



ORMAT

Ormat Technologies, Inc.

# SUSTAINABILITY REPORT | 2021







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**Doron Blachar**  
Chief Executive Officer

**To our Stakeholders,**

2021 was another successful year for Ormat, with our business segments and personnel displaying resilience and ingenuity delivering solid financial returns while navigating several unique challenges raised by the global pandemic, and global supply chain constraints. We successfully grew our portfolio and made significant investments to support our growth plans for the coming years while continuing our mission to protect the environment and help the communities in which we do business advance their own sustainability goals.

We continue to be encouraged by the developing landscape of renewable power generation and the growing demand for clean energy. Our business will not only capture this development in the form of financial returns and growth, but our products and storage segments will play a meaningful and integral role in the seismic change taking place throughout the ongoing energy transition and broader adoption of renewable energy sources.

**ABOUT THIS REPORT**

As we work to expand our renewable portfolio, Ormat is committed to continuing our ESG efforts to enlarge and refine our sustainability reporting. Our 2021 Sustainability Report has been newly updated and structured with the aim of enhancing the clarity of Ormat’s Environmental, Social and Governance-related (“ESG”) activities for our shareholders and broader stakeholders. We have restructured the content to more specifically focus on each component of the ESG framework and have expanded the data collection to ensure accuracy and transparency for readers of this report.

In 2021, we began to align our disclosures with the recommendations of the Taskforce for Climate-Related Financial Disclosure’s (TCFD). Aligning to the TCFD standards further strengthens our awareness of the impact Ormat and its operations

have on climate change. This is our fourth report published in accordance with GRI Sustainability Reporting Standards, and our second report to include reporting standards from the Sustainability Accounting Standards Board (SASB) after introducing that into our disclosures last year.

**OUR PEOPLE AND COMMUNITY**

We aim to act as responsible stewards of the environment and to create and foster a corporate culture for our employees that encompasses the highest standards of fairness and equality. This year, we have added updates on social activities such as diversity and inclusion training for employees and our recruiting efforts to attract, advance, and retain a more diverse talent pool. This work surrounding diversity and inclusion remains fundamental to our business as we look to drive both our short-term and long-term initiatives in a sustainable and socially responsible manner. We actively seek to create career pathways that help retain and further promote diverse talent.

Additionally, Ormat takes seriously the issues of poverty and social inequality, and we’ve worked to be a source of positive change by encouraging local economic growth and expanding employment opportunities in the places where Ormat does business.

**OUR SUSTAINABLE GROWTH PLANS ARE ROOTED IN RENEWABLES**

Ormat has been sustainably generating power since 1965, and we remain committed to providing renewable energy safely, economically, and in an environmentally responsible manner.

A large part of our business involves bringing baseload energy to parts of the world that lack access to affordable, renewable energy. Our Company recognizes the importance of the fight against climate change and the imperative of

lowering global greenhouse gas emissions, and our core business actively works to counteract these existential threats. Our energy-generating and storage assets are helping to create a sustainable energy infrastructure, and further an alternative energy future, where greenhouse gas emissions are significantly reduced and the ability to access and store renewably sourced power will enable electricity grids to become more responsive, more stable, and inherently more environmentally friendly.

**CONTINUED COMMITMENT TO A SUSTAINABLE FUTURE**

Our activities in 2021 further proved that we have an inherent positive impact on our surrounding communities, and we are committed to mitigating climate change risk, reducing our GHG emissions, advancing energy efficiency, and promoting the use of renewable energy sources.

We are proud to leverage our proven capabilities to help deliver clean, renewable energy to our partners and their end-users, at affordable prices, while also ensuring grid reliability. As we develop and grow as an organization, we must continue to support the rapidly shifting needs of both our clients and our world. This report is just one component of our sustainability journey and serves as our corporate pledge to expand upon our work and increase transparency in these areas.

We value and appreciate your interest in Ormat and our sustainability performance. We are proud that our efforts are lowering greenhouse gas emissions while bringing breakthrough technologies and solutions to the world’s electricity grids.



Sincerely,

**Doron Blachar**  
Chief Executive Officer

■ ORMAT AT A GLANCE

Total MW –  
1,168



1 U.S.	2 GUATEMALA	3 HONDURAS	4 GUADELOUPE	5 TURKEY	6 ISRAEL	7 KENYA	8 INDONESIA*
							
710 ⚡ Geothermal	40 ⚡ Geothermal	38 ⚡ Geothermal	15 ⚡ Geothermal			150 ⚡ Geothermal	42 ⚡ Geothermal
88 ⚡ Energy Storage							
32 ⚡ Solar PV							
53 ⚡ REG							

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

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





## Environmental

**22%**

absolute reduction in scope  
1&2 emissions from 2019 to 2021

**16.5%**

improvement in our GHG  
emissions intensity by  
generation compare to 2020

**8,590 cWh**

sustainable energy generated

**9%**

increase in generation capacity  
compare to 2020

**98%**

sustainable electricity use



## Social

**~1,400**

employees

**30%**

female managers

**1.1**

total recordable injury rate (TRIR)

**84%**

retention rate in 2021

**32,000+**

training hours completed by  
employees



## Governance- Economic

**55+**

years of experience

**1.1** cw

portfolio

**\$663M**

2021 revenues

**\$401M**

2021 adj. EBITDA<sup>1</sup>

**\$62M**

2021 net income<sup>2</sup>

<sup>1</sup> See appendix for reconciliation of non-GAAP financial measures.  
<sup>2</sup> Net income attributable to the company stockholders.



# WHAT'S NEW IN OUR REPORT THIS YEAR?

## New report structure

This 2021 Sustainability report has been newly structured and updated to enhance the flow and clarity of Ormat's Environmental, Social and Governance-related ("ESG") activities. We have organized the report according to Environment, Social and Governance chapters and have created a clear and consolidated index at the end of the report for presentation of data. In addition to restructuring the content, we have sought to increase data transparency to the readers of this report.

## Expanded our disclosure on our people

To further strengthen our commitments to our employees and to inclusion and diversity, we have added updates on social activities completed throughout 2021 and our plans for 2022. These activities include providing diversity and inclusion training to employees, and focused on attracting a more diverse talent pool in our recruiting efforts.

## Began integration of TCFD recommendations into our report

We have begun aligning our disclosures to the Taskforce for Climate-Related Financial Disclosure's (TCFD) recommendations. This includes the integration of the recommendations into our process for evaluating climate change risks and opportunities to our business. Aligning to the TCFD recommendations will allow us to further sharpen our understanding of our impact on and from climate change and present to investors and other stakeholders our performance over time and how sustainability is embedded into our business model and governance framework.

## Broadening of environmental data

We have improved our environmental data collection and measurement processes. In 2021, we significantly increased data collection and transparency in greenhouse gas emissions ("GHG") by including business air travel for Guadeloupe and Honduras and business travel by land for our US operations. In addition, we increased our data collection capabilities and transparency by further breaking down the methods for waste disposal and management.



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



# AN ORGANIZATION SHAPED BY VALUES

At Ormat, sustainability is not just another target we aim to achieve; it is at the core of our business and our way of life. Ormat Technologies, Inc. ("Ormat" or the "Company") was founded and has flourished as a company whose purpose is to continually grow our renewable energy capabilities; a goal that Ormat strives to achieve while being environmentally and socially responsible.

Sustainability has been part of our corporate DNA since our inception and continues to be the inspiration for the growing number of renewable energy sectors we operate in and for the diverse array of products and services we offer. This way of doing business is reflected in our core values, detailed alongside. Together, these values sustain and propel Ormat forward as we seek to be a leader in the global renewable energy world of tomorrow.

## Our Five Core Values

Ormat is inspired by five core values, which guide how we conduct business every day, everywhere. In living these values, we believe that our employees, managers, and directors must consistently demonstrate honesty, openness, and fairness in their dealings with each other, with our customers and with our community.



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



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



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



**Courage** comes from leveraging our collective knowledge, experience, prudent risk management and unwavering focus on delivering the very best results for our clients.



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



# ORMAT: WHAT WE DO

Own & operate approximately

**1,100<sub>MW</sub>**

Geothermal, Energy Storage,  
Solar PV & Recovered  
Energy Generation

## Developing Renewable Energy and Critical Infrastructure

**We believe** that the presence of Ormat's operations around the world, including in various developing countries, has an inherently positive impact on environmental, economic and social aspects. Our projects provide a valuable source of renewable energy to support a country's infrastructure development, which in turn helps create jobs and has the potential to strengthen a country's energy sources and move away from fossil-fuel to renewable energy and domestic sources. Equally important, our projects provide energy security and the development of geothermal energy resources to indigenous communities.

We are a natural, synergistic partner in developing clean-energy assets that align with the goals of the countries within which we operate. In every location where Ormat operates, we believe that our presence has generated positive impacts through the creation of economic opportunities, development and employment benefits. These economic benefits include providing inbound capital investment, creation of long-term jobs, and other social and economic benefits for the local community.

Starting from the exploration phase for geothermal resources, Ormat attempts to assess and augment the level of critical infrastructure – including roads and electricity transmission lines needed to implement the project. This infrastructure remains a valuable resource for local communities regardless of the existence of the project, in the form of local roads, water and electricity distribution systems.

In addition to these significant indirect economic impacts, we play an active role in local communities near all our operations. This is done through our various community development activities, which focus on health, education, and alleviating food insecurity in the communities in which we operate.





Development



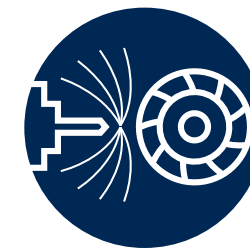
Exploration



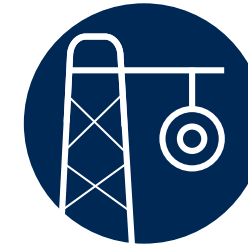
Drilling



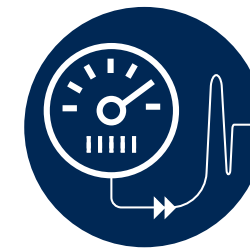
Engineering



Manufacturing



Construction



Operation

With over five decades of experience, Ormat is a leading developer and seller of geothermal energy and the only company that is vertically-integrated and engaged in geothermal and recovered energy generation (“REG”). We design, develop, build, sell, own, and operate clean, environmentally-friendly geothermal and recovered energy. A majority of our operations use equipment and machinery that we

design and manufacture in-house and are primarily based on the Ormat Energy Converter – a power generation unit that converts low, medium, and high-temperature within the earth heat into electricity. In addition, Ormat plans to accelerate long-term growth in the energy storage market and to enhance its position in the U.S. energy storage market.

## OUR HISTORY AND KEY EXPERIENCE

Since our establishment, Ormat has built approximately 200 geothermal and recovered energy power plants that produce more than 3,200 MW in 27 countries. As of December 31, 2021, Ormat owned and operated 1,100 MW of geothermal, energy storage, REG and solar photovoltaic (“PV”) sites globally with 83 MW / 176 MWh of energy storage. The growth in our owned power plants during 2021 has been mostly in the U.S. We built geothermal power plants for third-party customers in New Zealand and in the Turkish industry. Additionally, Ormat owns a growing portfolio of energy storage projects, with a significant presence in the United States, where our projects are selling energy, capacity and/or ancillary services to power grids in markets that we believe are attractive and have growth potential, including California, Texas, and New Jersey.

Our headquarters is located in Reno, Nevada and our main manufacturing facility is in Yavne, Israel. Currently, Ormat owns and operates power plants in the U.S., Honduras, Indonesia, Kenya, Guatemala and Guadeloupe (French Caribbean).

The company is publicly traded on the New York Stock Exchange (NYSE) and on the Tel Aviv Stock Exchange (TASE)<sup>3</sup>. In addition, Ormat is included in the following leading indexes: CRSP, Dow Jones, FTSE, Morningstar, MSCI, NASDAQ, Russell, S&P (recently added to the S&P Mid-Cap 400), BlueStar, Goldman Sachs, Invesco Strategic US and WisdomTree. Of those, we are included in the following ESG and Impact related indexes:

- Indxx Renewable Energy Producers Index
- NASDAQ Clean Edge Green Energy
- S&P Global Clean Energy
- S&P Kensho Clean Power Index
- MVIS Global Low Carbon Energy Index
- MSCI Global Environment Select Index
- MSCI KLD 400 Social Index
- MSCI USA Small Cap Extended ESG Focus 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 U.S. Securities and Exchange Commission (“SEC”).

<sup>3</sup> Under the ticker “ORA”.



## ABOUT OUR BUSINESS

Ormat staunchly believes that as a renewable energy provider, we have a central role in supporting the world's transition to clean energy. Energy enables everything our lives depend on, from hospitals to manufacturing, communication and transportation. Considering the pressing challenges presented by climate change, we believe renewable energy is set to take a much more predominant share of the global energy market and specifically geothermal energy is forecast to grow into larger segment in the renewable energy industry. The energy market enables economic growth, creates jobs, develops critical infrastructure and generates long-term value to support the sustainable development of communities.

As a leading, vertically-integrated company that is primarily engaged in the geothermal and recovered energy business, Ormat leverages our core capabilities and global presence to expand our activity in recovered energy generation and particularly in the geothermal market. In addition, Ormat is expanding its activity into energy storage services, solar PV (including

hybrid geothermal and solar PV as well as solar PV plus energy storage). Our objective is to become a leading global provider of renewable energy and we have adopted a strategic plan that includes several key initiatives to expand our business.

### **We currently conduct our activities in three business segments:**

- **Electricity.** In this segment, which contributed 88.3% of our total revenues in 2021, we develop, build, own and operate geothermal, solar PV and recovered energy based power plants and sell the electricity they generate in the U.S. and other countries around the world.
- **Product Segment.** In this segment, which contributed 7.1% of our total revenues in 2021, we design, manufacture and sell equipment for geothermal and recovered energy generation power units. We also provide services relating to the engineering, procurement and construction of geothermal and recovered energy power plants.

- **Energy Storage Segment.** In this segment, which contributed 4.6% of our total revenues in 2021 we own and operate grid connected In Front of the Meter (IFM) Battery Energy Storage System (BESS) facilities, which provide capacity, energy and ancillary services directly to the electric grid.

### **We design, manufacture and sell products for electricity generation and provide the related services described below:**

#### **Geothermal Power Plants**

Ormat is a global leader in the world geothermal energy market. Geothermal energy power plants harness a natural and locally-available energy source to provide electricity 24/7. Geothermal energy is an environmentally friendly energy source: unlike electricity produced by burning fossil fuels, it produces electricity without emissions of certain pollutants such as nitrogen oxide, and with far lower emissions of other pollutants such as carbon dioxide (CO<sub>2</sub>). As a result, geothermal energy contributes significantly less to global climate change and the occurrence of acid rain than energy from fossil fuels.

Unlike other renewable energy sources, such as wind or solar, geothermal energy can provide continuous uninterrupted power throughout the year. Geothermal power plants can provide a range of electricity services such as base load, voltage regulation, reserve and flexible capacity. Geothermal energy is a sustainable and stable energy source as it is not dependent on changing weather conditions. Additionally, it supports energy diversification strategies since it allows less reliance on any one energy source.

Countries around the world are focusing efforts on switching to renewable, sustainable, clean energy, like the geothermal energy produced by Ormat, as a means to promote stable energy supply while mitigating the risk of climate change.



### Recovered Energy Power Plants

Our recovered energy power plants produce electricity from "waste heat". These facilities utilize residual heat that is a by-product from a variety of industrial processes such as cement manufacturing and gas compression turbines, which would otherwise not be used. This process generates electricity without burning additional fuel or generating additional emissions, thus contributing to reducing air pollution and GHG emissions. The residual heat is captured in the recovery process using a similar power plant to Ormat's binary geothermal power plant.

We construct, own, and operate recovered energy power plants. Recovered energy power generation benefits from efforts to reduce GHG emissions: the U.S. federal government and several states have recognized its environmental benefits and allow utilities to include recovered energy power generation to be counted towards compliance with renewable portfolio goals and incentives.

A key sustainability driver for geothermal power generation is the conservation and recycling of the geothermal resources that carry the heat from deep underground to the geothermal power plant on the Earth's surface.

### Energy Storage

Energy storage is becoming a key component in the management of the electrical grid, especially with the expansion of intermittent sources such as wind and solar energy. Ormat serves the changing world of electricity generation by enabling a comprehensive umbrella of grid solutions related to energy storage systems. We provide grid operators with the ability to enhance grid performance, stability and responsiveness.

Energy storage systems use a variety of technologies, including large-scale batteries to store for later use surplus electricity. This enables the optimization of electricity grid operations to run generators closer to full capacity for longer periods, and to operate the grid more efficiently and effectively. Energy storage systems allow for efficient management of local capacity, frequency regulation, ramping, reactive power, black start and movement of energy from times of excess supply to times of high demand and more.<sup>4</sup>

<sup>4</sup> For more information on energy storage and related terminology, refer to the following link: <https://www.ormat.com/en/renewables/storage/main/>



## Our Reinjection Approach and Strategy

Our geothermal power plants involve reinjection systems. This method continuously recharges geothermal systems by maintaining consistent geothermal fluid flow and pressures. Reinjection of brine and condensate help reduce production-related pressure drawdown and promote enhanced thermal energy extraction from the heated rocks within the reservoir. Importantly, reinjection also avoids by-products from emitted geothermal steam, mainly greenhouse gases, and the need for disposal of wastewater, as well as visual impacts in the form of emissions plumes from the cooling process.



## INNOVATION AT ORMAT

Ormat sees innovation as its engine of growth. As part of our core business, we are constantly innovating and exploring ways to increase the efficiency of our power plants. Therefore, we are enhancing our technological capabilities by investing in research and development (R&D) of renewable energy technologies and leveraging our technological expertise to continuously improve power plant components, reduce operations and maintenance costs, develop competitive and environmentally friendly products for electricity generation and target new service opportunities. In addition, we are expanding our core geothermal competencies to provide high efficiency solutions for high enthalpy applications by utilizing our binary enhanced cycle and technology.

This commitment to innovation includes a relentless focus on our plants. During 2021, we made technological improvements to part of our power plants in the U.S.. These improvements increased energy production efficiency and reduced the carbon footprint of the plants:

- **Galena 2 (Steamboat Complex)**- we implemented a technology used in other geothermal facilities in our portfolio to reinject the non condensed gases coming out of the artesian well and eliminate all CO<sub>2</sub>e emissions.
- **Steamboat Hills (Steamboat Complex)** - we replaced the old steam turbines originally installed in this power plant with Ormat's binary turbines that enables closed cycle and zero emissions and therefore eliminated all CO<sub>2</sub>e emissions.
- **CD-4** - during 2021, we built the new power plant "CD4" using our new turbines technology in a innovative new binary cycle, as well as the new sealing technology that reduces the amount of emissions in the pentane tank.
- **Solar power** - we intend to increase our use of solar PV panels for the auxiliary needs of our geothermal power plants in order to increase the amount of MW that can be sold from geothermal resources to the grid.

**Even though we have increased the company's total energy production by 9%, these efforts have reduced the quantity of GHG emissions that comes from our power plants by more than 10%.**

**In 2021, Ormat applied for two patents, out of 80 U.S. patents and applications<sup>5</sup> since 1965.**

ORMAT's vapor absorption refrigeration system (VARC) pilot a system with unique closed loop absorption cycle and LiBr-Methanol solution inside, is replacing the electric compressors in standard vapor compression refrigeration cycles (VCRC). The VARC is capable of cooling below 0°C and reduces GHG emissions footprint by utilizing low grade waste heat instead of electrical energy in the refrigeration cycle. Methanol is the refrigerant in ORMAT VARC, replacing the conventional refrigerants used in standard VCRCs which have higher GWP (Global Warming Potential) and ODP (Ozone Depletion Potential) values.



Manufacturing facility, Yavne, Israel

<sup>5</sup> As of December 31, 2021, we have 75 issued U.S. patents and five pending U.S. patent application.



# OUR BUSINESS STRATEGY

Our strategy is focused on further developing a geographically balanced portfolio of geothermal, energy storage, solar PV and recovered energy assets, and continuing our leading position in the geothermal energy market, with the additional objective of becoming a leading global provider of renewable energy.

At least one Board meeting annually is devoted to our long-term business strategy. During these meetings, the Board and management discuss the competitive landscape in our industry, emerging technologies, significant business risks and opportunities, and strategic priorities of the Company. Specific short- and long-term strategic plans are also discussed on an as-needed basis throughout the year, and 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 the key opportunities and risks facing the Company. The plan was developed based on an understanding of our risks and opportunities – an assessment that is conducted with assistance from external consultants and our professional expertise and knowledge about the renewable energy market. We expect the plan to evolve over time in response to market conditions and other factors. ESG and climate change considerations are factored into the business strategy through the recognition of risks and opportunities.

Through our sustainability reporting and environmental data collection framework, we are integrating recommendations from the



TCFD for businesses across our governance, strategy, risk management and metrics and targets disclosures. As part of this effort, and guided by the TCFD's recommendations, we are adding climate-related scenario analysis to our business development and strategy decision-making processes.

# OUR SUSTAINABILITY STRATEGY

A commitment to ESG principles is in Ormat's DNA. These commitments are applied through our corporate governance, business activities, policies, and strategic objectives.

We are committed to engaging with our stakeholders on, and strengthening our

commitment to, sustainability issues, including ESG matters. We endorse certain external initiatives and partner with national and international associations that we believe assist us in meeting our ESG commitments and values. We strive to provide recent, credible and comparable data to ESG agencies while engaging institutional investors and investor advocacy organizations around ESG issues.

As a renewable energy solution provider, we are motivated to identify our opportunities and risks with respect to climate change and take efforts to reduce our GHG emissions and improve our energy efficiency. We advance existing practices and push forward to improve our performance in ways that minimize material and energy inputs and maximize energy output and our operational efficiency.





■ ORMAT: WHAT WE DO >

At the core of our strategy, we strive to advance a number of goals and work towards accomplishing them in several ways:



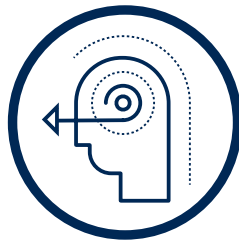
**1**  
**Increasing clean energy production capacity**

We work to better understand the specific properties of a geothermal reservoir and progressively add new energy generation capacities. As such, we strive to deliver more renewable energy while substantially maintaining the same developmental footprint.



