



# COMPENSATION COMMITTEE CHARTER

(Amended as of August 5, 2016)

## 1. PURPOSE

The purpose of the Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of Ormat Technologies, Inc. (the “Company”) is to assist the Board in its oversight responsibilities with respect to compensation of the Company’s Chief Executive Officer (“CEO”) and other executive officers (the “Executive Officers”) and all compensation plans, policies and programs of the Company for the Executive Officers that are subject to Board approval (collectively, “Plans”).

## 2. COMMITTEE COMPOSITION

The Committee will consist of at least three directors, each of whom meets the independence requirements under the listing standards of the New York Stock Exchange (the “NYSE”). At least two members of the Committee will also qualify as “outside directors” within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended, (“Section 162(m)”) and as “non-employee directors” within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, as amended. Members of the Committee, including the Chair of the Committee (“Chair”) will be appointed by the Board based upon the recommendations of the Nominating and Corporate Governance Committee.

Committee members will serve until the first meeting of the Board following the Annual Meeting of Shareholders and until their successors are elected, or until their earlier resignation, death or removal, with or without cause, in the discretion of the Board. In the event of a vacancy on the Committee for any reason, the Board will designate a director to fill such vacancy for the remainder of the unexpired term of the departing Committee member. If the Board for any reason fails to appoint a Chair, the Committee will elect a Chair by the affirmative vote of a majority of the full Committee membership.

## 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 annually. 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

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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 Chair may establish rules as may from time to time be necessary or appropriate for the conduct of the business of the Committee. 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. The Committee will promptly inform the Board of any actions taken or issues discussed at Committee meetings.

#### **4. AUTHORITY**

The Board has delegated to the Committee all powers and authority necessary or appropriate for the Committee to fulfill its duties and responsibilities set forth in this Charter. Pursuant to this authority, the Committee may (A) make determinations required to be made by the Committee under the Plans relating to the appropriate operation of the Plans and the distribution of benefits thereunder, (B) establish a subcommittee or subcommittees for the purpose of evaluating special matters and delegate its authority to such subcommittee or subcommittees and (C) retain independent compensation, legal, financial or other advisers who shall report directly to the Committee, to the extent it deems necessary or appropriate to discharge its duties and responsibilities. The Committee will have the sole authority to retain and terminate (or obtain the advice of) any adviser to assist it in the performance of its duties, but only after taking into account all factors relevant to the adviser's independence from management, including those specified by the NYSE listing standards. The Committee will be directly responsible for the appointment, compensation and oversight of the work of any adviser retained by the Committee. The Company will provide appropriate funding, as determined by the Committee, for payment of compensation to 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:

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- A. Review and approve annually corporate goals and objectives relevant to CEO compensation and the compensation of the Executive Officers, evaluate the CEO's and the Executive Officers' performance in light of (i) those goals and objectives, (ii) the individual achievements of the CEO and the Executive Officers and (iii) the compensation of similarly situated executive officers at comparable companies, and determine and approve the CEO's and the Executive Officers' compensation based on this evaluation, provided that such determination will not result in the Company's breach of any employment agreement. In determining the incentive components of the CEO's and the Executive Officers' compensation, the Committee may consider many factors, including, but not limited to, the Company's performance and relative shareholder return, the value of similar incentive awards to the CEO and executive officers at comparable companies and the awards given by the Company to the CEO and the Executive Officers in past years.
- B. Review and approve periodically the following elements of compensation of the CEO and the Executive Officers: (i) all other incentive awards and opportunities, including cash-based and equity-based awards and opportunities, (ii) any employment agreements and severance agreements, (iii) any change-in-control agreements, severance protection plans and change-in-control provisions affecting any elements of compensation and benefits and (iv) any special or supplemental compensation and benefits for the CEO and the Executive Officers.
- C. Make recommendations to the Board with respect to the adoption, amendment, termination or replacement of incentive-compensation, equity-based plans, revenue sharing plans or other Plans maintained by the Company.
- D. Establish performance goals and metrics under any Plan and certify attainment of such performance goals and metrics for purposes of Section 162(m). Review the Company's policies on the tax deductibility of compensation paid to "covered employees" within the meaning of Section 162(m).
- E. Recommend to the Board appropriate compensation for Board members, which may include retainers, committee chair fees, stock options and other similar items.
- F. Review and discuss the Compensation Discussion and Analysis ("CD&A") required by the rules and regulations of the Securities and Exchange Commission (the "SEC") to be included in the Company's annual proxy statement and annual report on Form 10-K with management, and, based on such review and discussion, determine whether or not to recommend to the Board to so include the CD&A.



- G. Prepare and approve annually the compensation committee report required by SEC rules to be included in the Company's annual proxy statement.
- H. Oversee the Company's compliance with SEC rules and regulations regarding shareholder approval of certain executive compensation matters, including "say-on-pay" advisory votes and the frequency of such votes, and the requirement under the NYSE listing standards that, subject to limited exceptions, shareholders approve equity compensation plans.
- I. Make regular reports to the Board.
- J. Review and reassess annually the performance of the Committee and the adequacy of this Charter and recommend any proposed changes to the Board.