steel	tonnes	1,342	1,550	1,050	2,775		306-3
Nylon/Plastic Waste	tonnes	1	1.6	12	11		306-3
Paper & Cardboard	tonnes	510	4.8	28	21		306-3
Radiographic Films	tonnes	0	0.3	0	0		306-3
Sand and Drilling Mud (Liquid & Solid)	tonnes	1,576	104	471	180		306-3
Green Waste	tonnes	0	0	20	7		306-3
Geothermal Scale	tonnes	0	0	39	5		306-3
Wood	tonnes	926	591	72	166		306-3
<b>Total Weight of Hazardous Waste</b>	<b>tonnes</b>	<b>999</b>	<b>582</b>	<b>856<sup>29</sup></b>	<b>1,830</b>		<b>306-3</b>
Acid (Nitric Acid, Sulfuric Acid)	tonnes	20	15	21	4		306-3
Batteries, Electronic Waste and Lightbulbs	tonnes	73	161	6	5		306-3
Motive Fluid	tonnes	632	207	217	4		306-3
Used Oils	tonnes	258	177	561	1,805		306-3
Used Paint Containers and Paint Thinners	tonnes	16	22	50 <sup>30</sup>	13		306-3
<b>ENVIRONMENTAL COMPLIANCE</b>							
Non-Compliance With Environmental Laws and Regulations	USD	0	0	0	0		307-1

<sup>28,29,30</sup> Number has been changed due to corrections at the Israel site.



## Social Performance

Topic	Metric	2019	2020	2021	2022	SASB Indicator	GRI Indicator
<b>EMPLOYEES</b>							
Total Number of Employees	#	1,384	1,395	1,405	1,455		2-7
Age - 30 or lower	%	/	/	9%	13%		
Age - 30-39	%	/	/	32%	33%		
Age - 40-49	%	/	/	27%	25%		
Age - 50-59	%	/	/	20%	19%		
Age - 60+	%	/	/	13%	10%		
Female - All Employees	%	17%	17%	18%	19%		405-1
Female - VPs <sup>31</sup>	%	30%	26%	30%	30%		
Female - Managers	%	/	/	/	21%		
Female - Non-Managers	%	/	/	/	18%		
Full-Time Employees	%	99%	99%	98%	98%		2-7
Permanent Employees	%	98%	98%	97%	98%		2-7
Total Number of New Employee Hires	#	229	157	222	281		401-1
Female New Hires Rate	%	22%	20%	26%	26%		401-1
Employee Turnover	%	14%	11%	16%	15%		401-1
<b>TRAINING &amp; DEVELOPMENT</b>							
Training Hours	#	9,688	42,227	32,379	36,753		
Average Hours of Training per Year per Employee	#	7	30.3	23.0	25.3		404-1
Percentage of Employees Receiving Regular Performance and Career Development Reviews	%	90%	94%	99%	74%		404-3
<b>OCCUPATIONAL HEALTH AND SAFETY</b>							
Total Recordable Incident Rate (TRIR)	per 200k hours	2.13	2.13	1.1	0.7	IF-EU320a.1	403-9
Lost Time Incident Rate	per 200k hours	1.1	1.1	0.64	0.27		403-9
Fatalities	#	0	0	0	0		403-9
"Days Away From Work" (DART)	per 200k hours	/	/	0.7	0.43		403-9
<b>COMMUNITY</b>							
Charitable Contributions	\$	929,262	1,057,449	1,021,733	1,206,107		

<sup>31</sup> For more transparent reporting, in 2022 we updated the categories to: Female VP, Female Management, and Female Non-Managers. In the previous report, there was only a Female Management category, which corresponds to the current Female VP category.



## Economic – Corporate Governance Performance

Topic	Metric	2019	2020	2021	2022	SASB Indicator	GRI Indicator
Women Board Members	%	22%	20%	11%	33%		2-9
Number of Independent Board Members	%	100%	90%	89%	89%		2-9
Chair and CEO Are Separate	Yes/No	Yes	Yes	Yes	Yes		2-11
<b>BOARD COMMITTEES AND MEETINGS</b>							
Number of Board Meetings (for the 12-Month Period Ending December 31)	#	10	13	13	12		2-9
Audit Committee Meetings	#	7	6	6	6		2-9
Compensation Committee Meetings	#	6	6	3	7		2-9
Nominating and Corporate Governance Committee Meetings	#	5	3	2	3		2-9
Investment Committee Meetings	#	2	3	1	1		2-9
Shareholders Who Voted in Favor of the Company's Compensation	%	66%	87%	91%	84%		2-20
<b>ECONOMIC PERFORMANCE</b>							
Total Revenues	(Dollars in thousands)	746,044	705,342	663,084	734,159		201-1
Operating Costs (Payments Made Outside of the Organization for Materials, Product Components, Facilities, and Services)	(Dollars in thousands)	271,493	228,597	177,942	213,450		201-1
Employee Wages and Benefits	(Dollars in thousands)	137,513	132,104	138,105	140,855		201-1
Payments to Providers of Capital (Dividends + Interest on Debt, etc.)	(Dollars in thousands)	84,014	83,301	93,613	92,741		201-1
Payments to Governments (Taxes, Penalties, etc.)	(Dollars in thousands)	1,649	64,795	34,357	29,004		201-1