**2**  
**Promoting innovation in all our activities**

We strive to establish and operate our sites of operation in the most innovative way. Ormat's R&D department regularly searches for innovations that can be implemented to improve the efficiency of our operations, including environmental performance.



**3**  
**Maintaining synergy with the communities in which we operate**

This includes, both existing and new sites, where we work to understand the needs and concerns of the local stakeholder community and to build lasting relationships and specific community engagement programs designed to meet those needs and concerns.



**4**  
**Prioritizing and developing our people**

Our employees are our most important resource. With this understanding, we strive to provide a diverse and inclusive working environment, to ensure that employees can fulfill both their professional goals, and instill a safe workplace culture. As part of our strategy, we are focusing on hiring and promoting a diverse workforce across all areas of the organization.



**5**  
**Commitment to a fair supply chain**

We see great importance in managing a fair supply chain and working with suppliers, subcontractors and business partners with good human rights practices. Ormat is committed to complying with applicable laws and human rights commitments, as reflected in our published policies and business activities.



**6**  
**Strong values for solid governance**

Ormat is committed to conducting its business everywhere with honesty and integrity, and in a manner that avoids even the appearance of impropriety. We believe candidly, openness and fairness must be demonstrated by every Ormat employee, manager or director, at all times.



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





Analyst day in NY, USA.

## KNOWING OUR IMPACTS - STAKEHOLDER ENGAGEMENT STRATEGY

As a global company that understands the inherent value of sustainability as a business strategy, we work to assess our impacts on the environment, society and local communities. We do this by routinely communicating with key groups of stakeholders, and then evaluating and consistently addressing relevant comments and feedback. As part of this engagement strategy, and to better understand these risks and opportunities, we engage in on-going stakeholder dialogue and have developed an organization-wide **Stakeholder Engagement Policy**, which is available on the company's website.

We engage with our stakeholders following the publishing of our annual sustainability report. This allows us to better understand what topics they believe are important, and we expand on our activities and adjust and improve our reports accordingly. Using the observations and information from interviews, anonymous surveys and questionnaires we were able to analyze and internalize the feedback in order to implement changes and improvements for the 2021 Sustainability Report.

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



Stakeholders meeting in Guatemala

## Our Approach to Stakeholder Engagement

Management reaches out to the Company's largest stockholders at least once each year to facilitate a dialogue regarding governance, compensation, sustainability and other matters. Management reports on the conversations with those investors to the board and also, as appropriate, to the Compensation Committee. In 2021, the company took an integrated approach to its stockholder engagement efforts, including with respect to governance, compensation, financial and sustainability matters.

Through these integrated efforts, in 2021, the company approached stockholders, with an offer to meet by phone. This outreach reached stockholders that represent more than 86% of the company's outstanding shares. During these interactions, stockholders most frequently raised topics concerning executive compensation, and ESG-related matters. The stockholder engagement program continues to influence and inform the company's policies and practices.

Our approach to stakeholder engagement is demonstrated in our Stakeholder Engagement Policy, which aims to foster a framework for productive, transparent and equitable relationships with stakeholders.





Stakeholder Groups Engaged by the Organization

The main stakeholder groups for the organization are the following:

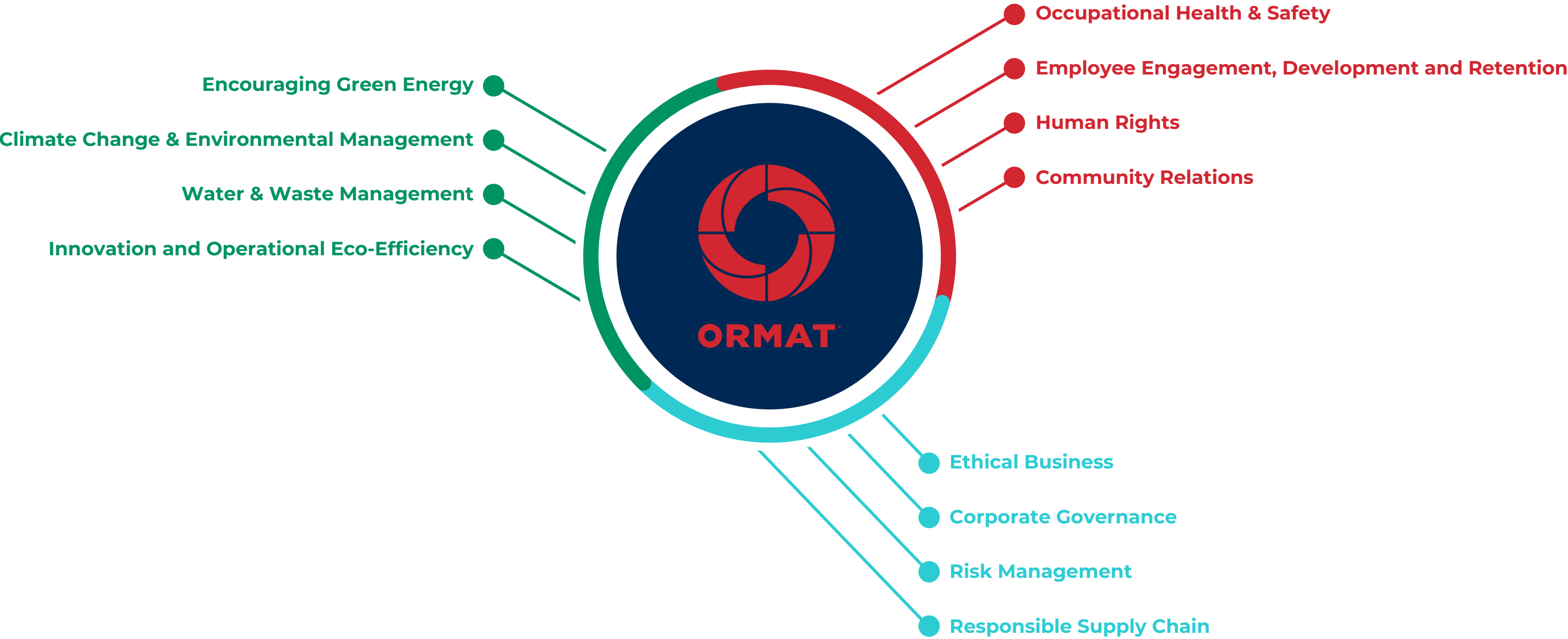
Stakeholder Group	Potential Methods of Communication
Employees	Employee communication portal and newsletters, periodic career and professional performance reviews, participation in employee health and safety committees, organized employee evaluations and open dialogue between employees, managers and human resources representatives, events and conferences for employees. <sup>6</sup>
Customers	Communication through our website, customer service, and on-going sales and business development relationships.
Investors & Shareholders	Communication and updates delivered through the Investor Relations arm, investor conferences and non-deal road shows, annual meetings of stockholders, earnings calls and relevant updates, through the 'Investor Relations' page on Ormat's website, annual and quarterly reports filed with the SEC, other SEC filings and press releases.
Financing Entities	Engagement through compliance reviews and action plans, annual and quarterly reports filed with the SEC and other SEC filings, and on-going communication through our finance department.
Public Authorities, Policy Makers and Regulators	Engagement through industry organizations, participation in workshops, conferences and events, compliance reviews and action plans, lobbying activities, and on-going communication.
Local Communities	Communication through our global Stakeholder Engagement Policy and relevant local communication strategies, in the early stages of any project, as well as tours and meetings at Ormat's local facilities of existing development.
Social & Environmental NGOs	Active participation in relevant events and conferences, donations, contributions and volunteering activities and cooperation in social and environmental projects and industry and local initiatives.
The Media	Communication through Ormat's website, press releases and informational notes, tours at Ormat's various facilities, and on-going communication.
Academia	Cooperation with Ormat in conducting research and development activities specifically with our Resource Department, providing support for scientific initiatives and expansion of educational opportunities, and tours at Ormat's various facilities.

<sup>6</sup> This list is not exhaustive and is presented as an example of employment engagement activities which may vary across jurisdictions.



RESULTS OF THE MATERIALITY SURVEY

We conducted a materiality survey in 2019. Based on stakeholder feedback, we updated the list for 2021 to reflect Ormat's main topics of discussion, interest and what we aim to address in this report. The leading issues, that were identified as the most significant to both our stakeholders and the Company, are presented below, divided to three main categories: Environmental, Social and Governance:





EXTERNAL  
INITIATIVES &  
MEMBERSHIPS OF  
ASSOCIATION

Ormat endorses external initiatives and organizations that assist us in meeting our environmental, social and corporate governance commitments and values. Ormat’s endorsements are evaluated on an ongoing basis to help ensure that both parties have compatible, sustainable commitments and values.

Ormat is proud of our record of environmental stewardship. In addition to meeting our regulatory requirements, we collaborate with many different organizations, association and governmental departments. Being part of the community in the locations we operate in an important part of the company's agenda.

Ormat engages with applicable local communities and/or indigenous tribes early in the geothermal site evaluation process. Discussions and support are focused on understanding local values, interests, and concerns as they relate to the potential geothermal energy resource.



Ormat supports the Great Basin National Park Foundation with an annual education grant and by expanding the Foundation’s base of sustaining donors to \$150,000 annually



Ormat supports the Bureau of Land Management’s Federal Resource Advisory Committee’s in Nevada and Idaho. Our staff commit to assist the in sustainable resource management decision making



Bronze Level sponsor and board member in WING, a global network that promotes gender equality and supports the role of women and in the geothermal industry



The company has reported GHG emissions to the Israeli Ministry of Environmental Protection's voluntary business reporting initiative since 2011



The program designed to accelerate the careers of women in management positions in the energy sector and promote gender equality



Ormat reports annual Greenhouse Gas emissions to CDP, a non-profit organization that runs a global environmental impact disclosure system



Sponsored the creation of the “Circular Economy: Practical Guide to Sustainability” a book that will be distributed in Latin America



Ormat's Memberships  
of Association

The table below outlines the main organizations related to our various business and ESG activities of which Ormat is a member as of 2021.

Type of Organization	Relevant Memberships
1. Geothermal Organizations	Geothermal Rising - U.S.
	Women in Geothermal (WING)
	International Geothermal Association (IGA)
	Indonesia Geothermal Association
2. Energy Organizations	California Energy Storage Alliance (CESA)
	American Clean Power (ACP)
	Society of Petroleum Engineers – U.S.
	Utah Clean Energy
	California Community Choice Association (CalCCA)
3. Health and Safety Organizations	National Safety Council – U.S.
4. Chambers of Commerce	Churchill Economic Development Authority – Nevada, U.S.
	Hawaii Island Chamber of Commerce
	Israel Export Institute
	Israel Latin America Association
	Israel Turkey Business Council



Steamboat Hills Complex, NV, USA, 79 MW





Heber Complex, CA, U.S., 81 MW

## RISK MANAGEMENT STRATEGY AND CLIMATE CHANGE RELATED RISKS

### Our Risk Management Approach

As a global Company and publicly-traded entity, we give substantial effort to identifying and managing pertinent risks to our business and the pursuit of cooperation with all our major operational locations 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, analyzing relevant business processes. In order 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 and Working to Realize New Opportunities

Climate change presents both risks and opportunities to our business. In identifying relevant risks from climate change that could potentially result in substantive changes to our operations, revenue, and expenditures, we seek to minimize these risks and address them either through models of engagement, physical infrastructure and operations, or in the on-going management and operations of our plants and our Company.

Guided by the recommendations of TCFD, we have begun working to integrate methodologies to best identify and map our climate change risks and opportunities.<sup>7</sup> The first step of Ormat's mitigation of climate change risks and pursuit of related opportunities is using our existing management tools and integrating the TCFD recommendations by following a step-by-step procedure.

Ormat is working to ensure there is a general understanding of climate change concepts and its potential impacts across the Company. This includes a deep understanding of climate change and how Ormat's operations may find certain risks and opportunities within climate change. Ormat will then begin to identify specific risk management processes by setting climate risk and opportunities and their likelihood for Ormat. From there, we believe we will be able to further understand and disclose the actual and potential impacts and opportunities on our business, strategy, and planning.

After these internal discussions and processes, we plan to integrate the recommendations of TCFD into our risk management process and disclosures. These principles help to ensure that climate change

considerations are applied. This will be done through rating risks in terms of their likely impact in the form of a risk heat map.



At Ormat, we have begun implementing various climate scenarios into our business strategy to anticipate physical risks associated with climate change, and how they can potentially positively or negatively affect our business operations. The risks outlined below have become the starting point for our scenario analysis, and integration of TCFD recommendations into our sustainability reporting.

Our equipment is designed to withstand extreme weather events and is largely isolated from weather-related impacts. However, daily and seasonal fluctuations in temperature generally have a more significant impact on the generating capacity of geothermal energy plants than they do on conventional power plants. Some of our power plants experience reduced generation in warm periods due to the lower temperature differential between geothermal fluid and the ambient surroundings. While we generally account for the projected impact of seasonal fluctuations in temperature based on our historic experience, the impact of climate change on traditional weather patterns has become more pronounced.

These changes have challenged our modelling efforts. Additionally, recovered energy units may be affected when winter temperatures are higher than average as it reduces gas pipeline flow and, like all structures, power plants are likely to be affected



by extreme weather occurrences such as hurricanes and tornadoes. Almost all our power plants are in areas that are not expected to be affected by rising sea levels. However, our operations could be impacted by droughts, tsunamis, wildfires, landslides, floods, or other weather events (including weather conditions associated with climate change) or similar occurrences that affect our power plants or any of the power purchasers or other third parties providing services to our power plants.

In terms of risk management in the geothermal exploration process, Ormat's Resource Department is comprised of an experienced team of geologists, geophysicists and engineers who are dedicated to assessing, exploring, developing, and managing geothermal reservoirs in the context of our projects or potential projects. The risk management process for the exploration phase begins with in-depth research on the geothermal reservoir, including its location in the potential plant area, to identify and assess potential physical, social or environmental risks early in the process. If a site is deemed to be relevant, the Resource Department begins the surface exploration process at the site whereby they initiate drilling in slim holes to determine the exact location of the geothermal reservoir and where to locate the plant.

<sup>7</sup> We are working to be fully compliant with the recommendations of TCFD in the future and do not currently claim compliance with these standards.



ORMAT AND  
THE SUSTAINABLE  
DEVELOPMENT  
GOALS (SDGs)

The United Nations adopted 17 SDGs as part of the 2030 Agenda for Sustainable Development (the UN’s 2030 Agenda). The UN designed the SDGs and the related 169 targets to address some of the world's most pressing social, economic, and environmental issues, such as poverty, inequalities, injustice and climate change. It is widely believed that the UN’s 2030 Agenda can only be achieved through collaboration between all major stakeholders – including governments, local communities and business.

As a leading global renewable energy company, we believe that Ormat has an important leadership role to play in helping to achieve these SDGs. We have identified and determined the SDGs that Ormat has the most impact on, and where we believe we can help the most. The ideals of the identified goals accompany us throughout our business offerings, activities, engagements, and governance.



Ensure access to affordable, reliable, sustainable and modern energy for all

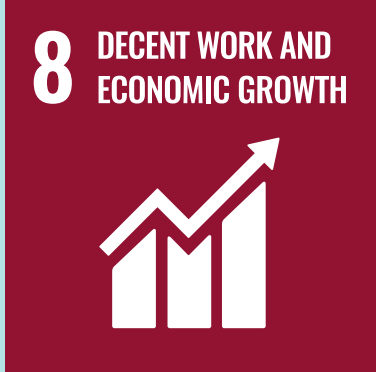
7.2; 7.3; 7B

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

- Own & operate ~1,100 MW of sustainable energy
- 9% increase in sustainable energy generated in 2021 compared to 2020
- 9.39 energy intensity in 2021, a decrease of 17% compared to 2020

‘About our Business’

‘Emissions from our power plants and operations’



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 decent 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-promoted schools, we are increasing youth employment, education and training.

- 100% of plant management employed from local communities
- 16 employees from Honduras, which are local community members, were professional trained and hired for security positions instead of hiring external company
- About 32,000 hours of training was provided in 2021

‘Our People’

‘Supporting and Shaping Sustainable Communities and Futures’





**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.

- Creating renewable energy utilities in 27 countries around the world, 16 of which are developing countries
- 75 issued U.S. patents and 5 pending U.S. patent applications
- \$4.1 million research and development expenses in 2021

'Innovation at Ormat'  
'Our Business'



**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.

- 48% of our waste is recycled
- 12% reduction in waste compared to 2020
- 98% of our electricity consumption from self-generated sustainable energy

'Waste, Management of Materials and Biodiversity Conservation'



**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 for the 4th year in a row
- We have begun working to integrate methodologies to best identify and map our climate change risks and opportunities in accordance with the TCFD recommendations
- 0.19 emissions intensity CO<sub>2</sub>e KG per revenue in thousands of dollars

'Mitigating Climate Change Risks and Working to Realize'





ORMAT

# ENVIRONMENT

24-40 >

The view from the power plant, Zunil, Guatemala



**Ormat** has been sustainably generating power since 1965 and we remain committed to providing renewable energy in an environmentally responsible manner. We recognize the importance of fighting against climate change promoting a transition to more sustainable energy and committing to reduce our greenhouse gasses emissions. Our activities have an inherent positive impact not only on our own operations, but also through the indirect GHG emissions of the downstream value chain.

We have developed and manufactured geothermal and recovered energy power plants with a cumulative collective capacity of more than 3,200 MW<sup>8</sup> since inception and we are proud to note that all our power plants primarily operate without fossil fuel consumption. At Ormat, we are motivated to mitigate climate change risks, reduce our GHG emissions, advance energy efficiency and promote the use of renewable energy sources.

The topic of the environment in the U.S. and internationally is managed by our VP of EHS, who reports to the EVP Electricity Segment. In our manufacturing facility in Israel, environmental matters are managed by the VP QEHS, who reports to the President and the Head of Operations and Products. Each factory, workshop and power plant manager is responsible for assessing and mapping areas for potential energy efficiency improvements and then implementing the identified projects at their operational location. These improvements also encompass our Company-wide commitment to encourage the responsible use of energy resources at all levels of the company and engage our employees in various energy saving practices.



McGinness Hills Complex, NV, U.S., 160 MW

**9%** increase in the production of renewable energy in 2021 compared to 2020

**11%** reduction in our annual average Scope 1 and 2 GHG emissions compared to our 2019 baseline

**19%** reduction of our Scope 2 GHG emissions in 2021 compared to 2020

**98%** of electricity consumption in 2021 was from self-generated sustainable energy

8 As of the publication of this report.



# EMISSIONS FROM OUR POWER PLANTS AND OPERATIONS

Our geothermal and recovered energy power plants have significantly less emissions related to the generation of energy, due to the renewable sourcing, compared to other electricity generating sectors, such as coal and fossil fuels. The main source of emissions that is related to our operations occurs naturally from the release of gasses from some of the geothermal sources, and not as a result of energy generation. There are, however, small traces of emissions that we seek to counteract through the generation of sustainable energy.

We actively work towards reducing of GHG emissions generated through our operations and business practices, which includes commitments to mitigate climate change effects. To improve the internal measurement of our GHG emissions, we have expanded our methods for data collection from our relevant operational sites in recent years. We make concerted efforts to both track and minimize all of our emissions from our power plants and operations, and to regularly report on our progress to the CDP and the Israeli Ministry of Environmental Protection. We selected 2019 as the year for calculating Ormat's baseline carbon footprint, as well as the first year that Ormat calculated certain Scope 3 emissions generated from employee personal and business travel.

**We have established a target of 5% annual average absolute reduction in Scope 1 and 2 greenhouse gas emissions measured against the 2019 base levels.**

**In 2021, we exceeded our goal, and reduced our annual average by over 11% in comparison to our 2019 baseline. Our progress towards this goal will be reviewed annually and will be reported in our Sustainability Reports.**



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



## Our Carbon Footprint and GHG Emissions Mitigated

The main emissions that were calculated for Scope 1 (direct emissions) and Scope 2 (indirect emissions) include activities from Ormat’s operating sites, owned facilities and purchased electricity. These activities include manufacturing facilities and machinery, offices, power plants, corporate automobile fleets, drilling rigs, and electricity consumption at our facilities, among other sources. This year, we continue to evaluate additional opportunities for tracking and disclosing certain Scope 3 emissions (indirect emissions that occur in the value chain of the company).

More information on the breakdown of our carbon footprint calculations for 2021 is provided in the graphs and charts on pages 29-31.<sup>9</sup>

**Our Scope 1 GHG emissions** for 2021 totaled 111,219 tonnes of CO<sub>2</sub> equivalent. This represents an increase in the Scope 1 emissions of 16% compared to 2020. This increase originates from augmented geothermal wells drilling completed this year, which increases the amount of fuels used. Although there is an increase in fuel usage, this benefits the sustainable energy generation through the ability to increase our operations and the amount of geothermal energy we produce per year. The completion of the drilling activity will allow us to add geothermal generating capacity of about 55 MW, which saves about 183,084 tonnes of CO<sub>2</sub>e emissions per year.<sup>10</sup> In addition, there was an increase in the emissions of Ozone

Depleting Substances (ODS) due to our purchasing new operating plants that use different technology than Ormat’s technology. After purchasing these plants, we installed FLIR (Forward Looking Infra-Red) cameras in 2021 to locate and address the sources of emission leaks that were existent before our purchasing. Through the use of our FLIR cameras, we have been able to mitigate these emissions, and we are actively working to find solutions to reduce them through actions such as daily checks, aggressive leak protection programs, and evaluating alternatives to the current used technology. As an example, within the next two years, we plan to replace the Beowawe plant with Ormat’s binary technology system, thus reducing the emissions related to the use of ODS.

Majority of our geothermal power plants operate with 100% reinjection of the geothermal resource and therefore do not generate emissions. A small number of our steam and binary plants, that use artesian wells, are unable to conduct 100% reinjection of the geothermal resource (due to the non-condensed gases coming to the surface from the geothermal reservoir). Although there was an overall increase in Scope 1 emissions, yet we were able to reduce these emissions in some areas of operations. One such area is the decrease in electricity production at one of our emitting sites. Another area was by actively implementing technological advancements of converting artesian wells to pumped wells, with 100% reinjection. These led to a reduction of about 8,500 tonnes CO<sub>2</sub>e, while increasing the production of renewable energy by 9%.



Hinesburg, VT, USA, 2 MW \ 5 MWh

9 All calculations include storage facilities data.  
10 Based on “CO<sub>2</sub> Emissions from Fuel Combustion Highlights 2019” International Energy Agency (IEA), 2019.



