



AUDIT COMMITTEE CHARTER

(Amended as of August 5, 2016)

1. PURPOSE

The purpose of the Audit Committee (the “*Committee*”) of the Board of Directors (the “*Board*”) of Ormat Technologies, Inc. (the “*Company*”) is (A) to assist the Board in fulfilling its oversight responsibilities with respect to:

- the integrity of the Company’s financial statements;
- the effectiveness of the Company’s internal controls over financial reporting;
- the Company’s compliance with legal and regulatory requirements;
- the independence and qualifications of the Company’s independent auditor; and
- the performance of the Company’s internal audit function and independent auditor

and (B) prepare the Audit Committee report required by the rules of the Securities and Exchange Commission (the “*SEC*”) to be included in the Company’s annual proxy statement.

2. COMMITTEE COMPOSITION

The Committee will consist of at least three directors, each of whom meets the independence and experience requirements under the listing standards of the New York Stock Exchange, Section 10A(m)(3) of the Securities Exchange Act of 1934, as amended (the “*Exchange Act*”) and SEC rules and regulations. Each member of the Committee will be financially literate and at least one member of the Committee will be an “audit committee financial expert” (as defined by SEC rules). At least one member of the Committee (who may also serve as the audit committee financial expert) will have accounting or related financial management expertise. Committee members will not simultaneously serve on the audit committees of more than two other public companies unless the Board determines that such simultaneous service would not impair the ability of such director to serve effectively on the Committee and discloses this determination in the Company’s annual proxy statement. Members of the Committee, including the Chair of the Committee (the “*Chair*”), will be appointed by the Board based upon the recommendations of the Nominating and Corporate Governance Committee.

Determinations as to whether a particular director satisfies the requirements for membership on the Committee will be made by the Board. Committee members will serve for such terms as the Board may determine, or until their earlier resignation, death or removal. The Board

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may remove any Committee member upon the affirmative vote of not less than a majority of the directors then-serving.

3. MEETINGS AND PROCEDURES

The Committee will meet as often as it determines necessary to carry out its duties and responsibilities, but not less frequently than quarterly. The Committee will meet periodically in separate executive sessions with management, the internal auditors and the independent auditor, and have other direct and independent interactions with these persons from time to time as the Committee members deem necessary or appropriate. The Committee may request that any officer or employee of the Company or the Company's outside counsel or independent auditor attend a meeting of the Committee or meet with any members of, or consultants to, the Committee. When present, the Chair will preside over all Committee meetings.

A majority of the members of the Committee will constitute a quorum for the transaction of business. The Committee is authorized to take any permitted action only by the affirmative vote of a majority of the Committee members at any meeting at which a quorum is present, or, without a meeting, by the unanimous written consent of all Committee members.

Committee meetings may be held by telephone or video conference. Notice of all Committee meetings will be given, and waiver thereof determined, in accordance with the notice and waiver of notice provisions of the By-Laws of the Company as then in effect. The Committee will maintain copies of minutes of each Committee meeting and each written consent to action taken without a meeting, reflecting the actions authorized or taken by the Committee. The Chair or secretary of the Company will circulate (A) the meeting agenda and any relevant documentation to the Committee members within a reasonable period in advance of each Committee meeting and (B) the minutes of Committee meetings to the Committee members and the Board.

4. AUTHORITY

The Committee has the sole authority to appoint or replace the independent auditor, subject to shareholder ratification, if applicable. The Committee is directly responsible for the compensation, retention and oversight of the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent auditor will report directly to the Committee.

The Committee will pre-approve all audit and permitted non-audit services to be performed for the Company by the independent auditor, subject to the *de minimis* exception for non-audit services contained in Section 10A(i)(1)(B) of the Exchange Act. The Committee will review and discuss with the independent auditor any written documentation provided by the independent auditor describing the nature and scope of tax services to be approved and



the potential effects of the provision of such services on the auditor's independence. The Committee may delegate to one or more of its members the authority to grant pre-approval of audit and permitted non-audit and tax services, provided that any decision made pursuant to such delegated authority is presented to the full Committee at its next scheduled meeting.

The Committee has the authority to (A) retain independent legal, accounting or other advisers to the extent it deems necessary or appropriate to discharge its duties and responsibilities and (B) consult with other Board committees. The Company will provide appropriate funding, as determined by the Committee, for payment of compensation to the independent auditor and any advisers employed by the Committee, and for payment of ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties. The Committee will also have unrestricted access to Company management, employees and records.

The Committee will make regular reports to the Board and annually review the Committee's own performance.