CD4 Power Plant constructions

## › Economic – Corporate Governance Performance

Topic	Metric	2019	2020	2021	2022	SASB Indicator	GRI Indicator
<b>SUPPLY CHAIN</b>							
Total Procurement	(Dollars in thousands)	483,791	651,159	762,828	680,686		204-1
Percentage of Local Suppliers - Total <sup>32</sup>	%	77%	57%	56%	82%		204-1
Percentage of Local Supplier Allocations – USA	%	91%	58%	56%	90%		204-1
Percentage of Local Supplier Allocations – Israel	%	42%	48%	54%	58%		204-1
Percentage of Local Supplier Allocations – Kenya	%	67%	73%	79%	67%		204-1
Percentage of Local Supplier Allocations – Guatemala	%	72%	52%	41%	48%		204-1
Percentage of Local Supplier Allocations – Guadeloupe	%	89%	62%	24%	35%		204-1
Percentage of Local Supplier Allocations – Honduras	%	92%	90%	91%	87%		204-1
Percentage of Local Supplier Allocations – Turkey	%	74%	85%	87%	58%		204-1

<sup>32</sup> This category is reported for the first time in the current report.



# Non-GAAP Financial Measures; Reconciliation of EBITDA and Adjusted EBITDA



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.

We calculate EBITDA as net income before interest, taxes, depreciation, amortization and accretion. We calculate Adjusted EBITDA as net income before interest, taxes, depreciation, amortization and accretion, adjusted for (i) mark-to-market gains or losses from accounting for derivatives, (ii) stock-based compensation, (iii) merger and acquisition transaction costs, (iv) gain or loss from extinguishment of liabilities, (v) cost related to a settlement agreement, (vi) non-cash impairment charges, (vii) write-off of unsuccessful exploration activities, and (viii) other unusual or non-recurring items. We adjust for these factors as they may be non-cash unusual in nature and/or are not factors used by management for evaluating operating performance. We believe that presentation of this measure will enhance an investor’s ability to evaluate our financial and operating performance. EBITDA and Adjusted EBITDA are not measurements of financial performance or liquidity under accounting principles generally accepted in the United States, or GAAP, and should not be considered as an alternative to cash flow from operating activities or as a measure of liquidity or an alternative to net earnings as indicators of our operating performance or any other measures of performance derived in accordance with U.S. GAAP.





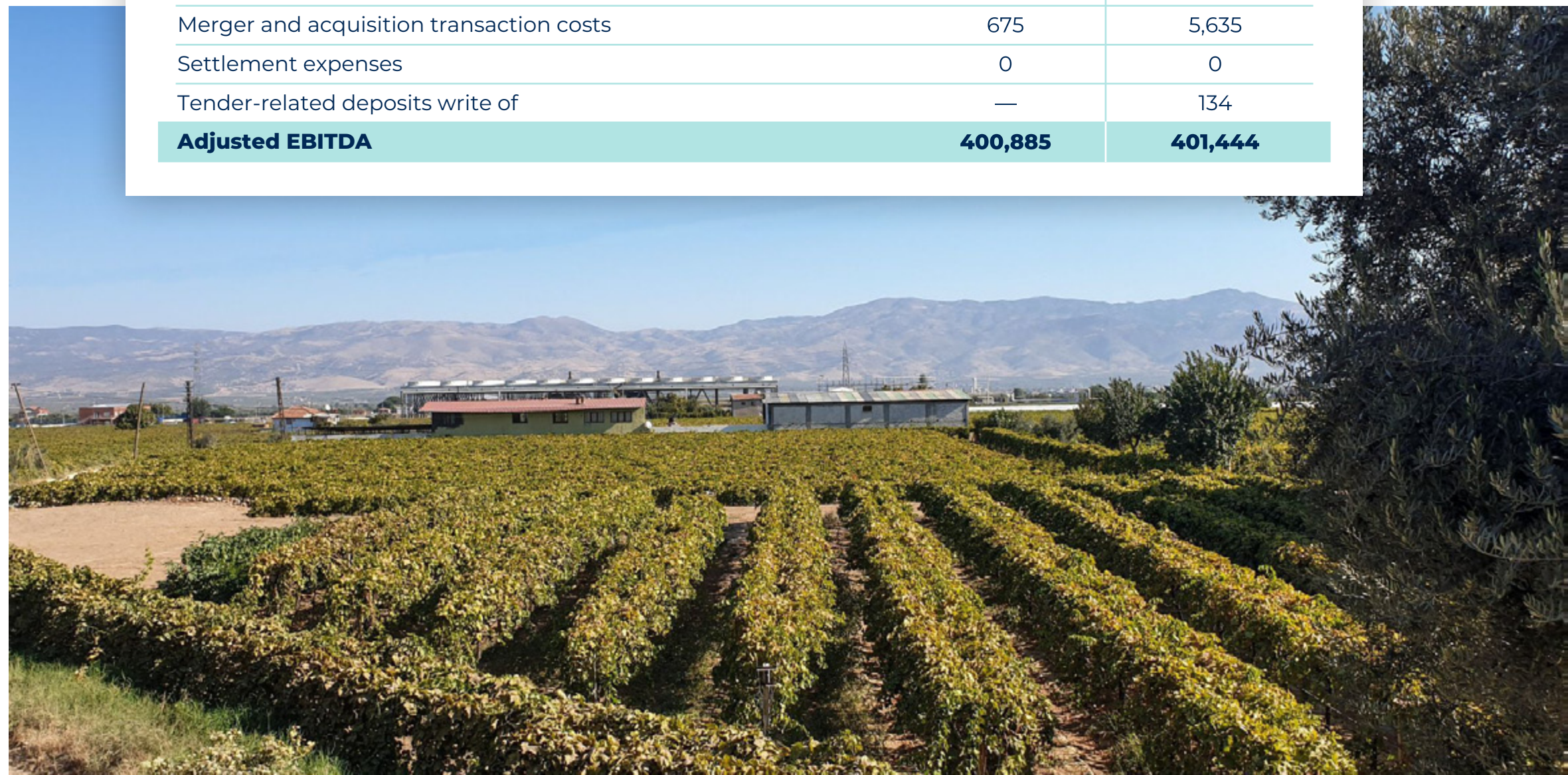
Our Board of Directors and senior management use EBITDA and Adjusted EBITDA to evaluate our financial performance. However, other companies in our industry may calculate EBITDA and Adjusted EBITDA differently than we do. This information should not be considered in isolation from, or as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP or other non-GAAP financial measures.