We calculate Scope 1 emissions either through actually monitored emissions levels, or by computing emissions based on established US Department of Energy guidelines for steam power plants.<sup>11</sup> Additional emissions under Scope 1 are from the operation of drilling rigs used in the geothermal exploration and power plant construction phases, including our use of vehicles at our various facilities, which are employed for travel, maintenance, and logistics at our various sites, the use of diesel backup generators to provide power for ongoing operations in the event of planned or unplanned outages or maintenance shutdowns, and from air conditioning units used in our factories and offices.<sup>12</sup>

**Our Scope 2 GHG emissions**<sup>13</sup> for 2021 totaled 11,919 tonnes of CO<sub>2</sub> equivalent. This is a decrease of 19% compared to 2020. This reduction is mainly due to our Puna plant, which was brought back online in 2021 and thus was able to return to activity and self-generate the electricity for internal consumption. In addition, at our manufacturing facility in Yavne, Israel, 52% of our electricity consumption is self-generated by solar energy using rooftop solar PV panels. The relevant emissions are calculated according to an emissions factor of zero. In 2021, 98% of the electricity we consumed was from self-generated sustainable geothermal energy.

**We calculated our Scope 3 GHG emissions** for 2021 at 8,985 tonnes of CO<sub>2</sub> equivalent, showing a 18% increase compared to 2020. Scope 3, indirect emissions, can represent the largest source of emissions for companies. As a renewable energy company, the indirect impact of Ormat through the downstream activity is mainly positive, as we replace the conventional electricity on the

grid and this helps communities to consume sustainably energy. However, we understand that there are other indirect emissions that are related to our operations throughout the supply chain. For our scope 3 emissions, we have currently included in our calculations freight by sea, employee commuting, and business travel.<sup>14</sup> In 2021, we further expanded our Scope 3 data collection and calculations by including business air travel for Guadeloupe and Honduras. We also included business travel by land for our US operations. These updates represent a significant increase in data collection and transparency. We understand our responsibility, and despite the complexity of collecting and calculating the data, we plan to continue exploring the expansion and improvements of our disclosures in order to enhance transparency.

**In 2021, Ormat completed drilling operations that we expect will allow us to add geothermal generating capacity of about 55 MW. These geothermal power plants are zero emitting, and we estimate they will save about 183,084 tonnes of CO<sub>2</sub>e emissions annually for 30 years of power plant activity.**

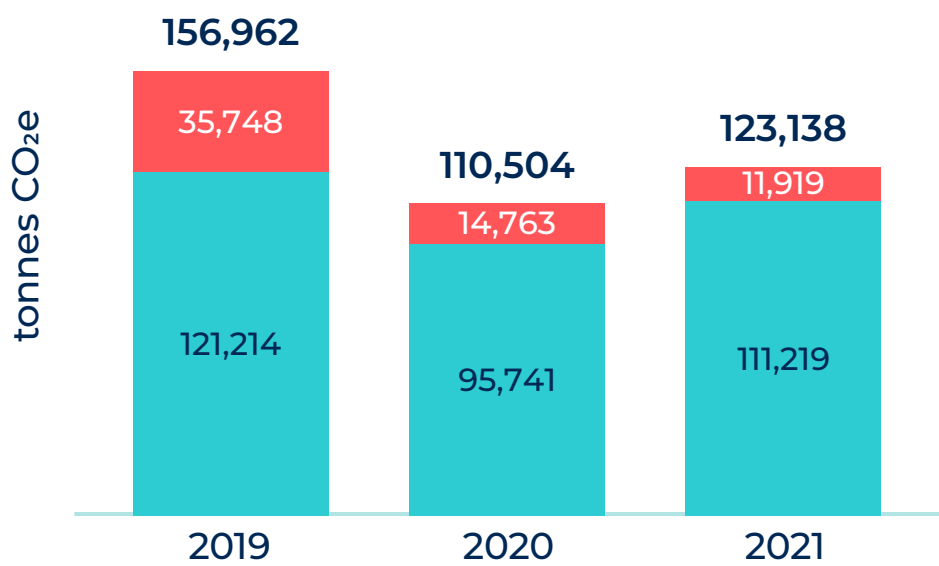
11 As published by the Office of Energy Efficiency and Renewable Energy.  
12 This data was obtained from the majority of Ormat's relevant sites; our Yavne (Israel) manufacturing facility is the primary producer of Ormat's worldwide air conditioner related emissions.  
13 Scope 2 emissions were calculated using the "market" based approach where possible by using the coefficient of utility used. When not possible, The "location" based calculation was done by using the coefficient based on the EPA's 'Emission Factors for Greenhouse Gas Inventories' (March 2021) document.  
14 This is the current list of scope 3 inclusions. For the full list of scope 3 emissions categories, please refer to the GHG protocol.



Drilling rig in Bouillante, Guadeloupe Island, France

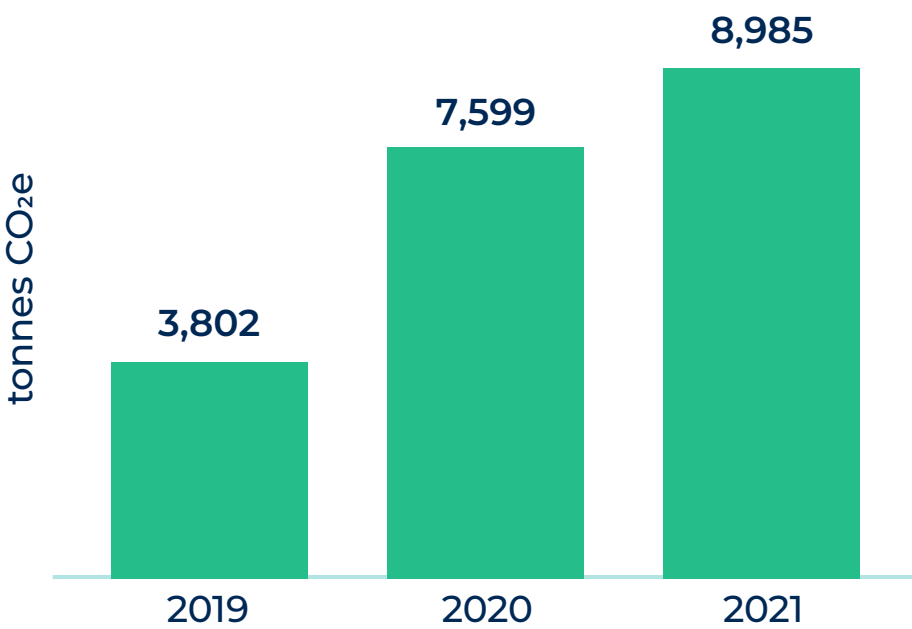


Ormat's Scope 1 & 2 footprint (tonnes CO<sub>2</sub>e)



Scope 1 | Scope 2

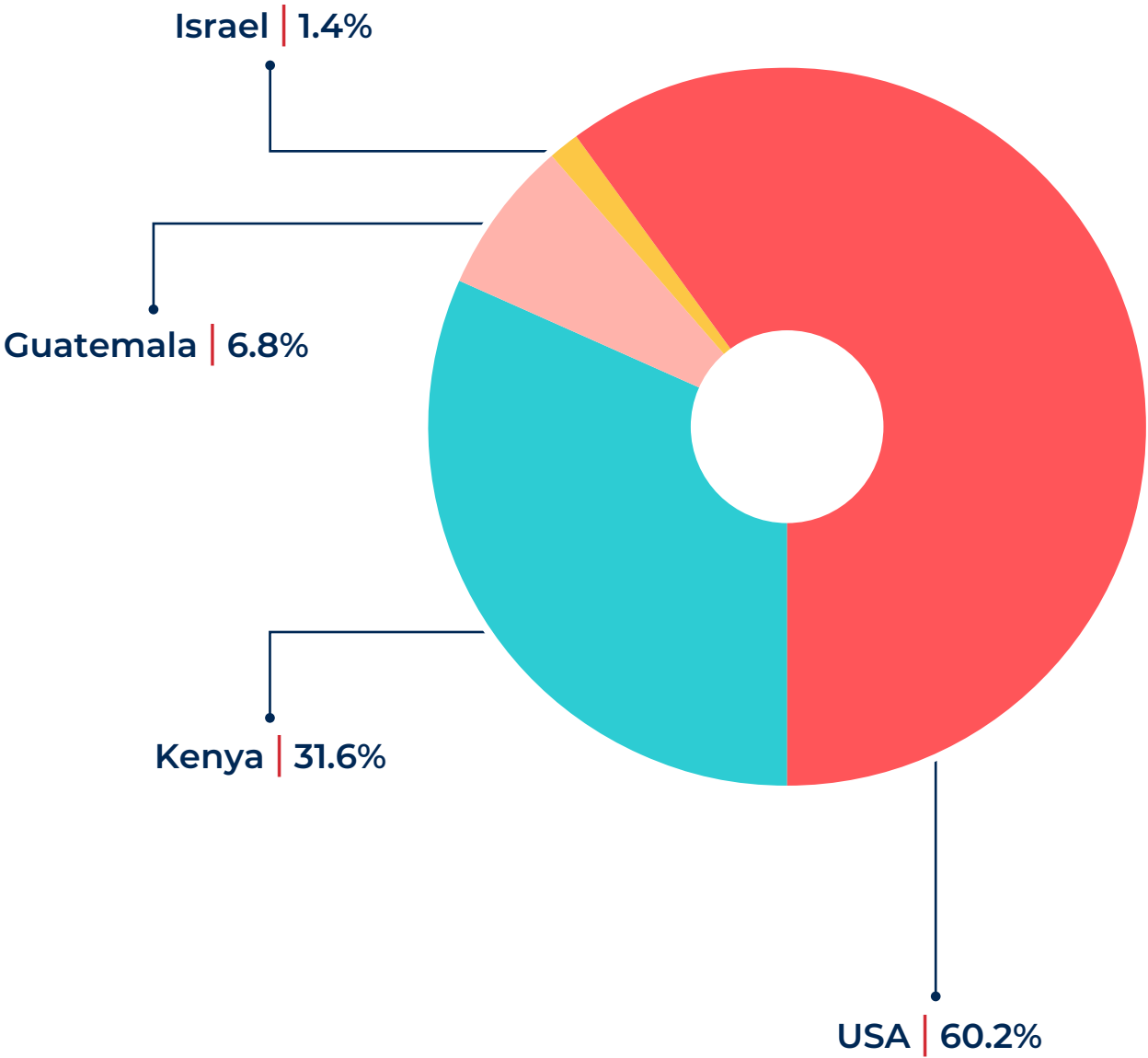
Ormat's Scope 3 footprint (tonnes CO<sub>2</sub>e)



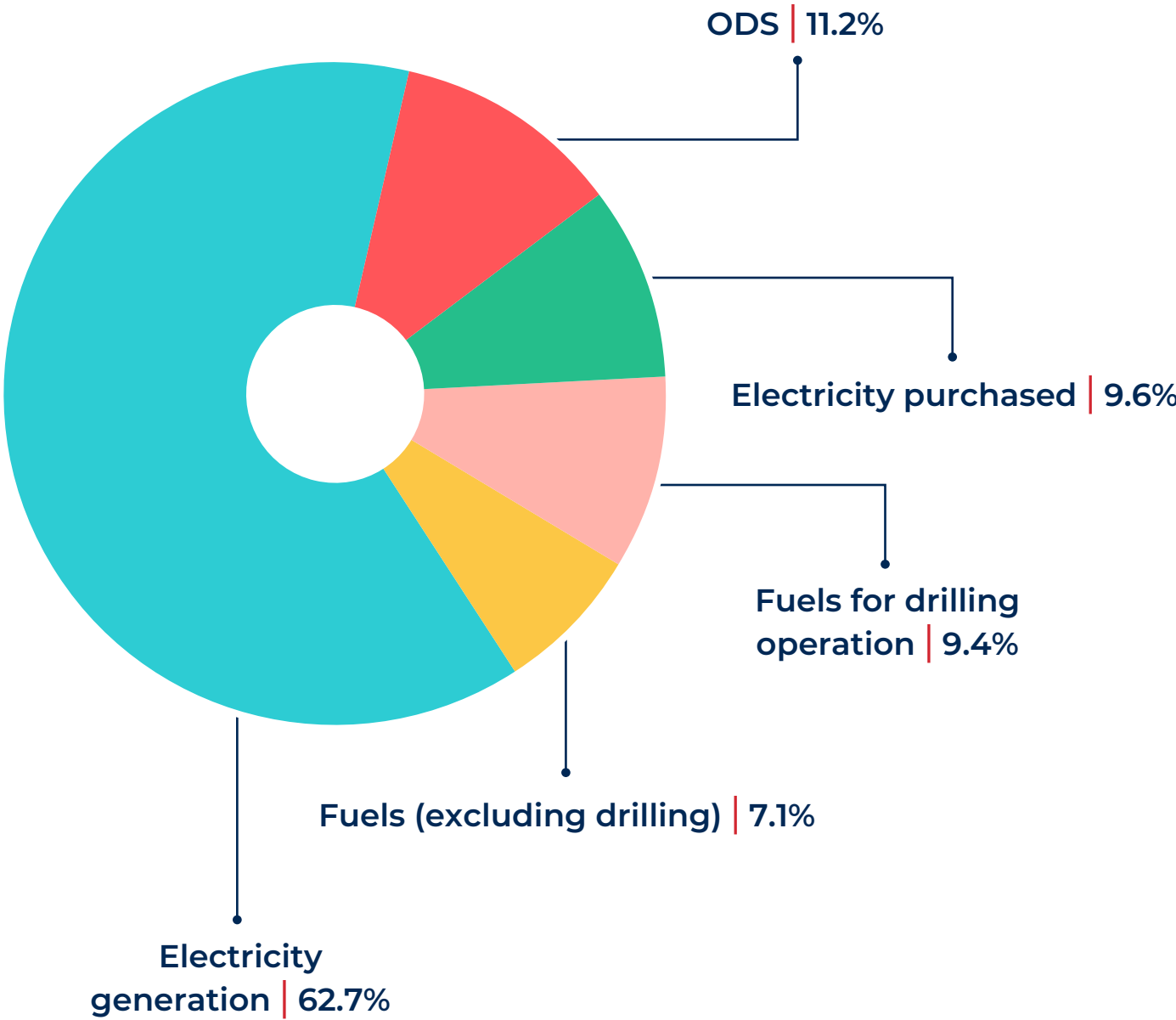
Scope 3



Scope 1 & 2 GHG emissions by country<sup>15</sup>



Scope 1 & 2 GHG emissions by source<sup>16</sup>



<sup>15</sup> Countries where emissions make up less than 1% of total emissions are not shown in the chart.  
<sup>16</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



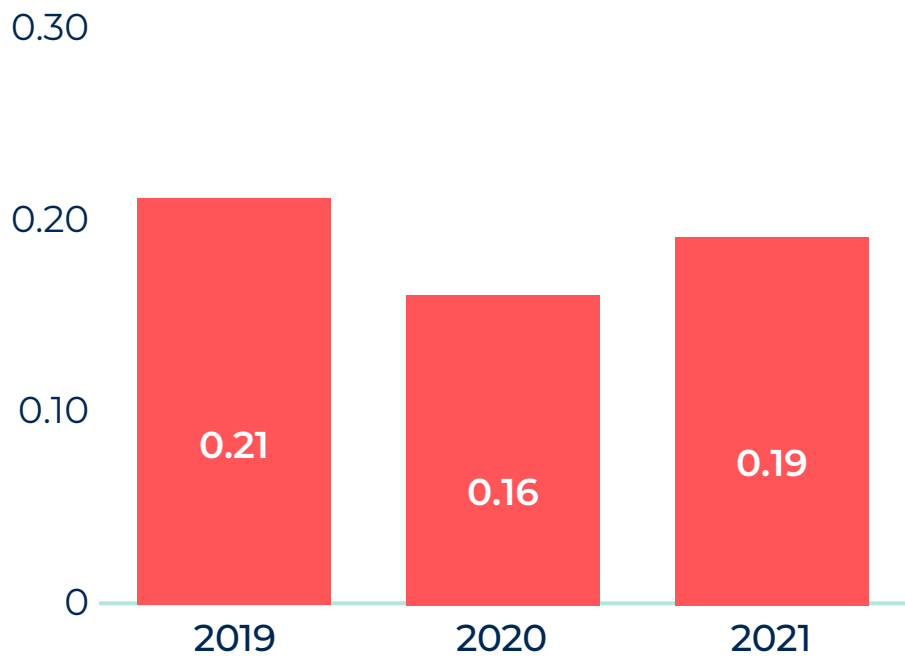
The graph here quantifies and illustrates all of the increasing and decreasing activities that result in the change of Ormat's emissions from 2020 to 2021.



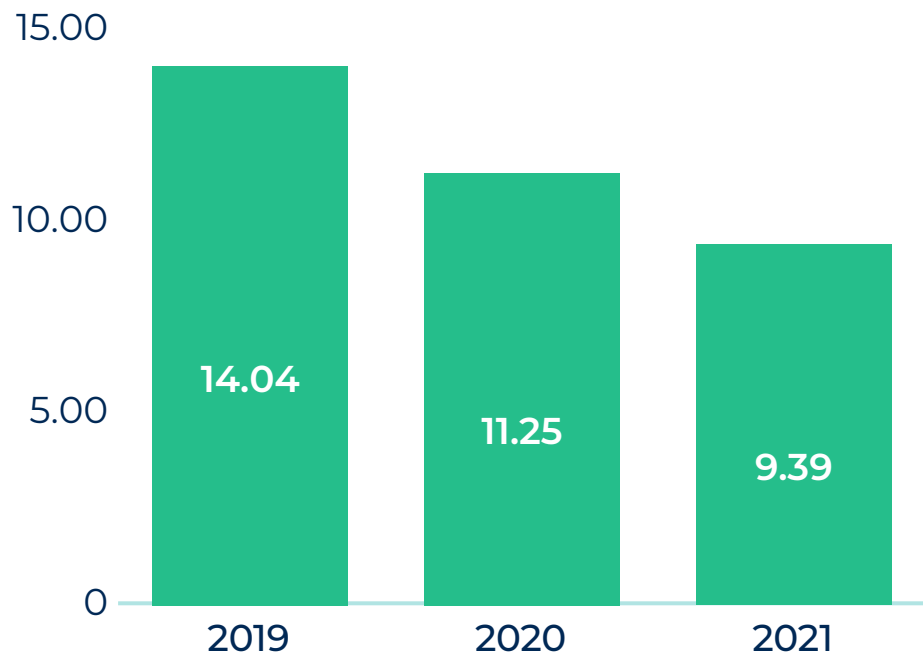
Emission Intensity

Emissions intensity measures the volume of emissions produced against a relevant unit of measure, which allows to measure the efficiency of an organizations use of resources. At Ormat, we use both absolute emissions and emissions intensity to allow us to accurately 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. In order to present our GHG efficiency in a way that matches Ormat's activity in the best way, we use two different calculations:



1 | Total Scope 1 and Scope 2 GHG emissions (CO<sub>2</sub>e kg) divided by our revenues (thousands of dollars)



2 | The amount of GHG emissions derived directly from our power plants operation (CO<sub>2</sub>e kg) , which accounts for 69% of Scope 1 emissions, divided by total MWh of geothermal energy produced by our power plants a year (gross)



In 2021, when looking at the intensity by generation of renewable energy, we can see a decreasing trend from 2019, including a decrease of 16.5% from 2020, due to technological improvements that were implemented in recent years and turned three of the power plants to not generating emissions. Our emissions intensity by revenue shows decrease of 9.5% compared to 2019, and an increase of 18.75% compared to 2020 due to significant reduction in our Products

segment that generates relatively constant GHG emissions. We expect that revenues from this segment will improve and as a result the intensity measure will be improved. In addition, in 2021 we acquired two new geothermal power plants with different technology than ours that generate, at some extent, GHG emissions. We are planning to replace part of the equipment and expect that it will reduce the GHG emissions and the intensity measure.

**Emission intensity by MWh demonstrates our strategy to grow our business through adding zero emission renewable energy. With the new power plants that we plan to add in the next few years, we anticipate that this measure will continue to improve over time.**

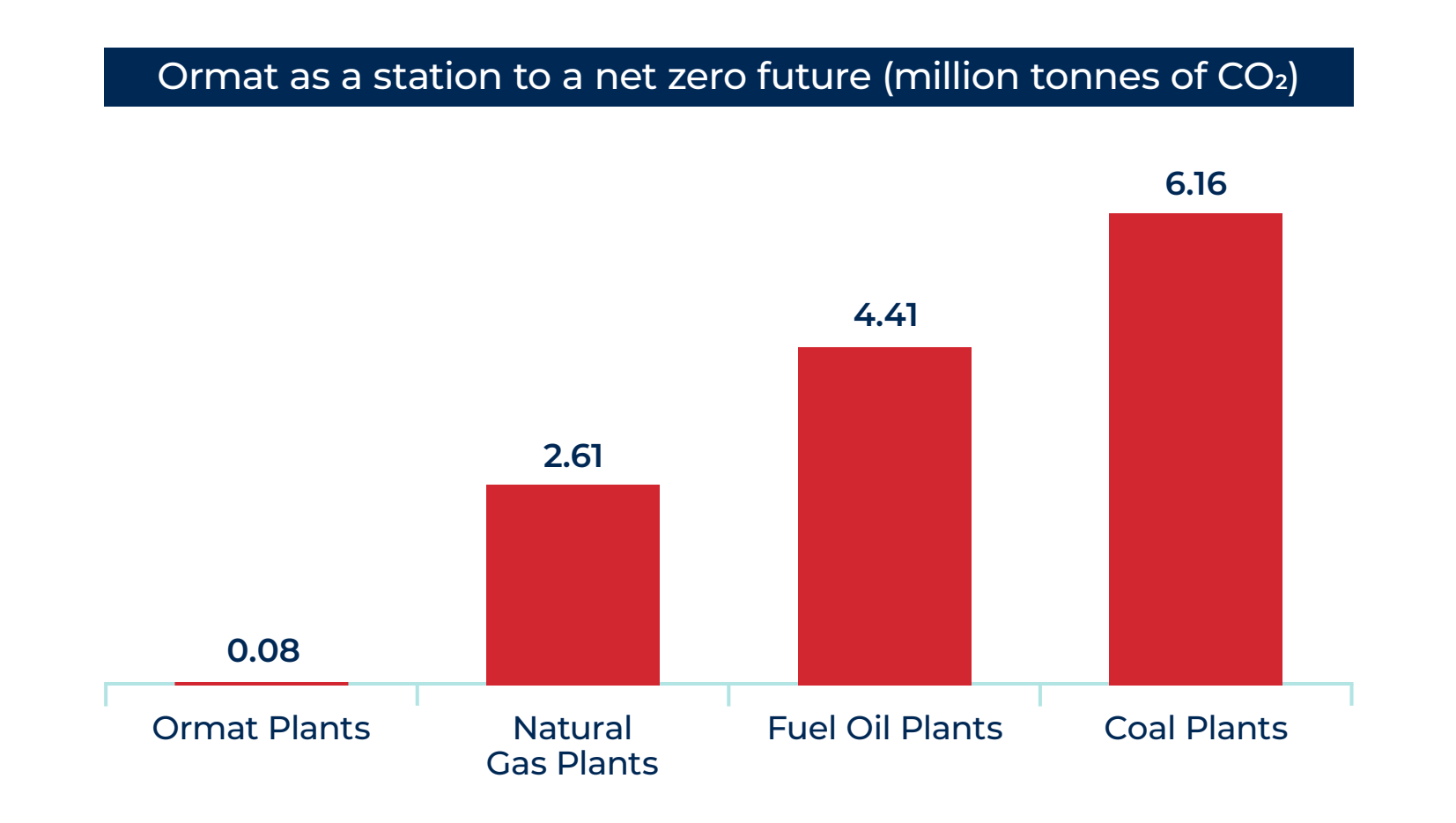


Emissions from Operations

In 2021, Ormat owned power plant facilities generated 8,590,187 MWh (gross) of electricity, out of which, we sold 76%. The rest was used for power plants auxiliary needs.

