



ORMAT

Ormat Technologies, Inc.

Green Bond Annual Report | 2023

Introduction

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 a low carbon economy. 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.



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

- Developing our renewable geothermal business in the U.S. and globally.
- Establishing a strong market position in the “In Front of the Meter” (IFM) energy storage market.
- 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 learn more, please visit our sustainability [website](#) and read our [2022 ESG report](#).





Sustainable Finance

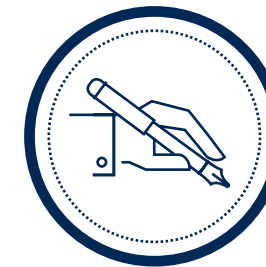
In 2022, we introduced the Ormat Green Finance Framework ("Framework"), which was developed in consideration of the Green Bond Principles (GBP) issued by the International Capital Markets Association in 2021. Green Bonds enable capital-raising and investment for new and existing projects with environmental 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.

Below is a summary of the components of our Framework related to our "Green Bonds," which are issuances of debt securities of Ormat for which we undertake to allocate an amount equal to the net proceeds of the issuance to Eligible Green Projects.



Ormat Green Finance Framework

Use of Proceeds



“Eligible Green Projects” are allocations made by Ormat or any of its subsidiaries to any of the projects defined below in the 24 months prior to or 24 months following the issuance date.

Eligible Green Projects include the following:

Renewable Energy: Expenditures related to the research, field and site development, acquisition, manufacturing, distribution, maintenance, management and operation of:

- new geothermal energy generation facilities with GHG emissions less than 100g CO₂e/KWh (“Binary Geothermal Facility”);
- upgrades to existing geothermal energy generation facilities to increase efficiency, resiliency and reliability (“Upgrades to geothermal facilities”);
- energy storage systems; or
- solar PV systems.

Eco-efficient and/or circular economy adapted products:

Expenditures to create and increase capacity, research and development to improve and optimize technologies, and the management of storage and distribution assets for recovered energy generation facilities.

The examples of expenditures within the Eligible Green Projects are for illustrative purposes only, and we cannot assure you that the net proceeds from the sale of the notes will be allocated to fund projects with these specific characteristics.





Process for Project Evaluation and Selection



Ormat has established an ESG Working Group 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 ESG Working Group will work closely with executives and business functions to ensure that selected Eligible Green Projects align with Ormat's corporate ESG policies and strategies, particularly project-related risk management evaluation and specific Environmental Health and Safety procedures.

Management of Proceeds



The ESG Working Group will track the amount of net proceeds allocated toward Eligible Green Projects. Pending allocation, proceeds may be temporarily used for general corporate purposes, to repurchase shares, invest in cash, cash equivalents, or other liquid securities, or repay outstanding indebtedness. Any payment of principal and interest will be made from our general corporate account and will not be linked to the performance of any Eligible Green Project. In the case of divestment or if a project no longer meets the eligibility criteria listed above, we will use reasonable efforts to reallocate the funds to other Eligible Green Projects during the term of the instrument.

Reporting



Annually, until full allocation of the net proceeds, we expect to publish a Green Financing Report on our corporate website or as part of our sustainability report, subject to applicable confidentiality considerations, that includes information on (i) amounts allocated to Eligible Green Projects, by category and, where feasible, initiative, (ii) the amount of net proceeds pending allocation, and, where feasible, (iii) impact reporting.