Starting in the fourth quarter of 2022, we include accretion expenses related to asset retirement obligations in the adjustments to net income when calculating EBITDA and Adjusted EBITDA. The presentation of EBITDA and Adjusted EBITDA includes accretion expenses for the fiscal year ended December 31, 2022, however, the prior years have not been recast to include accretion expenses as the amounts were immaterial.

This information should not be considered in isolation from, or as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP or other non-GAAP financial measures.

The following table reconciles net income, the most directly comparable financial measure prepared and presented in accordance with U.S. GAAP, to EBITDA and Adjusted EBITDA for the year ended December 31, 2022, and 2021.

	Year	
	2022	2021
	(Dollars in thousands)	
<b>Net income</b>	<b>77,795</b>	<b>76,077</b>
Adjusted for: Interest expense, net (including amortization of deferred financing costs)	84,326	80,534
Income tax provision (benefit)	14,742	24,850
Adjustment to investment in an unconsolidated company: our proportionate share in interest expense, tax and depreciation and amortization in Sarulla	13,199	14,680
Depreciation and amortization	198,603	177,930
<b>EBITDA</b>	<b>388,665</b>	<b>374,071</b>
Mark-to-market gains or losses on derivative instruments	1,613	741
Stock-based compensation	11,646	9,168
Reversal of a contingent liability	(1,829)	(418)
Allowance for bad debts related to February power crisis in Texas	115	2,980
Hedge losses resulting from February power crisis in Texas	—	9,133
Merger and acquisition transaction costs	675	5,635
Settlement expenses	0	0
Tender-related deposits write of	—	134
<b>Adjusted EBITDA</b>	<b>400,885</b>	<b>401,444</b>





# Forward-Looking Statements

This report, and information provided during any discussion accompanying 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 we expect or anticipate 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,” “target” or “contemplate”, 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 expectations in connection with the company’s ESG plans, initiatives, projections, goals, commitments, expectations or

prospects, including the targets and goals set forth in this report 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. Forward-looking statements about “target” or “targeted” amounts represent current goals of Ormat’s management and are neither estimates of Ormat’s actual results nor financial projections or forecasts that have been prepared in accordance with Securities and Exchange Commission (“SEC”) rules or guidelines adopted by the American Institute of Certified Public Accountants. These forward-looking statements are not intended to be a guarantee of future results, but instead constitute Ormat’s current expectations based on assumptions that Ormat currently believes are reasonable. 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, our assumptions not being realized, our ability to execute our strategies in the time frame expected or at all, changing government regulations, scientific or technological developments, climate-related conditions and weather events, our ability to gather and verify data regarding environmental impacts, the compliance of various third parties with our policies and procedures, and our expansion into new products, services, and geographic regions, as well as the risks, uncertainties and other factors described in Ormat Technologies, Inc.’s Form 10-K filed with the SEC on February 24, 2023, and from time to time, in Ormat’s quarterly reports on Form 10-Q that are filed with the SEC.

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