**Our 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.** The table

below compares the CO<sub>2</sub> emissions derived directly from our power plants operation 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 source of energy in comparison to more traditional energy generating sources.<sup>17</sup>



<sup>17</sup> The emissions from Ormat's power plants and the relevant calculation are explained above. The other electricity sources are from "CO<sub>2</sub> Emissions from Fuel Combustion Highlights 2019" International Energy Agency (IEA), 2019.



Side view of Mammoth Complex, CA, USA, 59 MW



# MANAGEMENT OF WATER RESOURCES

**We have set a goal to reach optimal water recycling in all locations by 2025**

The management of water resources is of key importance to Ormat and its stakeholders. This includes both the water needed for cooling that is required for geothermal energy generation and the water resources that are used in other processes. We work to manage our impacts on both the local hydrology and natural environment through our commitments to various regulatory requirements and in our environmental action plans. Geothermal by-products and water impacts are managed by the power plant managers at our operational sites, and remain inline with our commitment to minimizing environmental and health-related impacts as detailed in our [Integrated Quality, Environment, Health and Safety Policy](#).

We utilize water resources from diverse sources to operate our power plants, manufacturing facilities and offices, and as such have established ambitious objectives to guide our water use and aim to maximize recycling by 2025 in all locations.

We actively work to control our environmental impact, which includes water use and management. As such, we have developed a [Water Management Policy](#), which is published on our site, to support and uphold our water sustainability vision of proactively seeking to use water resources in the most environmentally responsible and sustainable manner.

The objectives of the policy are to be a leader in the sector and actively manage our water resources, track and control data to ensure transparency, analyze and monitor water usage and performance, and minimize the use of water. The policy will accompany the various purposes for use of water resources, such as the following aims:

- **Operation of our power plants:** In our air-cooled plants, water resources are used only for maintenance activities and for administrative and domestic purposes (cleaning, toilets, etc.). This provides a significant advantage in our plants that are located in areas of water scarcity, such as Nevada and Kenya. Our water-cooled plants are mostly in locations where that is the only option, mostly due to local weather and atmospheric conditions. In these locations, air cooling systems are less efficient in the summer months and water-cooling systems are used for the cooling and condensing of the motive fluid. In our Solar PV plants, water consumption is for washing the panels.
- **Manufacturing and office facility:** Water resources are used for various applications by the factory staff and to facilitate the manufacturing process. The main use of water in our manufacturing facility is for testing the viability of our power plant equipment in the factory setting, wherein we use recycled water.

Ormat’s water sustainability vision seeks to use water resources in the most environmentally responsible and sustainable manner.



Water reservoir near CD4, CA, U.S.



# Impacts of Our Operations on the Local Hydrology and Aquifers

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

Ormat has entered into geothermal resources leases with government entities, such as the Bureau of Land Management (BLM) in the U.S., entailing the right to conduct geothermal development and operations on government-owned or naturally protected lands. These leases legally require us to conduct operations in a manner that minimizes the impacts on water and geothermal resources.

In addition, and as part of our environmental monitoring efforts, we track the sources of withdrawal for the water resources that we consume. Most of the water we consume at our operational sites is sourced from local water suppliers. In addition, there are places where we consume groundwater, and sometimes also surface water. In

these cases, the process is conducted in collaboration with the local water suppliers.

As of 2021, we did not discover any material negative impacts on the local hydrology in the vicinity of our power plants and manufacturing facilities as a direct result of our operations.

In 2021, our water consumption was 18,184,285 M<sup>3</sup>. The increase of 1,096,465 M<sup>3</sup> compared to 2020, which reflects an increase of 6%, is mainly due to purchasing two additional plants, Beowawe and Dixie, in which we use water-cooling systems.

**98% of the water used by Ormat in its operations is for use in the the water-cooled plants.** This water, except the amount that is lost due to evaporation, is injected into the ground through reinjection wells. This process is done in accordance in all material respects with applicable environmental regulations to preserve the underground water reservoirs.

In Honduras, we first attempt to treat all of the water that is then discharged back to its natural habitat. The local wastewater regulations also indicate that 80% of the drinking water must be sent to the sanitary sewer network to be handled at the appropriate treatment plant.



Resource testing in Platanares, Honduras



# WASTE AND MANAGEMENT OF MATERIALS

We actively work to improve our relationship with the natural environment in the process of our business activities and beyond. We work towards responsible waste and material management at all our global facilities and have put in place ambitious programs, based on the results of environmental impact assessments and feedback from stakeholders to better control the impact of our activities on local biodiversity.

We strive to continuously improve our environmental performance, focusing on waste management and biodiversity impacts. We actively monitor our facility performance and encourage our employees and other stakeholders to report on any incidents as they occur. In the context of the plan, we aim to take into consideration relevant legal and regulatory requirements governing the topics of waste management and biodiversity, and these standards are continually mapped and monitored at local and international levels.

We uphold ISO 14001 at our main manufacturing facility and the standard is used 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



Upcycled wooden pallet benches, Yavne, Israel

grievance mechanisms in most of the communities in our areas of operation, enabling the local population to directly submit any concerns regarding waste management or biodiversity impacts directly to the responsible individuals or to the Company at large. We attempt to address any such relevant concerns in a timely and thorough manner.

## Waste, Material Management and Recycling

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

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



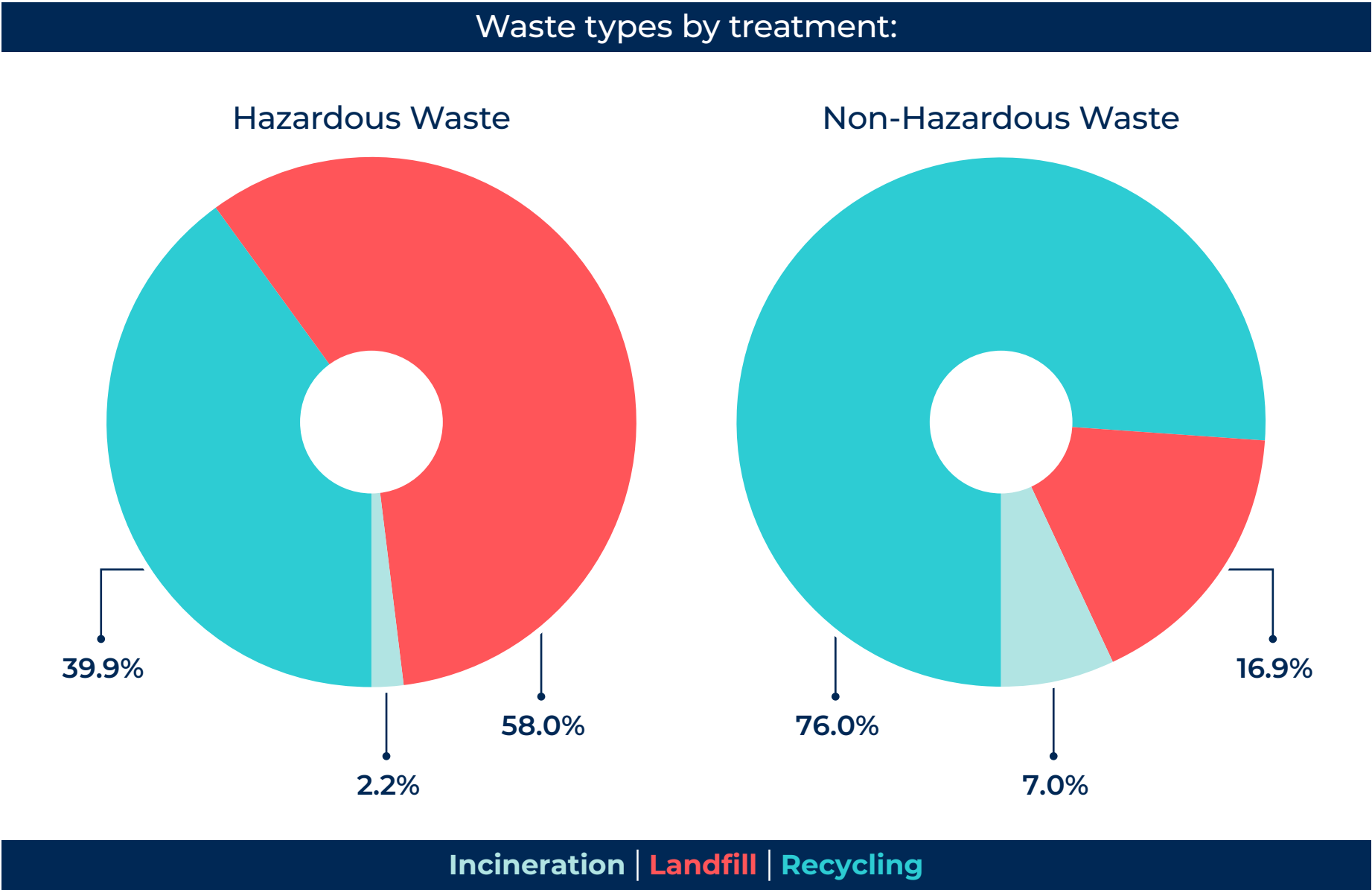
Waste management at our manufacturing facilities and geothermal power plants is managed through our material compliance with ISO 14001 and through the establishment of an Environmental Management System. Every aspect of the waste management process must be planned, implemented, measured, monitored and continuously improved through strategic objectives. This includes properly handling, storing, labelling, transporting, and disposing of waste – mostly hazardous waste products or materials – through our health and safety guidelines and Emergency Action plans, training of our personnel and employees on issues related to waste and the handling of materials, and by keeping records of our waste management efforts.

We also expect our subcontractors to abide by principles of sustainable management of waste generated through their activities. These principles are set out in our contractual agreements and are outlined in our list of Environmental Compliance Responsibilities.

At our various geothermal power plants, there are relevant local regulations and requirements governing the management, disposal, and storage of waste. Part of our commitment in providing renewable energy solutions is to ensure that material and waste management at our projects adheres to our values, which means having zero tolerance for leakages and other potentially harmful environmental events.

To fulfill these objectives, we uphold environmental action plans at nearly all our power plants, and work to meet stringent local and international standards and regulations – a process that is managed by our plant managers.

The following graphs show the various treatment methods of the hazardous and non-hazardous wastes produced at our various operations and facilities. We have three main treatment methods for our waste; incineration, recycling and landfill.



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. The lubricants handled according to regulations governing the storage and disposal of these materials in the relevant country of operation. Motive fluids are used in a closed loop system and are not disposed of but replaced when losses occur. All emissions are tracked and reported as per local operating permit conditions.

A by-product of the utilization of geothermal resources is scale, after determining if it is hazardous or non-hazardous, it is disposed per local, state and federal regulations. We actively monitor the level of scale in our systems and if we are not able to prevent the scale build-up, we must remove and dispose of it. This disposal is in alignment with regulatory requirements and our expectations for sound environmental management.

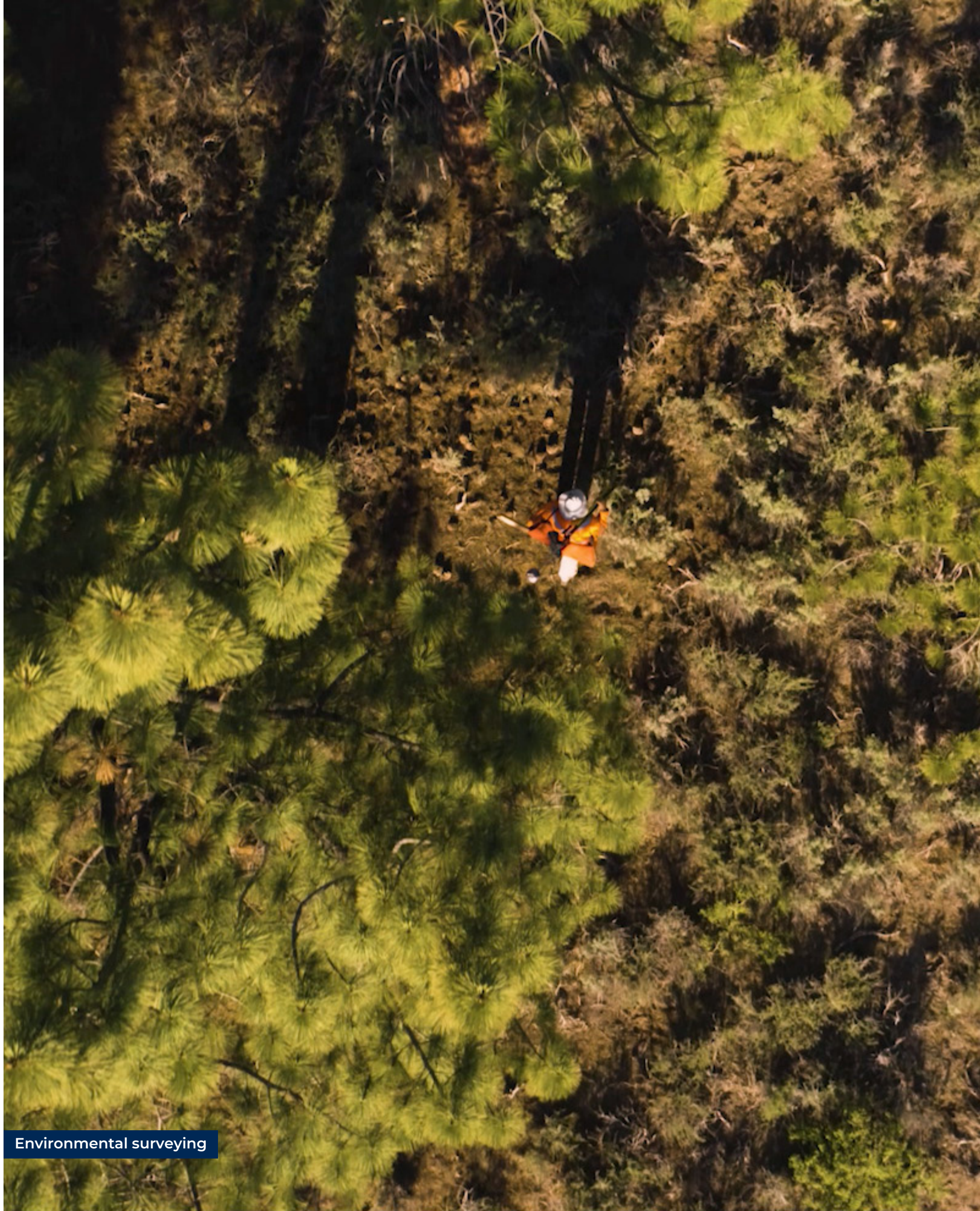


# BIODIVERSITY

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

## Maintaining the Natural Environment in the Construction and Operation of Our Power Plants

Before we develop a new geothermal facility, we create a detailed environmental plan designed to minimize impacts on the surrounding natural lands and wildlife ecosystems. Our aim is to control and reduce the level of disruption to the surrounding natural environment in the development of the plant. Our care for the environment around our plants extends to both the operation and maintenance phases of their lifecycle, while keeping in mind our commitment to minimizing operational costs without compromising on meeting the highest safety and environmental standards. Furthermore, we seek to maintain the sustainable characteristics of geothermal resources through the intensive geologic and hydrologic studies that we conduct during the exploration and drilling phases. In some cases, Ormat is required to conduct additional studies regarding potential impacts on the natural environment as part of its land and mineral rights lease agreements.



Environmental surveying





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

In addition, we conduct ongoing research into new equipment for use in our operations 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, may reduce the number of wells that are required to properly exploit a geothermal reservoir, thereby reducing our overall land use while simultaneously enhancing overall facility operational capacity. The installation of more efficient, air-cooling equipment in angled positions is another improvement that has significantly reduced energy consumption and the impact on the natural environment surrounding our facilities.



## ENVIRONMENTAL IMPACT ASSESSMENTS AND ENVIRONMENTAL AUDITS

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

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

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

We conduct ESIAs for each of the power plants that we construct and own. For those for which we have turn-key contracts, the assessment are typically conducted by the owner, though we are available to provide support.



### Dixie Meadows project

On December 15, 2021, the Center for Biological Diversity and the Fallon Paiute-Shoshone Tribe (the “Plaintiffs”) filed a lawsuit in the U.S. District Court for the State of Nevada against the U.S. Department of the Interior, the Bureau of Land Management (“the BLM”) and Jake Vialpando, in his official capacity as a field manager of the BLM, alleging that the defendants violated the National Environmental Protection Act and other federal laws by approving Ormat’s Dixie Meadows project and the associated environmental assessment and Finding of No Significant Impact (“FONSI”). Plaintiffs additionally alleged that the project threatens the Dixie Valley Toad and infringes on the tribe’s enjoyment of a religious sacred site. On April 4, 2022, the U.S. Fish and Wildlife Services emergency listed the Dixie Valley Toad under the Endangered Species Act of 1973 (the “ESA”).<sup>18</sup>

Prior to beginning any project Ormat works with the relevant agencies on an environmental review. In the case of Dixie Meadows, the BLM in coordination with the Nevada Department of Wildlife (NDOW), U.S. Fish and Wildlife Service (USFWS) and the US Navy, Naval Air Station Fallon conducted a comprehensive

environmental review of the project over a six-year period. This review included concerns raised by the Tribe and the Center for Biological Diversity (CBD) with respect to the cultural and ecological impacts of the project. As a result of this comprehensive review, an Aquatic Resources Monitoring and Mitigation Plan was developed, which provides a clear commitment for no disturbance from project activities within riparian and wetland habitat areas. In addition, and through BLM consultation with the Plaintiffs, Ormat has put in place measures designed to ensure protection of cultural resources in the project area. Ormat has deep roots in the western region, and a strong commitment to clean, renewable economic development in Nevada and California, and takes its environmental commitments seriously.

As of the date of publication of the report, Ormat is working cooperatively with the relevant agencies through the consultation process required by the ESA. The legal proceedings are still open and the court has not yet ruled on the matter.

<sup>18</sup> More information regarding the lawsuit can be found in the 2021 Annual Report.





ORMAT

# SOCIAL

41-69 >





At Ormat, we foster an environment that encourages community involvement, individual growth, teamwork and innovation. As a global company, we are proud to employ and work closely with the communities that we serve. With nearly one power plant on every continent, we have a commitment to generating a stable and secure economic future for all, supported by the sharing of our knowledge and expertise regarding sustainable energy solutions. The promise of delivering renewable energy to our customers and stakeholders goes hand in hand with our commitment to local employment and skill development wherever we work.

We are committed to diversity and equal employment opportunities for all genders, race, cultures and ethnic minorities. We recognize equal employment as a key part of our employment framework, as well as creating an inclusive work environment that is free from harassment and discrimination. Our employment framework, policies and initiatives are managed and headed by the SVP of Human Resources. Our Human Resources department sets the tone for employee management and opportunity-creation processes in the company, but the hiring, termination, and training areas are managed at each power plant, facility or office by a local manager who either reports directly to the local head of the Human Resources department, or to a member of senior management on a regular basis.

# OUR PEOPLE



1,405  
employees<sup>19</sup>

1.1 total recordable  
injury rate (TRIR)

32,379 hours of  
training completed  
by employees

84% retention  
rate in 2021

100% of plant  
management  
was from local  
communities

37% of our  
employees in the U.S.  
in 2021 were from  
minority groups<sup>20</sup>

<sup>19</sup> Including Indonesia.

<sup>20</sup> We do not track the specific diversity of our workforce in our locations outside of the U.S. With this, all overseas employees are locally hired and thus are representative of the communities in which we operate.



## DIVERSITY & INCLUSION

From Kenya to California, we work to uphold our obligation to provide our employees with a workplace that is fair, open, and free from discrimination or harassment. We encourage the engagement and the development of employee potential. We place the highest value on the diversity of our employees, while providing equal opportunities in the hiring process couples with access to career growth opportunities, regardless of race, sex, gender, color, religion, marital status, disability, and sexual orientation. This is clearly expressed in our commitment to anti-discrimination, seeking to eliminate the gender pay gap, and enabling the free association of labor organizations.

As a vertically integrated company that provides a myriad of solutions in the energy industry, our employees are equipped with an array of professional skills and capabilities. When reviewing candidates, we look for these skills in addition to other factors, such as geographical location and ties to the local communities around our power plants. We view engagement with local communities around our facilities to be a central tenant of our business policy and important to our success.

Respect for diversity, transparent communication and enriching professional and personal opportunities are central principles of our employment outlook. As such, we look to hire individuals who exemplify and implement these values in their work.





At the end of 2021, 18% of our employees were female. There were nine female management members, which represented 30% of our broader management team.<sup>21</sup> We actively seek opportunities to hire and promote female employees and managers across our company. This is a challenging goal due to the physical nature of the work at the plants and manufacturing facility. We are seeking to ensure the complete integration of women in our workplaces, including our various offices, in our operations around the world. In addition, we are working to encourage women to enter the field through our work in high schools and universities, with the goal of creating a female-empowered geothermal energy future.