5. DUTIES AND RESPONSIBILITIES

In furtherance of its purpose and in addition to the duties and responsibilities set forth elsewhere in this Charter, the Committee will:

Financial Statements & Disclosures

- A. Review and discuss with management and the independent auditor the annual audited financial statements, including the Company's specific disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations", and recommend to the Board whether the audited financial statements should be included in the Company's annual report on Form 10-K.
- B. Review and discuss with management and the independent auditor the quarterly financial statements, including the results of the independent auditor's review of the quarterly financial statements.
- C. Discuss with management and the independent auditor significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles.
- D. Review and discuss with management and the independent auditor the adequacy of the Company's internal controls, any changes adopted in light of material control deficiencies and the adequacy of disclosures about changes in internal control over financial reporting.
- E. Review and discuss with management and the independent auditor the Company's internal controls report and independent auditor's attestation prior to the filing of the Company's annual report on Form 10-K.



- F. Review and discuss all quarterly reports submitted by the independent auditors concerning:
- all critical accounting policies to be used;
 - all alternative treatments of financial information with U.S. generally accepted accounting principles (“GAAP”) that have been discussed with management, consequences of the use of such alternative treatments and the treatment preferred by the independent auditor; and
 - other material written communications between the independent auditor and management, such as any management letter.
- G. Discuss with management the type and presentation of information to be included in earnings press releases, including the use of “pro forma” or “adjusted” or non-GAAP information, as well as financial information and earnings guidance provided to analysts and rating agencies.
- H. Discuss with management and the independent auditor the effect of regulatory and accounting initiatives, as well as off-balance sheet arrangements, on the Company’s financial statements.
- I. Discuss with management the Company’s major financial risk exposure and any steps management has taken to monitor and control such exposure, including the Company’s risk assessment and management policies.
- J. Discuss with the independent auditor the matters required to be discussed under the relevant Statements on Auditing Standards relating to the conduct of the audit, any difficulties encountered in the course of audit work, any restrictions placed on the scope of such work and any significant disagreements with management.
- K. Review disclosures made to the Committee by the Company’s Chief Executive Officer and Chief Financial Officer during their certification process for the Form 10-K and Form 10-Q about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who play a significant role in administering the Company’s internal controls.
- L. Prepare and approve annually the audit committee report required by SEC rules to be included in the Company’s annual proxy statement.

Oversight of Relationship with the Independent Auditor

- M. Before engaging of an independent auditor and at least annually thereafter, review and discuss with the independent auditor its written communications to the Committee concerning the relationships between the auditor and the Company that may reasonably be thought to impact the auditor’s independence and obtain from the auditor a written affirmation that the auditor is independent.



- N. Review and evaluate the lead partner of the independent auditor team. Ensure the rotation of the lead audit partner as required by law and consider whether a policy of rotating the independent auditor on a regular basis is necessary to ensure continuing auditor independence.
- O. Obtain and review a report from the independent auditor at least annually concerning:
- the independent auditor's internal quality-control procedures;
 - any material issues raised by the most recent internal quality-control review, or peer review, of the independent auditor, or by any inquiry or investigation by governmental or professional authorities within the preceding five years with respect to one or more independent audits carried out by the independent auditor;
 - any steps taken to deal with any such issues; and
 - all relationships between the independent auditor and the Company.
- P. Obtain from the independent auditor its report evaluating the Company's identification of, accounting for and disclosure of related party relationships and transactions pursuant to Auditing Standard 18.
- Q. Review and evaluate the qualifications, independence and performance of the independent auditor.
- R. Present its conclusions with respect to the independent auditor and any reports received therefrom to the Board.
- S. Set clear hiring policies for the Company's hiring of employees or former employees of the independent auditor.
- T. Meet with the independent auditor prior to the audit to discuss the planning and staffing of the audit.

Oversight of Internal Audit Function

- U. Review the appointment and replacement of the senior internal auditing executive.
- V. Review the significant reports to management prepared by the internal auditing department and management's responses thereto.
- W. Review, in consultation with management, the independent auditor and the senior internal auditing executive, the internal audit department's responsibilities, budget, and staffing, and any recommended changes in the planned scope, procedures or timing of internal audit activities.

Compliance Oversight

- X. Obtain reports from management, the Company's senior internal auditing executive and the independent auditor that the Company and its subsidiaries are in compliance with applicable legal requirements and the Company's Code of Business Conduct and Ethics.



Review reports and disclosures of insider and affiliated party transactions. Advise the Board with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations and with the Company's Code of Business Conduct and Ethics.

- Y. Establish and oversee procedures for the receipt, retention and treatment of complaints received by the Company concerning accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
- Z. Review and approve or ratify all related party transactions in accordance with the Company's policies and procedures with respect to related party transactions, consistent with Auditing Standard 18.
- AA. Review and reassess annually the performance of the Committee and adequacy of this Charter and recommend any proposed changes to the Board.

6. LIMITATION OF COMMITTEE'S ROLE

The Committee will fulfill its oversight role in part by relying on the reviews and reports described above. While the Committee has the duties and responsibilities set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete, accurate and were prepared in accordance with GAAP, applicable rules and regulations. These are the fundamental responsibilities of management and the independent auditor.