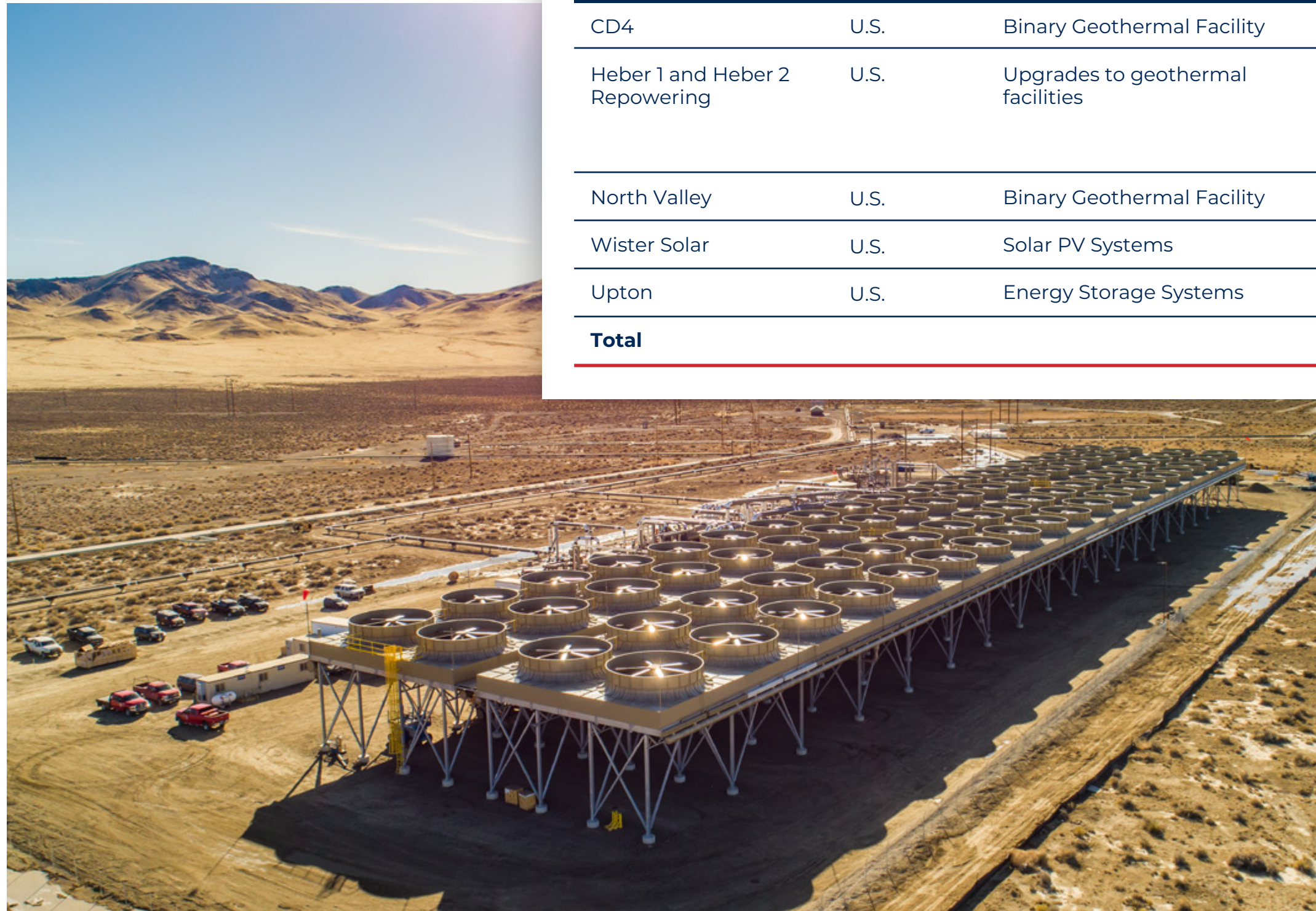
External Review



Upon full allocation, we will obtain an assurance report related to the allocation of the net proceeds from the offering to Eligible Green Projects from a qualified independent external reviewer.



Green Bond Allocation¹



Project Name	Country	Eligible Green Project Type	Size- in Megawatts (MW)	Project Status	Commercial Operation Date	Amounts Allocated (\$MM)
CD4	U.S.	Binary Geothermal Facility	35	Operating	Jul-2022	125
Heber 1 and Heber 2 Repowering	U.S.	Upgrades to geothermal facilities	Additional 61.5	Operating	Heber 1 Sep-2023 Heber 2 Jan-2023	112
North Valley	U.S.	Binary Geothermal Facility	25	Operating	Apr-2023	142
Wister Solar	U.S.	Solar PV Systems	20	Operating	Jul-2022	27.8
Upton	U.S.	Energy Storage Systems	25	Operating	Jun-2023	17.6
Total			166.5			424.4²

¹ The table relates to the allocation of the net proceeds from the June 22, 2022 issuance of Ormat's 2.5% convertible senior notes due 2027, issued pursuant to the indenture, dated June 27, 2022 between Ormat and U.S. Bank Trust Company, National Association, as trustee ("U.S. Bank Trust Company"), (together combined the "Initial Notes").

On July 15, 2024, Ormat issued an additional \$45.2 million aggregate principal amount of 2.5% convertible senior notes due 2027 (the "Additional Notes"). The Additional Notes were issued as additional notes pursuant to the indenture, dated June 27, 2022, as supplemented by the first supplemental indenture, dated July 15, 2024, between Ormat and U.S. Bank Trust Company.