As of 2021, we have provided Diversity & Inclusion Training to all drilling department employees that addresses the importance of: (1) recognizing differences between people, (2) eliminating barriers that prevent the full participation of our team members, and (3) employees feeling a sense of belonging in the workplace. In 2022 and 2023, we are planning to provide such training to all employees.

<sup>21</sup> The data published in the previous report referred to VPs level only, without senior management.



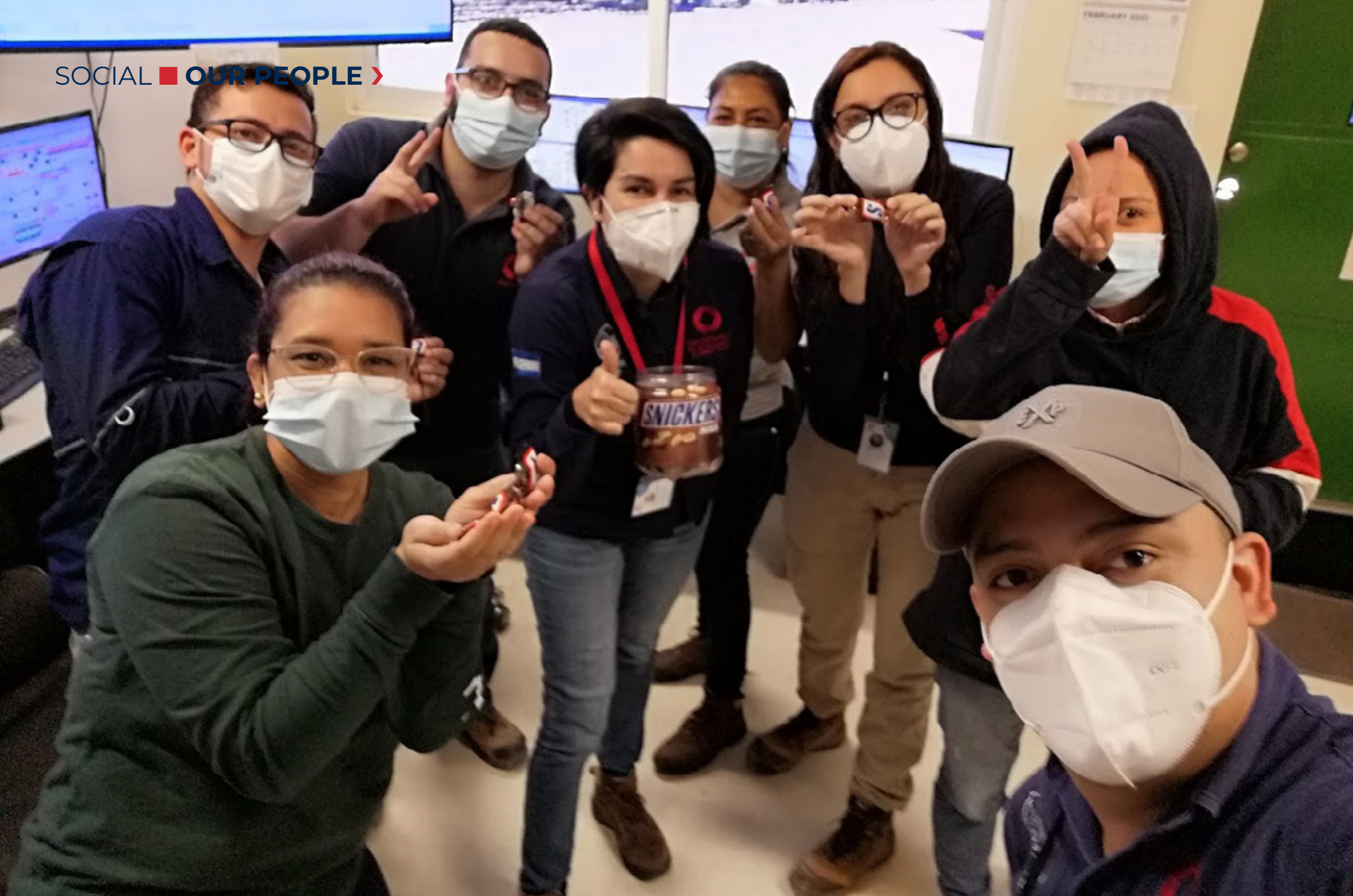
VPs at the International Women's Day

## Empowering Women

Ormat operates in the field of industry and energy, which traditionally has mostly been characterized by male employees. Because of this, we are constantly looking for ways to attract and promote women, with a deep understanding of the importance of the subject. In 2022, we plan to begin develop programs and goals to increase the percentage of women in Ormat, through scholarships and job opportunities for women seeking employment in engineering professions.

Furthermore, female VPs located in Israel volunteer at the “Shavot” organization, which promotes leadership among women.





Our plans for 2022 and 2023 include training and education through courses for our top leadership to increase awareness of ESG, including diversity and inclusion, and provide them with the tools to implement these aspects of the Company's strategy. We expect to have our goals supported by a statement from our top leadership, which will be followed by publishing a diversity, equity and inclusion ("DEI") statement. In addition, we are planning to revisit our core values to include diversity and inclusion among other ESG values.

The efforts that we seek to implement in 2022 and 2023 are also focused on recruiting processes to identify and attract a more diverse talent pool. We believe that this can be achieved through (1) highlighting diversity in our job ads (2) leveraging diverse job boards, and (3) teaching recruiters and hiring managers how to avoid bias. Additionally, we are planning to continue to focus on increasing women in industrial technical, engineering, and leadership positions, and providing university scholarships to women in technical and engineering



studies. Finally, we are planning to establish mentorship for females in technical, engineering and leadership positions, and are planning an ESG week for our employees that focus on DEI topics and activities.

### **An Organization Shaped by Local Employment**

Ormat is an organization that prides itself on full local employment at all levels and in all our facilities, power plants and operational locations. 100% of management at our plants is from the local communities. We believe that local employment is essential to the success and vitality of our business as local employees and community members possess a keen understanding of the local geography, environment, social fabric, community, and stakeholders.

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



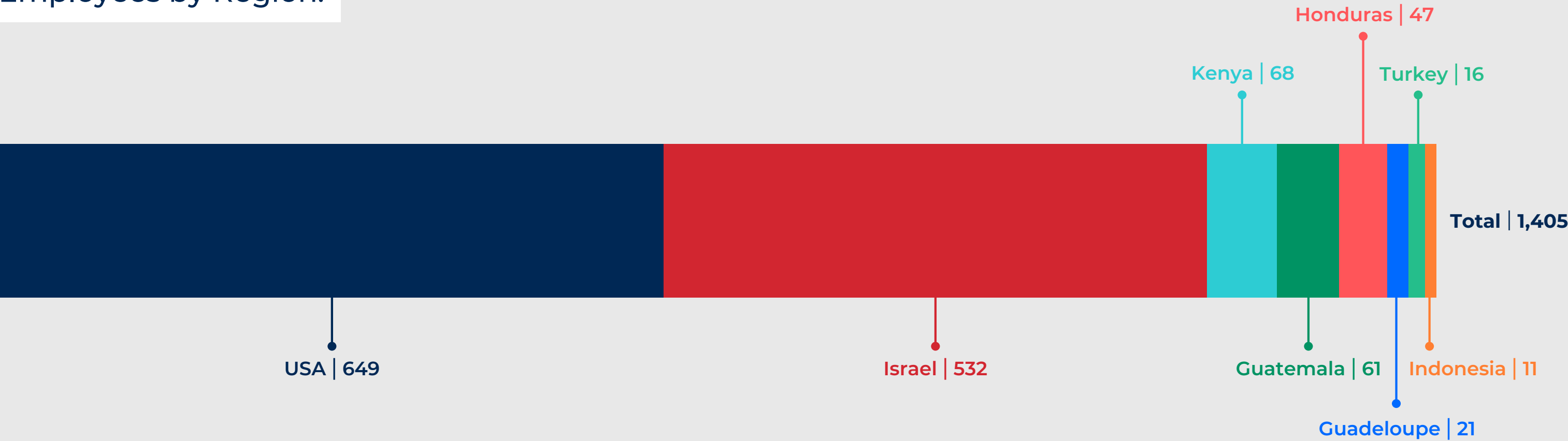
In countries such as Kenya, Guatemala, Honduras and Guadeloupe, where local employment options are limited, Ormat offers our employees access to a broad range of professional employment opportunities, ranging from plant managers to local sustainability managers, power plant operators, maintenance workers, engineers, mechanics and more. Employees in these positions are hired based on their relevant experience, knowledge and education. In some locations where employment options are limited in the vicinity of the power plant, our plants also have agreements with local community councils and representatives to create additional job opportunities for the communities nearby. For example, in Guatemala



Ormat has agreements that provide preference for the employment of local employees in certain professions for a set number of hours. Thus, we increase the rate of local employment and Ormat's economic impact on local communities. This is the case not only in the developing countries,

but also in the U.S., where Ormat has some operations in areas with historically high unemployment rates. Therefore, we not only hire qualified local staff where available, but also invest in creating career and advancement opportunities for the local staff. We do so by providing all our employees with access to educational opportunities, as outlined in the chapter “Training & Educational Opportunities”, as well as through curriculum for local community colleges and universities in Nevada, written by Ormat, that focuses on technical subjects such as plant operation and relevant academic subjects such as geoscience, which has helped promote a talented local employment pool.

Employees by Region:





## ENSURING A HEALTHY & SAFE WORKING ENVIRONMENT

### Occupational Health and Safety at Ormat

Safety is a key area of concern to us. We believe that the optimal, most efficient, and profitable performance of our power plants can only be achieved by fostering a safe and healthy working environment. Therefore, at Ormat, we place extreme importance on this topic, ensuring that management and monitoring performance are at a global level for all sites. At every site, there is an appointed person that is in charge of health and safety on an operational level, who reports to the plant manager. The topic of the health and safety in the U.S. and international is managed by the VP EHS, who reports to the EVP Electricity Segment, and in the manufacturing facility in Israel it is managed by the VP QEHS, who reports to the President and the Head of Operations And Products. Reports are categorized according to the criteria and performance metrics of the Occupational Safety and Health Association (OSHA) of the U.S. Department of Labor.

We are constantly working to manage and mitigate ongoing health concerns by allowing certain employees, who are able to work from home, to do

so, and adopting separate shifts in its power plants, manufacturing facilities and other locations while working to continue operations at close to full capacity in all locations. We continue to promote our safety values and report, analyze, learn, and improve performance following every event with the goal to reduce the number of future incidents. We also work to continuously improve our safety performance and to instill a strong workplace safety culture.

The countries where Ormat operates have local laws regulating the topics of health and safety that the Company aims to follow, and where possible and practical, we strive to go beyond the requirements of the legal regulations to promote the utmost level of health and safety for our employees and other relevant stakeholders. These include safety requirements such as ventilation, fire protection, work at height regulations, personal protection/gear, railings, electric protection, and employee training on pertinent issues, among other topics that are outlined in the following chapter.





**Our EHS Program– Striving to Go Beyond Compliance**

First and foremost, we aim to follow the relevant health and safety rules and work regulations at each of our operational locations, but we aim to also go beyond compliance at the corporate level to ensure that the appropriate policies and initiatives are implemented wherever we operate. The goal of these efforts is to create an overall culture of safety for Ormat's employees at all our locations. In addition, we have an advanced online platform for recording, reporting and tracking safety and environmental incidents at our power plants and operational sites.



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

- 1 | Everyone, Everyday** – all Ormat employees are integral to safe operations, where each employee is charged with the responsibility to work safely and create and maintain a safe work environment.
- 2 | Management of Hazards** – Ormat strives to systematically identify hazards, and then manage them by elimination, isolation, or minimization.
- 3 | Safety as a Core Value** – safety is a core value at Ormat. It requires a personal commitment at all levels in the organizations.
- 4 | Continual Vigilance** – our goal is to learn and improve our performance following every event to reduce the number of future incidents. This requires that all employees maintain constant vigilance to ensure that unsafe acts or work conditions are identified, addressed, regulated and prevented, wherever possible.

The topic of Quality, Environment, Health and Safety (QEHS) is managed by Ormat's appointed VPs of the Electricity Segment and of Operations and Products. They are responsible for oversight and management of the health and safety budget and relevant policies, processes, training, and work practices across the organization. Plant managers at each of Ormat's operational sites and power plants are accountable for implementing

relevant Company-level and local health and safety regulations and initiatives through the appointed Environmental Health and Safety (EHS) coordinator. On-site EHS coordinators are additionally responsible for upholding the local conditions, regulations, or other agreements, for ongoing record-keeping and reporting and for the training and certification of employees. These EHS coordinators report to the plant and/or power plant manager and conduct work according to Company-wide EHS initiatives.

Ormat has an **Integrated Quality, Environment, Health and Safety Policy** that sets out our general commitments toward health and safety principles at our sites and for all our stakeholders. We seek to ensure that our employees and managers comply with this policy so that it is enforced. Moreover, the policy is consistently monitored and evaluated by the company management as we strive to meet its high standards. The policy is publicly available on Ormat's website and outlines our commitments to providing high quality products, conducting our business with care for the environment and for integrating our QEHS system into our business strategy and work processes. In addition, our **Human Rights and Labor Policy**, which is also available publicly on our website, outlines our commitments to ensuring that essential health and safety standards and practices are enforced in the workplace, developing risk awareness, and encouraging responsible health and safety behavior among employees.





Ormat's employees have representation on Company's health and safety committees. Ormat has two types of safety committees: one for management of health and safety aspects at our factories and manufacturing facilities and one for management of health and safety aspects in other operations, i.e. at Ormat's power plants and offices. The committees organize and assess Ormat's health and safety program at the corporate level. To expand employee involvement, the employee representatives are rotated each year. In 2021, 72 of Ormat's employees and managers took part in the safety committees. These committees meet at least 8 times a year, and the participants consist of managers, employees, supervisors, and in US, EHS coordinators. The diversity in positions of the employees who take part in these committees ensures that all voices are heard and all areas of potential hazards are covered. Whether participating as an employee representative or not, all Ormat employees are encouraged to

communicate their concerns or recommendations to the relevant committees. In 2021, we received over 7,400 health and safety observations and hundreds of safety suggestions from our employees through our health and safety management platform which are received and reviewed by the global head of health and safety in Nevada for the U.S. and international operations, and by the local safety manager in the manufacturing site in Israel. These observations show that not only are employees encouraged to share information or concerns that come up, but also that they are listened to and taken seriously.

Furthermore, Ormat facilities have safety training programs, under the responsibility of each plant manager and the local EHS manager/coordinator, that are directed by our Company's joint employee and management health and safety committees. The program seeks to ensure that safety expectations are clearly communicated and understood by

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

In 2021, we continued our Safety Leadership Training, also known as the ProAct safety training program, as well as expanded employee participation in our SafeStart® health and safety training and implementation program, including integration of the SafeStart® philosophies and practices into our health and safety key performance indicators (KPIs). In addition, we increased employee participation in our behavior-based safety programs, which contributes greatly to maturing and advancing a culture of safety at our organization.



Measuring Our Health and Safety Performance

At Ormat, we seek to provide our employees who unfortunately experience an injury or illness as a result of their work for the Company with the utmost treatment and care for their ailment or affliction.

As such, Ormat reports its health and safety data to the Bureau of Labor Statistics (BLS), which is part of the U.S. Department of Labor, according to internationally accepted reporting standards such as the Occupational Safety and Health Administration's (OSHA), the agency of the United States Department of Labor, and operates according to OHSAS 18001, as well as through the filling out of forms that record work-related injuries and illnesses. Ormat's manufacturing and office facilities in Israel operate in all material respects according to ISO 45001.

In 2021, our Total Recordable Injury Rate (TRIR) was 1.1, which we reduced significantly from 2.13 in 2020. We accomplished this reduction through rigorous safety trainings, committees discussions, and improvements that we strive to make yearly. The details of these efforts are further described throughout the chapter.

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

- **Safety Suggestions:** Number of safety suggestions generated and the number of overdue action items
- **Safety Observations:** Number of safety observations performed by employees
- **Job Hazard Analysis (JHA):** Number of JHAs completed or revised per quarter
- **Pre-Job Safety Meetings (PJSM):** Number of documented PJSMs per month
- **Safety Inspections:** Number of safety inspections per month
- **Safety Work Orders (and/or Completion of Safety Tasks):** Number of safety work orders generated, or safety tasks completed
- **Safety Committee Meetings:** Number of safety committee meetings conducted per quarter

Orlando Safety Conference - the International Safety Council hosts a yearly expo on safety in Orlando, Florida. To ensure that we have a united view and vision on health and safety at all our operations, and in all countries, we invited the international and US heads of EHS from all operations. After the safety conference in Orlando, we brought all EHS managers to our headquarters in Reno, Nevada to conduct a two-day workshop on health and safety. These activities help to ensure that all operations in all locations are unified in their health and safety approach, as well as allowing employees to learn from each other.



Tour of the power plant under construction

Based on these indicators, we operate a proactive safety plan for our employees, who are required to complete several different types of activities and to report on their “Safety KPI Scorecard”. Each of our sites is required to set goals regarding the KPIs and to report on their performance regarding above mentioned parameters.

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



Safe Dealing with Hazardous Materials and Emergency Response Plans

When it comes to hazardous materials, U.S. plants are subject to the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), the Emergency Planning and Community Right-to-Know Act (EPCRA), and Federal Risk Management Plan/Process Safety Management (RMP-PSM). In all cases, the regulated substance is the motive fluid in our power plants; pentane, isopentane, butane, or isobutane.<sup>22</sup> We typically have small quantities of other regulated substances like solvents, but most do not reach the quantity relevant under the regulation for official treatment. In Israel, our manufacturing facility aims to adhere to the rules and regulations outlined in the Hazardous Materials Law (1993).

Ormat upholds detailed and well-communicated emergency response plans at each of its sites for evacuation in cases of emergency, natural disaster or other hazards, such as chemical or pollutant spills and leakages. In general, the Emergency Action Plans (EAPs) are developed and adopted by each of the offices, operational facilities and power plants on a local and case-to-case basis.



We believe that quality education and access to new economic, social, and environmental opportunities enrich our employees' experience while working for Ormat and, in turn, contribute to the development and growth of the communities where we work. As a result, we also support our employees and their families in the pursuit of educational opportunities through various subsidy and scholarship packages that are aimed at updating employee skills and developing a devoted and experienced workforce in the countries where we operate.

TRAINING & EDUCATIONAL OPPORTUNITIES

We express our commitment to the professional and personal development of our employees out of the belief that it contributes to their career growth and trajectory in the Company, but also that it expands our Company's knowledge base. Therefore, we offer our employees a wide array of training and educational programs regarding relevant professional and soft skills to help them improve their performance and expand their horizons. These opportunities help foster a creative mindset among our employees that is conducive to our Company's innovative and dynamic nature. Each area of training and coursework is managed according to the relevant business unit, i.e. Quality, Environment, Health & Safety

for relevant Health & Safety training, or the Company's management for legal and corporate governance training.

In 2021, Ormat's employees completed a total of 32,379 hours of training globally. These included learning opportunities in marketing, communication skills, health and safety training, team building, mentorships, critical thinking, and more.

In 2022 and 2023, we are planing to develop a VP program to set and communicate strategies and develop initiatives that support the company's vision and plan. The mission of the VP team is to promote our core values and support Ormat's growth by setting the right organizational culture.

22 More information on our treatment of these regulated substances can be found in the "Waste and Materials" chapter.





### **Training of our Operations Employees**

The diverse nature of our operations that span from the factory floor to the power plant site require our employees to remain in the know regarding relevant technical and professional skills, health & safety requirements, and best business practices. These employees have training in different areas such as Fire Safety and Mechanical Integrity Test, High Voltage Electrical Safety, Fire Safety and OSHA trainings. These are skills that employees apply in their work for Ormat, but which also can be applied throughout their career path.

### **Training of our office Employees**

For business and administrative professionals, we provide access to courses on corporate governance and ethics topics – in addition to ethics training on our Code of Business Conduct and Ethics– as well as soft skills instruction to help improve their value offerings for Ormat and within their professional networks. We believe that these skills contribute to the atmosphere of creativity and innovation that we seek to encourage among all Company employees – no matter their educational background or geographical location.

### **Additional Trainings**

In addition to necessary technical, professional and safety skills, our nature as a renewable energy project developer and operator bestows upon us a commitment that we are proud to implement educational programs for our employees and other relevant stakeholders, such as contractors and business partners, who are involved in the construction, operation and maintenance of our global power plants and in the management of environmental, health and safety risks on site and in the course of plant development. We factor management of health & safety risks into our site management policies and work with relevant stakeholders to inform them of potential risks and modes of operation. Other relevant training opportunities are professionally and administratively managed by the Learning and Development function within our Human Resources department, the plant managers, or initiated by managers and Vice Presidents of various business units. Finally, employees are welcome to suggest additional areas of expertise and coursework that are deemed necessary for the fulfillment of their position, and we are open to considering integrating their suggestions into our training program and framework.



## Expanding Educational Horizons for Our Employees & Their Families

We offer our employees access to educational grants and partial or full scholarship opportunities due to the belief that the best way to innovate our Company is through employee knowledge. For instance, at our power plants in Guatemala, we implement an Educational Assistance Program for local employees that is based on workforce planning and development. Employees are asked to submit a proposal for the course or degree that they wish to pursue as well as the name of the relevant academic institution. The plant managers then make considerations based on the employees' overall performance and career trajectory at the plant. Other locations, like our power plant in Honduras, award educational scholarships based on the amount of time the employee has worked for the Company, and all employees in Honduras (as well as at various other locations) are provided with English language courses to better facilitate their work and communication within the organization.



In addition, we encourage our employees to develop their career horizons within our Company through management development learning platforms. At our administrative offices in Israel, employees can “shadow” managers in their department,

participate in soft skills courses, and exchange experiences with managers in other business units to help them grow as managers. Due to the diverse nature of our operations, and the tendency of our employees to develop specific areas of expertise, we highly encourage intra-organizational communication in our management development programs. However, managerial training is not a condition for employee promotion and is offered to employees interested in exploring their career growth opportunities within Ormat.

Employees who are transitioning to a different position, ending or terminating their employment with Ormat, or who are in the process of retirement are also offered access to reskilling and upskilling opportunities to assist them by providing relevant information and tools to meet their next challenge.

## ORT Ormat High School

ORT Ormat School has been working in collaboration with Ormat in Yavne, for over 40 years. Being a technical high school, the students work at Ormat three times a week as part of their curriculum. In doing so, the students have the opportunity to learn about a profession and come to work in various departments of the factory. This collaboration expresses how we operate in the communities in which we are located and create shared value of opportunity to provide training for students and provides them with quality and lasting employment, alongside the employment of talented employees who know and appreciate the work at Ormat.

Many of the school's students have been promoted over the years to managerial positions and have even gone on to study practical engineering and engineering with Ormat's support.



## EMPLOYEE WELLBEING

Our people are our most valuable resource. As such, Ormat strives to be a responsible employer by creating a supportive workspace that promotes the welfare and wellbeing of its employees.

We believe that all our employment contracts are drafted in accordance with regulatory requirements in the country of operation, providing the benefits that are afforded by the law as well as additional benefits and employment considerations based on employees' needs, such as flexible working hours, paid maternity or paternity leave, and sponsorship of learning opportunities, among others.

### Labor and Employment Policies at Ormat

Ormat has four key policies that concern all stakeholders and employees. The policies aim to ensure the protection of rights for all our employees while creating a safe and inclusive work environment:

- 1 | The **Code of Business Conduct and Ethics** outlines our commitments to our employees regarding equal employment opportunity, diversity in employment and anti-harassment, and the ethical and behavioral expectations of employees in the workplace.
- 2 | The **Human Rights and Labor Policy**, adopted in 2018 by Ormat's management, expresses our commitment to upholding international human rights and labor standards for all our employees, suppliers, business partners, and stakeholders.
- 3 | The **Integrated Quality, Environment, Health & Safety Policy** outlines our compliance with relevant standards and regulations, as well as our commitment to the health, safety and wellbeing of our employees and other key stakeholders.
- 4 | Certain aspects of the **Stakeholder Engagement Policy**, namely on issues that pertain to employees, subcontractors, and other stakeholders. These principles include our commitment to open communication and dialogue and sharing information to better instill our corporate values.



Company Event



## Employee Engagement & Retention

At Ormat, we view the long-term commitment and dedication exhibited by our employees as a testament to the strength and stability of our Company. Despite the global nature of our Company, our organizational values and commitment to employee growth, education and skill sets allow us to maintain workforce stability. This is exhibited in our high global employee retention rate, which was 84% in 2021.

### People Analytics

People Analytics helps managers and senior talent leaders unlock the power of data—increasing rigor, reducing bias, and improving performance. The primary role of the People Analytics process is to provide the organization with insights that allow them to make better business decisions, thus improving business performance, while simultaneously improving the employees' experience and wellbeing. Essentially, People Analytics focuses on people and the impact they drive. It provides an outside-in view of the value that HR delivers to the business. At Ormat, we implemented a Success Factors system to provide managers with a better understanding of their human capital data. The process started with implementing the Employee Central Human Resources Information Systems module, providing visibility to all employee information and allowing managers to use dashboards and reports.

Our plan for 2022 is to implement the Success Factors recruiting module in order to have more integration and better manager involvement in the recruiting process.

We plan to improve the compensation and annual processes, such as merit and bonus, by implementing



Family day - Employee engagement activity

a compensation system in 2022 that allows the processes to be more data-driven and integrated with our other systems. The system provides market data and compares the ratio for leaders to retain and manage their talented employees.

### Employer Branding

Employer Brand plays a critical role not in only keeping our current talent aboard, but also appealing to the wealth of new talent exploring the job market. The stronger your employer brand, the better you can attract, retain, and engage your people, while also staying competitive and profitable as a business.

An employee referral program was implemented to encourage greater brand awareness. The goal of the

referral program was to get our current employees to reach out to their friends, family, and colleagues to tell them about the excellent opportunities at Ormat.

Ormat improved its LinkedIn career page to drive brand awareness by showcasing our brand to attract top talent.

In 2022 and 2023, we plan to focus on raising public awareness of Ormat's business through providing lectures at various forums and universities, publishing articles for different media, and educating management on how to represent Ormat on social media platforms. Ormat HR plans to continue to partner with organizations to attract diverse talent. Additionally, Ormat plans to improve its career site with the goal of improving the candidate experience.



Employee Benefits, Healthcare & Welfare Frameworks

Our experience in working with a large group of diverse employees has taught us that the success of our business depends on employee satisfaction and stability. We therefore strive to provide employees at all levels with benefits and access to welfare frameworks that clearly express our appreciation and of care for employee wellbeing. We aim to ensure this by providing basic and competitive employment benefits, growth opportunities and a warm, positive work atmosphere for our full-time, part-time, and temporary employees.

Most of our employees receive parental leave benefits, health care insurance<sup>23</sup>, sick leave benefits, coverage in the event of disability and/ or infirmity, and vacation days.<sup>24</sup> Additionally, at our locations of significant operation, our 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 localities, benefits are made available to part-time and temporary employees.<sup>25</sup>

**In 2021, 100% of our employees were eligible for parental leave, and we had a 100% return to work rate for both women and men who took parental leave.**

All our global employees are entitled to retirement and pension benefits<sup>26</sup> at or beyond the legally required level of employer contribution in the relevant country of operation, including access to 401(k)<sup>27</sup> pension schemes in the U.S. We fully cover retirement and pension plan liabilities in relevant countries of operation with our general

resources. There is no limit on the number of years of service in the calculation of the benefit obligation. The Company has an obligation to partially fund the liabilities through regular deposits in pension funds and severance pay funds.

Our retirement commitments are for both voluntary and mandatory frameworks, according to the regional or country-based schemes in our countries of operation. In Israel, and according to the law, all employees receive pension plan coverage, with the employer contributing 7.5% or more, depending on the personal employment contract with the employee.<sup>28</sup> In Israel we are planning to instill a new retirement plan in 2022.

The employees who come to the age of retirement will receive a 3-day training of content and guidance to prepare them for the transition into retirement. The employees who retired in 2021 will also be eligible to participate in this program. In addition to this, one year before retirement the employees reduce to 80% at Ormat’s expense. This extra day off is meant to help them get used to retirement.



At several locations, we offer retiring employees the option to continue work after the retirement age or to enter retirement in phases. Due to our high employee retention rate, many of our retiring employees have worked with Ormat for years, if not decades, and we appreciate the potential difficulties to be felt in such a transition. As such, we usually work to include retirees and alumni in some of our employee events and continue to consult and engage with them on a regular basis.

23 According to the relevant nationally mandatory or voluntary healthcare frameworks in the relevant significant location of operation.  
24 According to the relevant national framework for vacation days or the personal employment contract of the employee. The indication here is to the possibility for employees to take vacation days, as well as the possibility for extended vacation periods, based on requests and individual employee needs.  
25 Benefits are not provided to part-time or temporary employees at our significant locations of operation in the U.S..  
26 At the national retirement or pension issuance age in the significant location of operation.  
27 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.  
28 Through Ormat Systems, we provide limited non-pension benefits to all current employees in Israel who are entitled to benefits in the event of termination or retirement in accordance with the Israeli Government sponsored programs. These plans generally obligate the Company to pay one month’s salary per year of service to employees in the event of involuntary termination. There is no limit on the number of years of service in the calculation of the benefit of obligation.





To facilitate a healthy work-life balance for our employees, we encourage them to take vacation days and our approach is flexible, allowing employees to choose their vacation period and to divide the period into intervals throughout the year. At some locations, we provide special holidays to mark the observance of religious holidays and cultural events. We also allow employees days off for major personal events such as weddings or deaths in the family. We also offer many of our employees' access to supplementary health benefits such as coverage for dental care payments, optical care payments, and, in some cases, support for mental health issues and personal care.

The health and wellbeing of our employees are important to us, and we actively seek employee feedback in developing these benefits and offerings.

Due to the dynamic nature of energy generation processes, some of our employees and contractors reside at our sites in housing facilities for certain periods of time. We do our best to provide that our facilities are up to their standards and that our employees are afforded a reasonable level of comfort and accessibility. In some cases, when we are not able to physically construct housing facilities, we provide employees with funds to support their living expenses while working for Ormat.

At other locations, we provide our employees with access to transportation options, such as buses, to facilitate a smoother work experience. We offer healthy and fulfilling dining options for our employees at our manufacturing facilities. Finally, our manufacturing and power plant employees are proudly fitted with

workplace uniforms and, in various locations, we support a replacement for necessary work items, such as and protective gear, and provide laundry services.

In addition, we grant our employees access to gender-neutral family support programs, including parental leave for both new fathers and mothers. Typically, parental leave is granted within the regulatory framework in the country of operation, and in many cases, we also encourage our employees to embrace our flexible return-to-work policy so that they can spend time with their growing families. We believe that when our employees are happy and closer with their families, their quality of work and appreciation for the opportunities that Ormat has to offer increases, and we can build stronger relationships with the newest members of our local communities.



## Employee Engagement and Wellbeing

### Promoting Wellbeing in the Workplace

Our employees are spread across the globe, which would seemingly create a challenge in connecting them. However, all our sites and departments work together on initiatives to create a sense of community and togetherness among our employees regardless of their location. This includes:

- Actively facilitate community events, employee gatherings (including virtual gatherings), or Company trips to facilitate open communication and healthy connections between employees, and other stakeholders across the globe.
- Actively engaging our employees through online portals, social media networks and online platforms. We have Ormat-sponsored Instagram, Facebook and LinkedIn pages that document our factory and power plant activities, and have groups on WhatsApp for easy and accessible communication.
- Regularly distributing an employee newsletter with key updates and alerts and continue to use our intra-organizational communication platform "OrMeet" that allows employees in some of our locations to create professional and personal groups to share experiences, insights and provide professional support.

### Work-life Balance

We offer employees several options to improve their work-life balance with the goal that they are fulfilling both their own personal and professional goals. We encourage our staff to enjoy the nature around our power plants and facilitate joint staff

lunches and events outdoors, as well as holiday and team milestone celebrations. Bonding activities are a big hit, and some sites provide employees with opportunities for volunteering activities together with their local team and members of the community. Finally, we encourage our employees to remain active and support lectures on fitness, weight loss, yoga practice and running groups. In some locations, we sponsor summer camps and recreational activities for employees' children and family members. We invite all our part-time employees and many of our temporary employees and subcontractors to participate and enjoy the health and wellbeing activities that we offer.

### Dialogue with our Employees

We see great importance in creating an open dialogue with our employees.<sup>29</sup> We seek to uphold our frameworks and policies in our dealings with employees. In addition, Ormat's management, the local head of the Human Resources department, and the local employment managers at each of our operational sites work to create and maintain an inclusive environment.

In the case of questions or grievances regarding any of the above-mentioned policies or our general employment framework, employees can reach out to us through a number of avenues available for reporting feedback or concerns. Employees can report to their direct manager, the Human Resources department, the Secretary of the Corporation or to our whistleblower ethics hotline at the third-party managed website at [www.ethicspoint.com](http://www.ethicspoint.com) or via telephone at 1-866-294-5535, which is reviewed by our Chief Compliance Officer.



### Employee Performance Reviews & Satisfaction Surveys

As part of our commitment to providing our employees with a better employment experience, we invest significant time and resources in our program for performance reviews.

As of 2021, 99% of our permanent and temporary employees received regular career performance reviews, i.e. on an annual or biannual basis.

Through career performance reviews, which occur between the employee and their direct manager, employees are able to provide their feedback on their position, share their career goals and receive feedback from their direct managers on their performance. Through these career performance reviews, the employee and the manager can set goals and milestones for assessing future performance and the employee can request a salary review if desired. We view employee performance reviews as an important avenue for engagement with our employees and work to obtain key insights from the content of their reviews to improve our employment and workplace experience.

<sup>29</sup> Our Human Resources department is also responsible for engaging with our temporary employees, which are defined as those employees who are third parties, freelancers, and other service providers, who are employed according to a specific employment or engagement contract which may be considered as employees.



# SUPPORTING AND SHAPING SUSTAINABLE COMMUNITIES

**Ormat** views the communities in which it operates as partners. We aim to foster long-term relationships with them and help them develop. We do this in ways consistent with our both corporate values as well as with globally recognized social, environmental and economic development standards. We view this as a fundamental pathway to success and are inspired by the standards of various leading sustainability frameworks, including the United Nations Sustainability Development Goals (SDGs). Specifically, we advance SDG 8 which seeks to "Promote inclusive and sustainable economic growth, employment, and decent work for all." The jobs we offer in our plants are designed to create inclusive economic growth, drive local progress, and improve living standards. We strive to understand the unique cultural needs of the communities in which we operate on multiple levels, from village to the nation.

Our core values are reflected in our community interactions, and we apply these same high standards in our community engagement wherever we operate, across the globe. We understand and perceive the unique cultural needs at each plant and the people who create the surrounding community, and it is a priority of Ormat's to work with local communities in an open, transparent and engaged manner to maximize community impact.

We work to continue activities that have been carried out in the past, as well as develop new ones through continuous community engagements.

Our charitable giving is reviewed and overseen by our compliance department, with an emphasis that all community funds reach the intended beneficiaries, meet Ormat's community engagement goals, and meet all compliance requirements, including due diligence analysis. In 2021, our community donations totaled more than \$1.0 million USD in all of our locations.



Children with special needs drive cars built especially for them by Ormat engineers to become racing drivers for a day, Israel



Local Livelihood

As part of our focus and emphasis on the unique cultural needs of each community, we want Ormat to become part of the fabric of the local community. Therefore, we place great importance on employing locally. The majority of employees in our renewable energy plants are from the country in which the plant is located and most live in nearby communities. This reflects Ormat’s responsibility to return benefits and generate positive impacts for local communities and be a good neighbor. Our areas of development are highly focused on consulting with the community to understand its expressed needs and how best to support it.

United States

For many communities, geothermal power plants provide ongoing employment and financial productivity, particularly in areas that are remote or have limited employment opportunities. Ormat’s Ormesa Geothermal Complex, which was built in California’s Imperial Valley, became the second largest employer in an area with severe unemployment. Part of Ormat’s commitment to job creation and quality education involves working in local U.S. communities to train students in high-demand fields and support technical trainings that translate into career-building opportunities.

Guatemala

In the 2000s, when our plants entered development, members of the local communities expressed in stakeholder dialogue and focus groups their desire that Ormat create more opportunities for local employment to help alleviate the prevalent conditions

of economic hardship. In order to address these needs we created a program in our Amatitlan and Zunil locations. We provide significant community resources and offer employment opportunities, either permanent or temporary. For example, we offer local community members the opportunity to act as temporary plant maintenance employees thereby generating additional economic value and job training throughout our local communities. This has taken the form of dozens of positions which provide an income well above the local average. Employees hold these positions for up to two months a year, after which another local resident is offered the opportunity.

Kenya

Ormat continues to provide training and capacity building opportunities for youth, as an engine for broader economic development and job creation in the community. This includes vocational skill training (driving, hospitality courses, operating construction equipment, and business management and administration). In addition, Ormat provides employment to the local communities within the project facility, and leadership opportunities.

Honduras

In Honduras, instead of employing security service contractors to guard the power plants, we hired 16 local community members. We provided these employees with three months of professional security training, and three of them were provided with advanced training. In addition to the direct value from the employment, this connection enables us to understand better the needs of the community around us.



Community activities in Honduras, Guatemala and Kenya



## Community Engagement

Ormat knows each community reflects a constellation of unique stakeholders and that no two communities are identical. Each has its specific needs, characteristics, constraints and challenges. We seek first to understand and assess the local conditions through our stakeholder engagement process, as outlined in our [Stakeholder Engagement Policy](#). 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.

Ormat recognizes that for successful interactions to occur, there must be a basis for meaningful communication, mutual respect, and trust. That's why we create processes and feedback mechanisms that are specific to each location and encourage all community members to speak openly and honestly about any concerns that our development activities may raise. Ensuring both positive and negative input is recognized, listened to, and, most importantly, acted upon, keeps communication channels clear, promoting a spirit of cooperation and our ability to address issues proactively.

Ormat's commitment to a community typically begins well before we start development in a new region. Every part of our connection with stakeholders – from pre-development and planning through and including our ongoing operations is characterized by an “open door” policy. Ormat uses several models to engage with local communities near our power plants to encourage open dialogue and address relevant issues and concerns. Ormat's stakeholders in the community are able and invited to contact local plant managers and/or appointed representatives in their municipal or community council who regularly liaise with Ormat regarding any issue. In addition, we strive to be proactive in engaging with the surrounding communities.

Stakeholders may also contact Ormat through the ‘Contact Us’ page on Ormat's website, which lists mail, telephone, and email info through which they may communicate with the company. All received concerns and grievances are reviewed by Ormat's Communications department and are directed to the relevant corporate department, including Ormat's compliance department, for review and any necessary action and follow-up. Concerns can also be made through Ormat's Whistleblower hotline or website, which is reviewed by Ormat's Chief Compliance Officer.

**We are committed to achieving our goal of addressing and responding to 100% of relevant stakeholder requests received through our various channels of stakeholder engagement, as outlined in the “Our Strategy for Stakeholder Engagement” section.**



Dialog with the Community in Kenya



For the communities near our Orpower4 facility in Kenya, we have a unique process that gives broad and equal representation to community members who deal with Ormat. It involves setting up ad hoc committees that include elected government officials at the village level, village elders, men and women over age 65, and young men and women (ages 18-35). Orpower4 facilitates the selection process for these committees, which enables the selection of representatives based on their role in the community, with the goal of inclusivity and participation from all community members so that the process is fair and transparent. Committee members are confirmed by the community group they represent and hold office for three years.



Youth empowerment-support with sports items and uniforms, Kenya

**Kenya**

In compliance with Ormat’s stakeholder engagement strategy, and to address requests from project funders, Ormat’s Olkaria III facility developed a number of mechanisms to engage with the local communities, handle grievances, and provide support to community members. The local sustainability manager reports annually on the status of each of these policies and implementation plans, while setting goals and recommending projects for future engagement.

**Guatemala**

Ormat’s community engagement efforts and action plans around our plants are designed to support positive value creation and improved quality of life. To develop our community engagement plans, Ormat communicates directly with five local communities. This is done through a committee, known as a “COCODES” that organizes and manages relevant stakeholder requests. Local officials from the municipality, regulators and local community members are all represented on the COCODES. Ormat works with the COCODES to identify annual community engagement projects and then processes such requests through its community engagement process.

**United States**

Ormat regularly shares information with the public and policy makers regarding the benefits of geothermal, energy storage, and recovered energy generation technologies. As a company, we employ several mechanisms to engage with local communities near our power plants in the U.S., encouraging open dialogue and seeking to address relevant issues and concerns. While the COVID-19 pandemic put a temporary hold on tours of our facilities and in-person speaking and networking activities, Ormat still managed to engage with our stakeholders in creative ways. Virtual conferences throughout the year allowed Ormat to maintain a community presence and network via video chat and video presentation, to further the industry and our company among prospective customers and members of our communities.



Guadeloupe

In Guadeloupe, our power plant is in the center of the city of Bouillante. For this reason, we view community engagement as being especially important. To this end, we hold periodic meetings with residents and with association management to discuss and address the concerns of stakeholders. In 2021, as in previous years, we worked to support the social improvement of the neighborhood, the city at large, and other nearby communities.

Honduras

GeoPlatanares has developed a Community Relations Plan (PRC) which includes guidelines for the creation of the social assistance fund for communities in the area. Through our plan, we work to engage the local community and local renewable energy actors in the area. We work in alliance with the Secretary of State in the Office of Energy (SEN) through the Unit of Social and Environmental Responsibility (URSA), through which we carried out a social oversight program in GeoPlatanares. Through these processes, the participation and inclusion of the different actors in the formulation, execution and evaluation of a project was documented and audited. This document aimed to strengthen the process of community participation in renewable energy generation projects.

Israel

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



Supporting the community during COVID19 in Honduras

CSR SEAL RECOGNITION

GeoPlatanares is a member of FUNDAHRSE a non-profit, apolitical, non-religious organization whose main objective is the promotion of Corporate Social Responsibility (CSR). It involves a continuous commitment of companies to contribute to sustainable economic development, improve the quality of life of its employees and their families, as well as the local community and society in general. In 2021, Geotérmica Platanares was recognized for the second time in a row of the FUNDAHRSE Seal of Socially Responsible Company, which is a recognition designed to annually recognize Honduran organizations that demonstrate Responsible Practices internally and externally to the company. With the highest rank of evaluation for the companies for 2021, GeoPlatanares continues to be the youngest company (4 years of production) to receive such recognition.



## Educating the Public about Geothermal Energy

We believe in the wonder that is Geothermal energy and the benefits it offers to communities and the environment as a clean energy source. Ormat strives to educate the public about geothermal energy and how we harness it to produce clean electricity. With this aim in mind, in the U.S., we are continually working with communities and provide tours and workshops for students and educators at several of our facilities that emphasize the skills and education needed to work in the renewable energy field.

Ormat is also a leading proponent of geothermal energy on the global stage. In October 2021, Ormat’s Vice President of Business Development was a keynote speaker at the World Geothermal Congress in Reykjavik, Iceland. He spoke to the rising value of geothermal energy on the West Coast of the United States and the market implications of rising value-driving demand and how that ties into the broader energy strategy discussion.



Students visiting the Ormat power plant, U.S.

## Community Involvement Fields

Our various facets of community engagement allow us to understand what is truly needed in each and every community of which we are a part. The awareness and knowledge we gained through communication helps guide our social activity, and maximize our overall impact.

### Community Health and Welfare

Ormat is involved in a variety of partnerships designed to promote health, wellbeing, dignity, and self-sufficiency in our host communities.

We believe that improving access to healthcare is one of the most profound ways a company can exert a positive influence on individuals and communities, and as such it is a major pillar of our community investment program. Our goal is to improve the most fundamental human condition, prevent disease and supports families.

#### Guatemala

In the rural village of El Cedro, Guatemala, near our Ortitlan plant, we fund a doctor and nurse that are available to residents three times a week. This is in addition to the health care program for children that we supply in Zunil, which includes medical check-ups, vitamins and anti-parasite medications for the approximately 350 students in the community.

#### United States

We carry out initiatives that work to reduce poverty and provide nutritional food, especially for children. Due to the global COVID-19 pandemic, 2021 saw a continued focus on community health and welfare to meet the unique needs created by the pandemic. Over the course of the year, employees in Imperial Valley, California, where several of our geothermal facilities are located, distributed over four tons of food to those affected by supply shortages in stores, in order to bridge the gap between need and the distribution of COVID-19 relief.