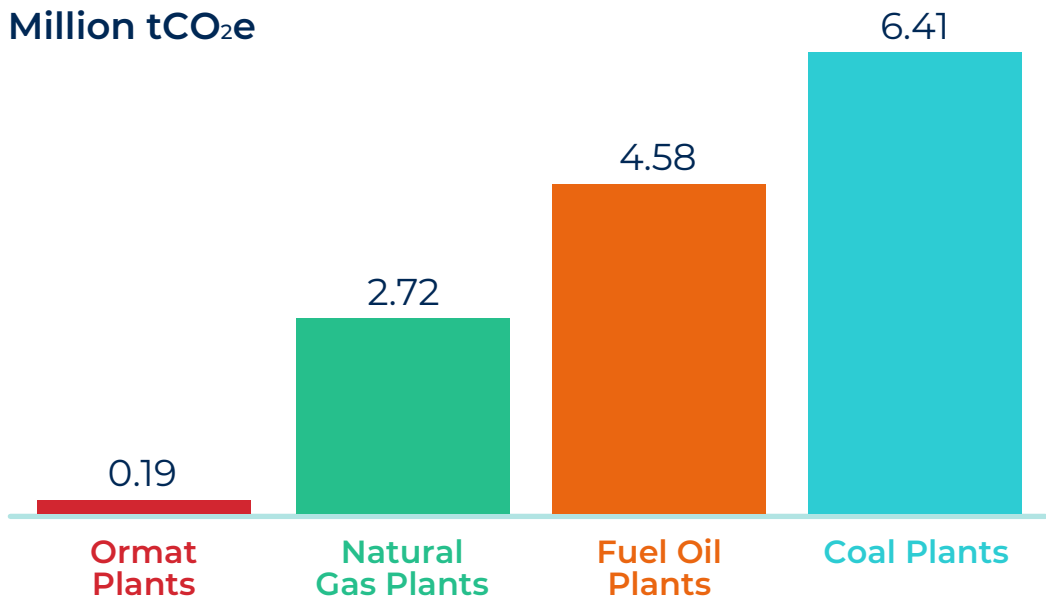
This Green Bond Annual Report and the table are not given in respect of the allocation of net proceeds from the issuance of the Additional Notes and the Additional Notes are not referred to in the management assertion on page 9. The Report of Independent Accountants, which appears on page 10, provides no assurance on the allocations of net proceeds from the issuance of the Additional Notes.

² Represents the total amounts allocated to the Eligible Green Projects. The total amounts allocated with respect to the Eligible Green Projects referenced in the table (\$424.4 million) reflects amounts actually disbursed by Ormat, and such total amounts allocated exceed the amount of net proceeds from the issuance of the Initial Notes (\$419.7 million). The management assertion on page 9 of this Green Bond Annual Report is given with respect to the amount of net proceeds from the issuance of the Initial Notes. The Report of Independent Accountants, which appears on page 10, provides no assurance on allocations in excess of net proceeds.

The Climate Impact of our Projects

With our allocated Green Bond proceeds, we and our investors support progress towards the Paris Agreement and the UN Sustainable Development Goals #7 and #13 on a climate action.

Our power plants have significantly lower emissions compared to power plants that run on coal or other fossil fuels. The table below compares the CO₂e emissions derived from the total operation of our power plants in 2022 to the CO₂e emissions 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, recovered energy generation, and solar PV sources of energy in comparison to more traditional energy sources.



Overall, the generation of Ormat's renewable energy prevented the creation of 2,209,290 metric tonnes of CO₂e emissions in 2022, compared to the local grid at Ormat's locations.



approximately
250,000
million tonnes CO₂

Can be avoided
each year as a
result of Green
Bond proceeds
allocated to
our projects in
operation

100k
households

Can be powered
annually as a result
of Green Bond
proceeds allocated
to our projects in
operation

Management Assertion

Management of Ormat Technologies, Inc. (Ormat) asserts that the net proceeds of \$419.7 million from the June 22, 2022 issuance of Ormat's 2.5% convertible senior notes (Initial Note) were allocated to finance or refinance, during the period from June 2020 (24 months prior to the issuance of the Initial Note) through December 31, 2023, the development of the renewable energy projects (as listed in the "Project Name", "Eligible Green Project Type" and "Commercial Operation Date" columns) in the Green Bond Allocation table on page 7 of this Green Bond Annual Report.

Third Party Attestation

Report of Independent Accountants



Report of Independent Accountants

To the Management of Ormat Technologies, Inc.

We have examined the accompanying management assertion of Ormat Technologies, Inc. (Ormat) that the net proceeds of \$419.7 million from the June 22, 2022 issuance of Ormat's 2.5% convertible senior notes (Initial Notes) were allocated, to finance or refinance, during the period from June 2020 (24 months prior to the issuance of the Initial Notes) through December 31, 2023, the development of renewable energy projects as defined in management's assertion. Ormat's management is responsible for its assertion. Our responsibility is to express an opinion on management's assertion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA). Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertion. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements related to the engagement.

Only the management assertion on page 9 and information included in the "Project Name", "Eligible Green Project Type" and "Commercial Operation Date" columns and the amounts allocated up to \$419.7 million in the "Amounts Allocated" column of the Green Bond Allocation table on page 7 of this *Green Bond Annual Report 2023* is part of our examination engagement. The other information in this *Green Bond Annual Report 2023* has not been subjected to the procedures applied in our examination engagement, and accordingly, we make no comment as to its completeness and accuracy and do not express an opinion or provide any assurance on such information.

In our opinion, management's assertion is fairly stated, in all material respects.

Kesselman & Kesselman

Tel-Aviv, Israel
August 29, 2024

Kesselman & Kesselman
Certified Public Accountants (Isr.)
A member firm of PricewaterhouseCoopers International Limited

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