We also supported the communities affected by the Caldor fire in California that displaced thousands of people and devastated neighborhoods and forests. Ormat made a \$100,000 donation to the American Red Cross for wildfire relief efforts in the region.



## Honduras

In Honduras, The Central American Medical Outreach is a foundation that provides medical brigades among other medical and social programs. We have made an alliance with them and provide medical brigades throughout the year to our communities. During 2021, this alliance provided the following benefits:

- **Audiology Brigades:** Started with 30 audiometry tests for children and the elderly people of the community.
- **Mammography Brigades:** Provided 100 mammography tests to women from 35 years of age.
- **Ophthalmologic Brigades:** The Central American Medical Outreach in alliance with the Robles Ophthalmologic Centre, provided us the ophthalmologic brigades for our communities. This includes transportation for 100 beneficiaries from the communities to the Robles Ophthalmologic Centre that is about two hours away, where patients received a complete package of medical attention, tests, medicines, and eyeglasses when necessary. Some of them even received operation appointments that were covered by CAMO and the Robles Ophthalmologic Centre.

Additionally, work with the Health Ministry Community Health Center of Azacualpa to rebuild and equip the health center for a period of 5 years. In 2021 we donated medical equipment, computer, and administration supplies in order to assist with the smooth running of the center.

## Kenya

Orpower4 facility in Kenya, partners with the local Health Ministry to provide free mobile clinic services to the local communities adjacent to the project area. The health centers in these communities are not easily accessible and only have one medical dispensary in the area. During the free medical camp, locals are provided medical examinations and treatment for minor illnesses, eye services, dental care, cervical cancer and prostate cancer screening, ante-natal care, immunization, family planning, and VCT/HIV testing. We have also provided a trained peer educator from the local community who trains the locals on HIV/AIDS in the local language. The peer educator creates awareness among the youth in the community on the same issues.

We also offered support to the one dispensary within the area by providing items such as a hospital stretcher beds, cleaning detergents and sanitizer. We constructed washrooms with hand washing areas for the local community schools. In addition, we supported the local community girls with sanitary products so that they can focus on school.



Supporting the community during COVID19 around the world





Transport support for extra curricular activities, Kenya

## Youth and Educational Empowerment

Ormat understands the importance of fostering developing minds through secondary education and planting the seeds to develop a robust workforce for the renewable energy future.

### United States

Between 2018 and 2021 we pledged over \$130,000 to the Mammoth Lakes Foundation to support student scholarships for every Mono County senior planning to attend Cerro Coso Community College. In 2021, we renewed our commitment through an annual \$20,000 scholarship program.

In 2021, we also donated to the Eureka County High School Scholarship fund and the Te-Moak Tribe for cultural education programs. Employees in the Imperial Valley of California also refurbished and donated over 300 desks to students who were required to do online classes from home, as well as 400 pairs of new shoes for children in the community. Our Imperial Valley operations also provided a \$5,000 contribution to the local Boys & Girls Club and \$2,500 to Proyecto Heber to aid and support food security for disadvantaged youth and homebound seniors.

In addition, Ormat helped develop curricula for a power operator course at a local community college, which provided a pool of employees for our local plant. Ormat also sponsored a program to educate local teachers on renewable and geothermal energy through the Desert Research Institute (DRI), a non-profit environmental research arm of the Nevada System of Higher Education. Ormat also wrote curricula for a geothermal energy course for the U.S. public school STEM program and sponsors a geothermal energy program for geoscientists at the University of Nevada.

### Israel

Our community involvement focus in Israel includes supporting the “ORT Ormat” technical and vocational secondary school. It was established in 1970 at Ormat’s Yavne factory, as part of the ORT schools’ network and in cooperation with Israel’s Ministry of Labor, Social Affairs and Social services. ORT Ormat teaches students, many from disadvantaged backgrounds, essential industrial and technical subjects, such as electrical manufacturing, metalworking, and computer programming and operations. These professions are in high demand in the Israeli market and practically ensure the graduates’ employment in the field if they so choose. This long-term initiative provides added value for Ormat as many of the graduates choose to work at Ormat. In 2021, as in previous years, Ormat financed a portion of the school’s activities, including meals for students and teachers and a Jewish heritage class trip to Poland, where several of Ormat’s engineers served as tutors.

**About 20% of the manufacturing employees are “ORT Ormat” graduates.**



## Arts, Culture and Heritage

Cultural engagement is a great way to foster connections with our host communities and Ormat values the diverse artistic and cultural aspects of each community. In 2021, we supported the Note-Able Music Therapy organization's annual fundraiser. This organization addresses physical, social, and mental health needs in Northern Nevada by offering a range of adaptive music, music therapy, and neurologic music therapy services to all ability levels. In addition, Ormat is an annual supporter of KUNR, a public radio station serving audiences in Northern Nevada and the Eastern Sierra.

We also support local heritage and in 2021 we were pleased to make a \$10,000 donation to the Veterans of Foreign Wars organization in Eureka County, Nevada, to fund the construction of a Veteran's memorial park in downtown Eureka.

### Guatemala

Children in rural areas often don't have the facilities they need for school and after school activities. Near our facility in Amatitlan, Guatemala, we allocated funds in 2021 for several projects including a children's playground park in the villages of Pepinal, El Cedro and San Francisco, and a terrace for the elementary school in the village of El Bejucal. We also work to support the education and health of the children in the community by continuing projects that have been ongoing for the past several years, including scholarships for 25 students to attend mostly elementary school, providing nutritional breakfasts for 100 students in Orzunil, and providing school supplies and uniforms, as well as computers for the computer labs and for the teachers.

### Kenya

To realize our Community Investment Policy in Kenya, Ormat has a well-established record of funding education programs in Kenyan communities near our operations, with an emphasis on scholarship opportunities for young girls. By doing so, we provide higher education pathways for girls that can open doors to careers as a viable alternative to early marriage.

We support local communities in carrying out sustainable projects such as farming projects where the harvest facilitates a lunch feeding program for the pupils or selling the products from the farm with the proceeds deposited into a school development account. Orpower4 in partnership with Kenya Wildlife Service (KWS) supported its local community by providing funds for construction of a medical dispensary to be accessed by all local communities. We also supported the youth in carrying out sport activities by providing sporting equipment because sports promotes a healthy lifestyle and has the capacity to reduce criminal activities within the community and project area.



School supply in Honduras

### Honduras

"English as a Second Language" is a project with nationwide importance that is being carried out in partnership with the Ministry of Education. It is the very first time a public-school center is being transformed into a Public Bilingual School, as the bilingual schools existing in the country are all private institutions. As part of our collaboration to transform the school center to a bilingual school, we donated a complete classroom with surround sound and audiovisual equipment, computer, furniture, bookshelves, and desks, among other items. About 600 textbooks for the bilingual classes at the preschool center and primary school were donated so the children could receive English classes for the first time in their regular classes. We started with vocabulary, grammar, reading, phonics and spelling, science and math, among others.

With limited access to internet, and a difficult learning year for students due to COVID-19, it has been extremely challenging for the students to be able to continue their studies, and in 2021 we assisted them by providing full scholarship program for nearly 50 high school and university level students from our communities in the aggregate amount of \$42,000 USD.



## Recreation and Environment

Ormat is committed to being a good neighbor in our host communities, and this includes the preservation of the environments in which we build our power plants. In addition to ensuring that our facilities are developed thoughtfully and cautiously for the preservation of biological and cultural diversity, our commitment extends to the enhancement of these areas for the enjoyment of the community. In past years, Ormat has had the opportunity to donate funds to support community parks, community centers, and trail systems. In 2021, we continued our corporate sponsorship of the Great Basin National Park Foundation. The Foundation's mission is to enhance, preserve, and interpret the starry night skies, wide-open scenery, cultural heritage, and diverse native ecosystems of Great Basin National Park – the only national park in Nevada, and which also provides one of the darkest night skies in the U.S..

Sponsorship of the foundation helps pay for the Great Basin Observatory, the Park Astronomy Program, park trail access, park educational materials, and the park's visitor center. The Great Basin National Park is open to visitors year-round and provides a myriad of educational and recreational opportunities for people of all ages. In 2021, we also sponsored Keep Truckee Meadows Beautiful, a Reno, Nevada non-profit organization dedicated to creating a cleaner and more sustainable region through waste reduction, education and active community involvement.



Children planting trees, Guatemala

## Road Building

In rural areas, sometimes a paved road can make all the difference between being able to easily get to a family member in a nearby village, to work on your fields, or get to a doctor visit. Ormat supports the community by building doing construction near our facilities that need paved roads. In 2021, we allocated funds for the construction of a paved road between the villages of Calderas and Pepinal in Guatemala, and the project is scheduled to be completed in the first quarter of 2022. At our GeoPlatanares operation in Honduras, we paved a total of 13.5 kilometers that connects the plant and the major city of San Andres Minas.



Paving roads, Guatemala



# PROVIDING EXCELLENT AND RELIABLE CUSTOMER SERVICE

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. 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 ISO14001 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.

At Ormat, we offer a variety of short- and long-term

unique services. Customer service at the Company 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.

## 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.

**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.**





# GOVERNANCE AND ECONOMIC

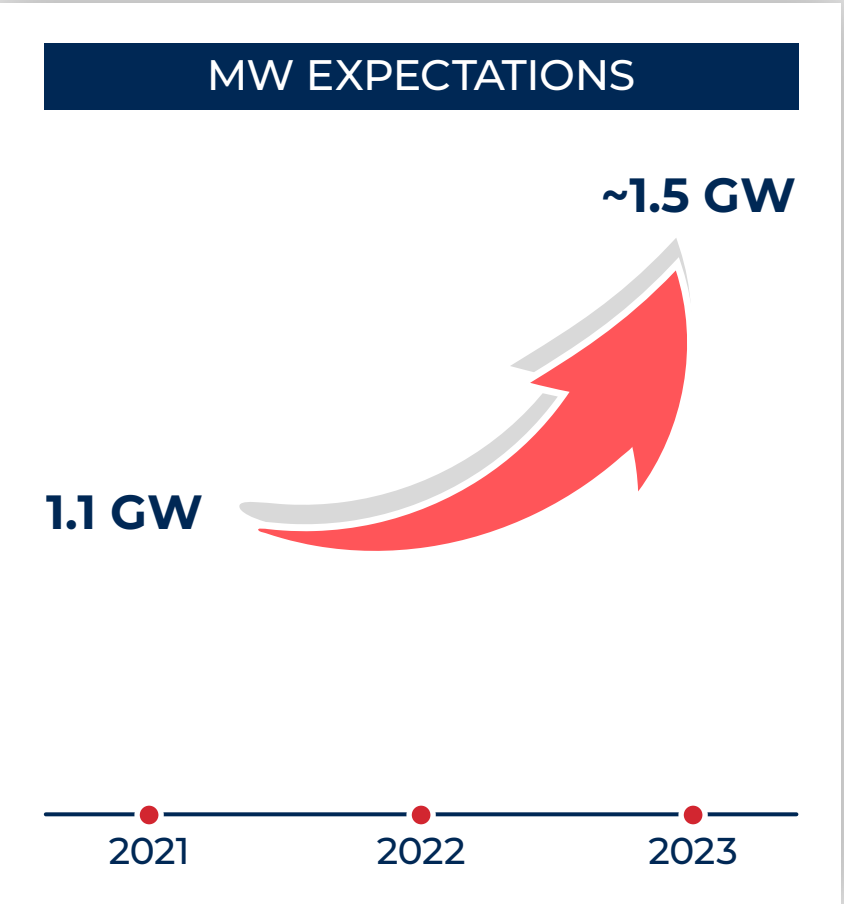
70-88 >

CD4, Mammoth Complex, CA, U.S.



Our projected growth plans to the end of 2023 compared to the end of 2021:

Increase geothermal and solar PV capacity by approximately 18.5% and energy storage assets portfolio by approximately 260%

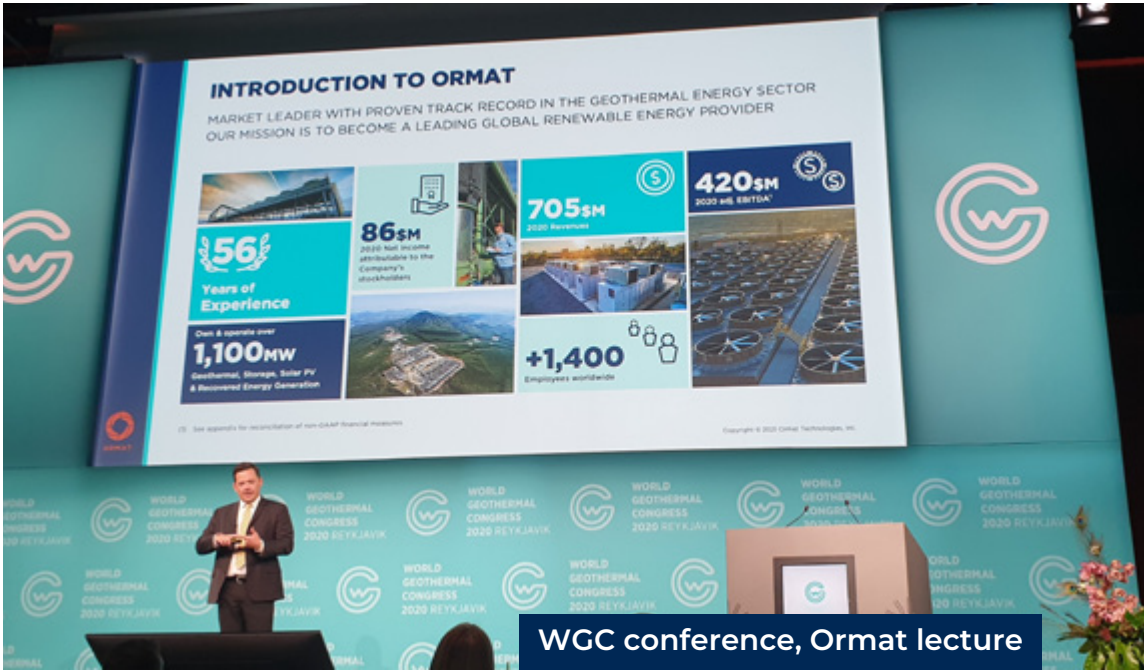


# MANAGEMENT OF ECONOMICS AND FINANCE AT ORMAT

The topics of economics and finance at Ormat are managed by the Company's Chief Executive Officer and Chief Finance Officer. These individuals are responsible for reporting economic performance and any relevant financial issues to the Board of Directors and shareholders, through regular reports to the Board, filings with the SEC, and other reports and press releases. Furthermore, and together with management, these individuals are responsible for preparing Ormat's annual, quarterly and periodic financial reports that are filed with the SEC, as well as all investor-facing external communications. All of our SEC filings, including the Company's 10-K, 10-Q and other relevant documents are available to the public both on the SEC website and on our [Investor Relations](#) page.

Ormat's senior management reports to the Board of Directors annually on major risks to the Company's business strategy. This involves a discussion of trends as well as identified risks and opportunities relating to climate change and other sustainability considerations affecting the business.

Our shareholders are consistently provided with current information on our financial performance and condition through our filings with the SEC.



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



## Loans and Financial Assistance Received from Governments and Development Banks

Ormat interacts directly with governments, government agencies and development banks with regards to our power plants around the world. Our methods and types of communication and engagement with government entities vary based on the global and local legal and regulatory framework, as well as the economic structure of the electricity generation market in that country.

There are several governmental incentives, such as tax benefits or subsidies for renewable energy generation, that contribute to the attractiveness of our solutions. More information and

an assessment of relevant tax benefits is available in our 2021 Annual Report.

Aside from tax benefits, a number of Ormat's projects are funded with financial loans from prominent government and multilateral backed development financial institutions, such as the Development Finance Corporation ("DFC"), the German Investment Corporation (DEG)<sup>30</sup> and the Asian Development Bank.

### Details on selected financial loans:

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

Usually, Ormat does not directly receive grants and benefits from governments, but indirectly through incentives paid to the subsidiary companies that operate our power plants. More information on the relevant incentives received by our subsidiary companies can be found in the 2021 Annual Report.

30 Deutsche Investitions- und Entwicklungsgesellschaft.





## Ormat's Approach to Taxes

As a global company and in accordance with our core values, it is of principal importance that we pay the taxes we are obligated to pay, abide by the rules and regulations of the jurisdictions in which we operate, and pay what we owe in a timely fashion. In doing so, we seek to operate in a transparent, ethical, and socially responsible manner in our interactions with tax authorities and contribute to the communities in which we operate while maintaining our responsibility to our shareholders. We have created a Global Tax Policy to help define and guide our approach to support our commitment to the communities we operate in.

The Tax Policy defines Ormat's tax strategy, based on a commitment to excellence and the application of good tax practices aligned within the framework of the corporate Core Values and Code of Business Conduct and Ethics. The Company's tax strategy has been established to facilitate compliance with applicable tax laws and regulations and seeks to establish an 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 Company takes into account all legitimate interests, including public interests, that converge in its business.

Our tax planning 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. The Company does not engage in "prohibited tax shelter transactions" including listed transactions,

transactions with contractual protection, or confidential transactions as defined by the Internal Revenue Service of the U.S. or similar provisions in other taxing jurisdictions.

Our Corporate Tax Policy is reviewed on a regular basis and changes are approved by the Company's Audit Committee of the Board of Directors. Ormat's Chief Financial Officer is responsible for the Tax Policy and delegates execution to the Vice President of

Global Tax. Execution of the Tax Policy is supported by the Company's Global Tax and Finance teams.

The Company has Ethics and Compliance Programs designed to prevent and detect violations of our Code of Business Conduct and Ethics and has established mechanisms for internal and external parties to anonymously raise compliance and ethics concerns, including unethical or unlawful behavior in relation to tax.



Analyst day, NY, USA



# OUR HOLISTIC APPROACH TO CORPORATE GOVERNANCE

## Commitment to Upholding the Highest Standards Across the Organization

As a publicly traded company with operations and activities across the globe, corporate governance is a top priority for Ormat. 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.

In terms of our corporate values, our corporate governance practice is defined by honesty, openness and fairness, and we expect all our employees, and especially our leaders, to exhibit these qualities at all times. By integrating these values into our corporate governance practices, we work towards the goal of ensuring the stability of our company as well as expressing our full commitment to transparency, fairness and good business practices with our stakeholders. We have implemented several corporate governance mechanisms for management and oversight that ensure that these values and our integrity are upheld on an ongoing basis.

Corporate governance is one of the key sustainability issues identified by our stakeholders and we remain steadfast in our commitment to devoting resources to constantly improving our governance and our level of disclosure on related topics, such as anti-corruption, executive remuneration and regulatory compliance.



Analyst day, NY, USA





## Ormat's Corporate Governance Structure

### Board of Directors

The Board of Directors' main responsibility is to provide direction to, and oversight of, management. The Board establishes Ormat's strategic direction and oversees the performance of its business and management of any relevant economic, environmental and social impacts.

We strive to promote diversity of representation at all levels of our company. As of December 31, 2021, our nine-member Board included one female director, and four directors from racially diverse backgrounds. As of the date of publication of this report, our Board contains three women and four members with racially diverse backgrounds.

### Independence of the board of directors

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 is in the best interests of the Company at any given point in time. The Board believes that this flexibility is in the best interest of the Company. Our Chairman is appointed annually by the Board and does not hold any additional executive roles in the company.

Currently, the CEO position is separate from the Chairman of the Board position and our CEO does not serve on our Board. We believe this structure encourages free and open dialogue and provides for strong checks and balances.<sup>31</sup>

### Board Member Nomination and Election

The Nominating and Corporate Governance Committee and the Board evaluate each director nominee's key qualifications, skills, experience and perspectives that he or she may bring to the Board, as well as existing commitments to other businesses, professional experience, understanding of the Company's business environment and the composition and combined expertise of the existing Board.

The members of Ormat's Board of Directors have educational and professional experience in numerous relevant areas, including but not limited to the following: senior leadership and strategy, public company corporate governance, finance and accounting, capital markets, esg, energy industry, capital projects, business development and international business.<sup>32</sup>

<sup>31</sup> More information can be found in Ormat's 2021 Proxy Statement, page 18.

<sup>32</sup> A complete description of director member experience can be found in Ormat's 2021 Proxy Statement, page 26.



How Our Board is Organized

Our Board of Directors conducts its business and affairs through meetings of the Board and through the four standing committees: Audit, Compensation, Investment, and Nominating and Corporate Governance.<sup>33</sup>

Board members are selected for the committees based on their professional knowledge, and in accordance with all the regulatory requirements, as detailed in the following diagram:



	Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee	Investment Committee
Isaac Angel   Chairman				
Dan Falk   Lead Independent Director	✓★	✓		
Albertus “Bert” Bruggink				✓
David Granot	✓		✓	✓★
Mike Nikkel				
Dafna Sharir		✓★		✓
Stanley B. Stern	✓		✓★	
Hidatake Takahashi		✓	✓	
Byron G. Wong	✓			

Chair ★

<sup>33</sup> More information on the committees that make up Ormat's Board of Directors can be found in Ormat's 2021 Proxy Statement, pages 19-21.



**ESG Management at Ormat**

The Board of Directors delegates responsibilities to various senior executives for managing economic, environmental and social topics according to the relevance of the topic to the nature of their role<sup>34</sup>. For instance, our Executive Vice President of Business Development is responsible for assessing related risks and opportunities arising from Ormat's engagement with economic, environmental and social topics while developing projects. In addition, some senior roles are mainly devoted to relevant risk management issues, such as our VP of Investor Relations and ESG Planning and Reporting who reports directly to our Chief Financial Officer on ESG related performance metrics, and our Chief Compliance Officer, who reports on compliance related issues to the CEO and Board of Directors. Additionally, our Human Resources division is responsible in managing various ESG aspects throughout Ormat. These responsibilities include, but are not limited to, the satisfaction and development of our employees, their benefits and wellbeing. These senior executives and relevant managers report to the management and/or the Board of Directors and its committees on a periodic basis and as needed, based on their determination of the necessity of such updates. Furthermore, relevant employees are involved in strategic thinking on the management of economic,

environmental and social risks and opportunities. We consult with stakeholders regarding the proper management of key ESG risks and opportunities, including: our financial auditors, ESG consultants, legal advisors, largest stockholders, and employees. Ormat is committed to upholding our Stakeholder Engagement Policy expressing our commitment to

maintaining systematic and proactive channels of dialogue in order to take key interests, concerns and needs into account. In 2021, no material actions were taken in response to evaluations of the Board of Director's performance, nor those pertaining to the governance of economic, environmental and social topics.

34 More information on the Board's skills, experience and backgrounds, including ESG, can be found in Ormat's 2021 Proxy Statement, page 26.



Analyst day, NY, USA



Ormat's Management

Ormat prides itself on assembling a highly qualified and experienced executive management team of eight members, one of whom joined our team during 2021. Each position on the management team is designed to serve a designated function that addresses Ormat's business needs

and the needs of our key stakeholders. Ormat is committed to achieving a diverse and talented management team.

**The following table shows the members of our current senior management team, as of the date of publication of this report:**

Senior Manager	Position	Date Assumed Current Position	Date of joining the company
Doron Blachar	Chief Executive Officer (CEO)	July 2020	2013
Assaf Ginsburg	Chief Financial Officer (CFO)	May 2020	2020
Shlomi Argas	President and Head of Operations and Products	January 2021	1994
Shimon Hatzir	Executive Vice President – Electricity Segment	April 2021	1990
Ofer Ben Yosef	Executive Vice President - Energy Storage and Business Development	April 2020	2020
Bob Sullivan	Executive Vice President – Business Development	January 2015	2003
Jessica Woelfel	General Counsel and Chief Compliance Officer	January 2022	2019
Liza Tavori	Senior Vice President – Human Resources	December 2021	2021



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

Together with the Board of Directors, the management team is responsible for setting Ormat's business strategy and direction,

including the company's performance goals, KPIs, and the general management of matters involving the Company's employees and stakeholders. With respect to ESG, the senior managers are responsible for the development, approval, and revision of Ormat's purpose, policies, and goals related to ESG topics, as well as periodically reviewing environmental and social impact assessments and action plans of our business activity.



Board and Committee Evaluations

Every year, the Board and each of its committees evaluate and discuss their respective performance and effectiveness. The Board and committee evaluation

for 2021 was led by our General Counsel and Chief Compliance Officer. These evaluations were conducted by providing each director with detailed questionnaires on the Board and its committees, covering a wide

range of topics, including, but not limited to, the fulfillment of the Board and committee responsibilities identified in the Corporate Governance Guidelines and committee charters.

The Evaluations process:





## Remuneration Policies

The Compensation Committee, composed of independent directors, oversees our executive compensation program. The Compensation Committee administers our annual cash incentive and long-term equity incentive plans and reviews performance levels relevant to compensation. It also decides the compensation of all named executive officers other than our CEO, seeks to ensure that all executive compensation is aligned with our compensation philosophy, and makes recommendations to our Board of Directors with respect to the compensation of the CEO and our compensation practices in general. The CEO recuses himself from all Board discussions and decisions on his own compensation.

In making its recommendations, the Compensation Committee seeks to compensate directors at appropriate levels and to align directors' interests with the long-term interests of our stockholders. In its deliberations, the Compensation Committee and the Board of Directors consider whether the levels of director compensation could impair independence and critically evaluate any consulting, charitable contribution or other potentially indirect compensation arrangements.

The Compensation Committee is responsible for setting corporate goals and objectives relevant to the CEO's and executive managers' compensation and assessing their performance against these set goals and objectives. In determining their level of compensation, the Compensation Committee considers a number of factors such as the Company's performance and relative shareholder return, the Committee's interpretation of competitive compensation averages from individuals with similar responsibilities at companies with similar financial, operating and industry characteristics, in similar locations.

In addition, the Compensation Committee is responsible for periodically reviewing and approving aspects of the CEO's and executive officers' compensation based on incentive awards and opportunities, including cash-based and equity-based awards and opportunities, any employment agreements and severance agreements, change-in-control agreements, severance protection plans and change-in-control provisions affecting the level of compensation and benefits, and any special supplementary compensation and benefits for the CEO and executive officers. Furthermore, the Compensation Committee reviews and discusses the Compensation Discussion and Analysis (CD&A) that is included in the Company's annual proxy statement and 2021 Annual Report.

### **The Fiscal 2021 compensation of our CEO and NEOs was based in part on the Company's achievements with respect to:**

- ESG-related metrics, including the publication of new ESG policies, reduced carbon footprint with respect to Scope 1 and 2 GHG emissions, and increased disclosure and transparency of Scope 3 GHG emissions;
- Diversity, equity and inclusion, including increased diversity in senior management, such that 30% of Vice President level employees as of Fiscal 2021 were women, and greater representation of local communities among senior management at our plants, such that all senior management at our power plants were hired from local communities;
- Successful mergers and acquisitions, including of Terra-Gen's subsidiary, TG Geothermal Portfolio, LLC;
- Management of the COVID-19 pandemic.







### Stock-based Awards

In May 2018, Ormat's shareholders adopted the 2018 Incentive Compensation Plan (ICP), which provides for grants of certain kinds of awards including incentive stock options, non-qualified stock options, restricted stock, stock appreciation rights, stock units, performance awards, phantom stock, incentive bonuses and other possible related dividend payments to employees of the Company, directors and independent contractors. Under the 2018 Incentive Plan, a total of 5,000,000 shares of Ormat's common stock were authorized and reserved for issuance.

In 2022 we proposed, and approved, an amendment and restatement of the 2018 ICP. The amendment changes include an additional 1,700,000 shares of Common Stock authorized for issuance, adjusting the fungible rate at which full value awards granted from 3.0 shares to 2.15 shares, and implementing a required one-year minimum vesting period (subject to limited exceptions) for new equity awards granted. These changes have been made because we believe they will enable us to attract, motivate and retain directors and key employees, as well as recognize the contribution to the success and growth of the company.

## Our Corporate Governance Policies and Guidelines

Our Corporate Governance Guidelines outline the expectations from senior management and the Board of Directors to monitor and measure the effectiveness of policy and decision-making in order to enhance stockholder value for the long term. It was last reviewed and amended in April of 2021.

The Guidelines, together with our articles of incorporation and bylaws, establish the governance framework for the management of the Company. Our Corporate Governance Guidelines are also intended to align the interests of directors and management with those of our stockholders. The guidelines address, among other matters, the role of our Board, Board composition and committees, Board membership criteria, director independence, Board meetings, performance evaluation and succession planning.

Ormat's criteria for determining director independence and the Company's commitment to, at minimum, a majority of independent directors on the Board. Each of the Board of Directors' committees has its own separate charter that governs the topics and procedures of each of the committees, and which are publicly available on the ["Governance"](#) page of our website.

In addition, we have adopted a Code of Business Conduct and Ethics that is applicable to all of our employees, executive officers and directors, as well as a Code of Ethics Applicable to Senior Executives that is applicable to our principal executive officers, principal financial officers, principal accounting officer and controller, and all persons performing similar functions, including our chief executive and senior financial officers. If we make any amendments to our Code of Business Conduct and Ethics or our Code of Ethics Applicable to Senior Executives or grant any waiver, including any implicit waiver, from a provision of either code applicable to our CEO, CFO or principal accounting officer, we intend to disclose the nature of such amendment or waiver on our website within four business days to the extent required by SEC rules. Senior executives are expected to follow Ormat's Code of Business Conduct and Ethics, which is applicable to all employees, and are required to sign and formally acknowledge the Code as part of their employment contract. Both of the policies were last reviewed and updated in April of 2021.



## Ensuring a Corruption-Free Work Environment

As part of Ormat's commitment to operate with the highest corporate governance standards, we work to ensure that all of our activities are free from corrupt practices and that our employees are well-informed of our expectations regarding ethical behavior.

Ormat's Corporate Governance Guidelines, our Code of Business Conduct and Ethics, Code of Ethics for Senior Executives, Anti-Bribery and Anti-Corruption ("ABAC") Policy, and other compliance procedures outline our relevant corporate governance practices regarding anti-corruption and the expectations our company has for good governance and business practices. Corporate governance policy documents can be found on our website on the "Governance" page. Ormat employees and officers must sign a compliance certificate stating their intention to uphold these standards.

Ormat conducts business around the world and is committed to complying with all applicable anti-bribery and anti-corruption laws. We have established corporate policies which seek to ensure that Ormat and its employees, officers, and directors will uphold not only the letter, but also the spirit, of all legal and ethical standards in place for the conduct of global business activities.

The standards that we set are clear: Ormat employees (and associated third parties conducting business on Ormat's behalf) are strictly prohibited from offering, paying, promising to pay, authorizing the payment of, receiving or accepting, either directly or indirectly, any corrupt payment or anything of value to or from anyone, anywhere in the world, in order to obtain or retain business or secure any improper business

advantage. The perceived or real cultural prevalence of such corrupt practices in a location is never a valid excuse or defense for corrupt activities. Our policies clearly defines key terms and requirements so that they are easily understandable by employees and provides guidelines for the reporting of relevant concerns and for mitigating potential risks through our company's whistleblower policy.

Our policies also provide an overview of Ormat's ABAC training requirements, audit and risk assessment processes, and third-party risk management processes and procedures, including due diligence, in addition to guidance related to the giving or receiving of gifts, hospitality, entertainment, sponsorships and donations around the world.

Ormat's Chief Compliance Officer oversees the Compliance department and the implementation of the Company's compliance policies. Ormat also has an ABAC Committee composed of senior management representatives from various disciplines, including the General Counsel and Chief Compliance Officer, Executive Vice Presidents, and other members that are designated by Company management from time to time. The ABAC Committee stays up to date on the Compliance Department's global activities and is a forum to discuss any compliance related items in various business units around the world. Ormat's Chief Compliance Officer reports directly to the CEO and Audit Committee of the Board of Directors for compliance related matters. Ormat's ABAC Policy was initially adopted by the Board of Directors in 2016 and was last updated in 2021. All employees are responsible for complying with the Policy.



Directors, executives, managers, employees, contractors or other stakeholders are requested to report any suspected violations of the ABAC Policy and failure to do so could result in termination of employment or of other contractual relationships.

Retaliatory action is not taken or tolerated against any actor who, in good faith, reports suspected policy violations. Ormat maintains a whistleblower hotline by which complaints or concerns can be made anonymously through multiple mechanisms, and the Company is committed to investigating and reporting all concerns according to its policies. Employees can also report concerns in a variety of other ways, including escalating issues through management, Ormat's compliance management system (the "GAN"), dedicated telephone lines specific to each country in which we operate as part of our Whistleblower Policy, or directly to human resources, any member of management, our Chief Compliance Officer and General Counsel, or the Board of Directors.<sup>35</sup>

<sup>35</sup> More information regarding the whistleblower mechanism can be found in Ormat's [Whistleblower policy](#).





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

**Political Contributions and Lobbying Activities**

Due to our global nature and operations in various countries around the world, we are committed to being a responsible corporate citizen wherever we do business and more so, to comply with all applicable laws, rules and regulations. To demonstrate our commitment and to solidify our approach within the company, in 2021 Ormat developed a [Political Contributions and Activities Policy](#). This policy is directly in line with, and acts complementary to, our Anti-Bribery and Anti-Corruption Policy. The purpose of this policy is to provide guidelines for the offering and/or giving of political contributions in association with or on behalf of the company.

**Communication and Training on Anti-Bribery and Anti-Corruption Commitments**

Ormat communicates its ABAC policies to its employees as part of their employment onboarding and the policy is publicly communicated on Ormat's website. Our relevant employees are required to undergo periodic ethics and corporate governance training sessions that are targeted at identifying and dealing with potential corrupt behavior. To do so, we utilize training and policy modules through Ormat's compliance management system. Employees are sorted by ABAC risk levels and assigned appropriate training and policy acknowledgments based on those risk levels. There are two ABAC training campaigns, Basic ABAC and Advanced ABAC, which are both offered in multiple languages to better fit the needs of our employees. Basic ABAC is a review of Ormat's ABAC policy and the accompanying ABAC presentation. Within the advanced ABAC training, we include a review of the policy, the presentation, a hypothetical dilemma and a test. All Ormat employees, regardless of risk level, are annually assigned a campaign to review and acknowledge the Code of Business Conduct and Ethics, ABAC Policy, and other related policies. These policies are available in multiple languages and employees are responsible for periodically checking the GAN policy library for updates to the policies.



Ormat first implemented the online trainings on corporate governance practices, such as our Code of Business Conduct and Ethics, ABAC Policy and more, through the GAN system in late 2020, and we are constantly working to improve the compliance management system. We have prioritized increasing employee adoption of the GAN System globally in order to improve our training metrics, and we intends for 100% of our employees to receive training on relevant corporate governance practices. To do so, **Ormat's Compliance team has established the following targeted goals:**

- In-person visits by a compliance team member to every Ormat location in 2022 to meet with employees and increase awareness and use of the GAN system, as well as Ormat's general compliance requirements.
- Conducting in-person trainings for the employees who don't have access to computers at work.
- Optimize the GAN system, streamlining processes where possible, and integrating the Compliance Management process with Ormat's other information technology infrastructures.
- Quarterly compliance messages from the General Counsel & CCO to the entire company that include information on compliance related issues and reminders to complete assigned campaigns.
- Providing an overview of the Compliance program and training requirements at new hire orientation.

It is Ormat's goal to constantly improve its Compliance program, and these are some of the many steps we are taking to do so.

## Insider Trading Policy

Ormat's **Insider Trading Policy**, was established to promote compliance with laws that prohibit a company's securities from being traded on the basis of material, non-public information. The Policy is publicly available, and accessible on our website.

Our Policy is applicable to all Ormat employees, officers, directors, family members and their controlled entities, as well as consultants, advisors, agents, contractors, temporary, loaned, contracted or seconded employees, or other persons who enter into a contractual agreement with Ormat. It clearly defines what kinds of information

can be considered material and non-public, as well as the activities that are prohibited to those that have been potentially exposed to such information. Employees, directors and officers are required to sign and acknowledge the policy as a condition of their employment with Ormat.

## Major Ongoing Litigation

The Company is periodically involved in legal proceedings both in and out of court, which relate to corporate governance matters. The material legal proceedings are described in our 2021 Annual Report, page 65, and other public reports.



Transportation of heat exchanger



# ORMAT'S SUPPLY CHAIN & PROCUREMENT PRACTICES



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

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

In addition to our engagement with subcontractors, contractors and third parties in the construction and design of our power plants, subcontractors also play an important role in ongoing plant operation and maintenance. We not only view engagement with local subcontractors in our areas of operation as an opportunity to support local economies; the maintenance of our power plants tends to involve the development of key infrastructure, such as roads and transportation routes around the plant site.

At our global power plants, subcontractors and third parties are engaged to perform various jobs and deliver services that contribute to the nature of our operations and the reliability of our service to stakeholders. At the majority of our sites in Africa and Latin America, we employ security service contractors to guard the premises, offices and infrastructure of our power plants, including residential facilities for on-site staff, where relevant. We engage with subcontractors in

our US and Guatemala facilities to physically operate our plants, and at the vast majority of sites, local contractors are hired for transportation services and routine maintenance work, such as road repair and pipe cleaning. At our offices in Israel, some of our Information Technology, information security and data protection systems are managed by subcontractors that report to us.

As such, Ormat's supply chain consists of four different types of suppliers: electrical parts suppliers, suppliers of materials, suppliers of parts and service providers. As of 2021, Ormat worked with approximately 5,800 different suppliers.

Furthermore, our Company has operations in over ten different countries, and as a result, we work with suppliers from around the world. Where possible, Ormat encourages and seeks out opportunities to work with local suppliers. However, due to the technical specifications that are inherent in the construction of our power plants, we are often required to import materials, parts and supplies that are not typically manufactured locally.

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



In 2021, we finalized and published our **Supplier Code of Conduct**, which implements our commitment to the values outlined in our "Code of Business Conduct and Ethics". Beyond reflecting Ormat's values and existing Terms and Conditions for suppliers, this Code follows internationally recognized standards such as the United Nations Declaration of Human Rights and the International Labor Conventions (ILO), as well as based on other relevant laws and regulations outlined where relevant.

The policy outlines Ormat's requirements and expectations of suppliers in the areas of ethics and corporate governance, labor and human rights, environment and climate change policies and practices, and integrated quality, environment and health & safety systems. The Code is also distributed to our existing, new and potential suppliers and is publicly available on Ormat's website.

Some of the conditions that we outline include avoiding conflicts of interest in dealing with suppliers, relevant anti-trust considerations and maintaining the confidentiality of our terms and conditions with suppliers and our expectation of directors, officers and employees to deal fairly with suppliers.

Furthermore, in our **Integrated Quality, Environment, Health & Safety System Policy**, we outline our commitment to treating our suppliers, subcontractors and business partners with the utmost respect, while also assessing, in general, that those suppliers, subcontractors and business partners uphold relevant social, environmental and health and safety standards for their employees. In addition to the above, Ormat runs due diligence on its suppliers as part of its Compliance program, including through the use of questionnaires and screening through various databases.

## Health & Safety in Our Work with Subcontractors

In addition to implementing stringent health and safety measures for our employees, we require our subcontractors to comply with relevant health and safety regulations as they pertain to our operations, including our own rules, where relevant. In Ormat's standard contract for work with subcontractors, the Company reserves the right to indemnify the services of the subcontractor if the subcontractor violates or infringes upon any relevant laws, rules, regulations or standards pertaining to the occupational health and safety of employees.

Ormat expects its subcontractors to strictly adhere to local health and safety regulations, together with Ormat's own expectations, whichever are even more stringent. We also require all subcontractors to adhere to our checklist of "Environmental Compliance Responsibilities", which is a list of tasks and necessary milestones that should be regularly reported to Ormat by the subcontractor. Some of these requirements include attending pre-construction conferences to review health and safety expectations, preparing an emergency response plan, maintaining a speed limit of 10 miles-per-hour in the construction area and other environmental controls, such as developing a Storm Water Pollution Plan (SWPP).





## Conflict Minerals

Ormat has adopted a Conflict Minerals Policy, pursuant to the SEC's Dodd-Frank Wall Street Reform and Consumer Protection Act (known as "the Conflict Minerals Rule"). Our [Conflict Minerals Policy](#), available on our website, defines principles, commitments and expectations that extend to Ormat's partners, subcontractors and suppliers, with the intention of identifying, to the best of our ability and knowledge, sources of the minerals under the Conflict Minerals Rule, i.e. tin, tantalum, tungsten and gold, in the components and materials supplied to us and which are necessary to the production or functionality of our products. Our policy supports the intention of the Conflict Minerals Rule, which is not to economically disadvantage areas of conflict in the Democratic Republic of Congo and surrounding countries, but rather to significantly reduce or eliminate the funding of armed groups that have a record of human rights abuses in the region. As such, we have expressed a commitment to human rights and to perform effective due diligence on the sourcing practices within our supply chain. Our due diligence processes are materially based on the internationally recognized Conflict Minerals due diligence framework introduced by the Organization for Economic Cooperation and Development (OECD).



# DATA PRIVACY AND CYBERSECURITY FOR OUR STAKEHOLDERS

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



In addition, we work to strengthen our information technology systems by implementing cybersecurity measures Ormat has an advanced internal policy for managing cybersecurity risks that is overseen by the Company's Information Technology department. In our risk management processes, we consider threats and vulnerabilities in the information, information technology and communications systems that we use on a regular basis as well as any facilities or other assets that are a part of our cyber-infrastructure. We regularly communicate with our employees about cybersecurity threats and awareness. In addition to ongoing trainings, we email relevant materials about potential threats in order to raise awareness and to give tools and advice on how to avoid and prevent a personal cyberattack.



Steamboat geothermal complex - Control room





**ORMAT**

# ABOUT THIS REPORT

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Steamboat geothermal complex, NV, U.S., 84 MW





**Ormat's** 2021 sustainability report highlights our ESG-related measures, initiatives and activities, and is reported in accordance with the GRI Standards for the period from 1 January to December 31, 2021. This is the Company's fourth sustainability report written according to the GRI (Global Reporting Initiative) and the second 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 and social 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. We have based our list of material topics and topic Boundaries from our 2019 report, yet have updated it to better reflect our activities in 2021. We intend to continue to publish a sustainability report on an annual basis. In 2021, there were no restatements of information related to mergers or acquisitions, or changes in the nature of our business.

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, 2021 filed with the SEC. 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, 2021 through December 31, 2021 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 2021 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 2021 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 information in this report should not be construed as a characterization regarding the materiality or financial impact of that information. For more additional information regarding Ormat, please see our current and periodic reports with the Securities and Exchange Commission, including our 2021 Annual

Reports 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 2021 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.

Except where noted, the information covered in this report highlights the Company's performance and initiatives in fiscal year 2021. 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 2021 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:

- **Mail requests**

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

- **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/)





ORMAT

# APPENDIX

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CD4 Air-Coolers



# DATA TABLES

For GRI and the SASB Content Index click [here](#),  
or enter through the company's sustainability page.

## Environmental Performance

Topic	Metric	2019	2020	2021	SASB Indicator	GRI Indicator
<b>ENERGY</b>						
Electricity Generated (gross)	GJ	28,815,041	28,401,653 <sup>36</sup>	30,865,366	IF-EU-000.D	302-1
Electricity Sold	GJ	22,459,180	21,706,115	23,507,123	IF-EU-000.B	302-1
Electricity and Heating Consumption	GJ	6,682,551	6,864,623	7,564,082		302-1
Electricity Consumption from Renewable Sources	%	95%	98%	98%		302-1
Fuel Consumption Within the Organization	GJ	202,745	142,644	296,576		302-1
Total Energy Consumption Within the Organization	GJ	6,885,296	7,007,267	7,860,659		302-1
Energy Intensity per Revenue	GJ/thousands of dollars	9.23	9.93	11.85		302-3
<b>GREENHOUSE GAS EMISSIONS</b>						
Direct (Scope 1) GHG Emissions	tonnes CO <sub>2</sub> e	121,214	95,741	111,219	IF-EU 110.a.1	305-1
Indirect (Scope 2) GHG Emissions	tonnes CO <sub>2</sub> e	35,748	14,763	11,919		305-2
<b>Total Scope 1 &amp; 2 GHG Emissions</b>	<b>tonnes CO<sub>2</sub>e</b>	<b>156,962</b>	<b>110,504</b>	<b>123,138</b>		
GHG Emission Intensity per Revenue	tonnes CO <sub>2</sub> e/thousands of dollars	0.21	0.16	0.19		305-4
Other Indirect (Scope 3) GHG Emissions	tonnes CO <sub>2</sub> e	3,802	7,599 <sup>37</sup>	8,985		305-3
<b>WATER</b>						
Water Consumption	M <sup>3</sup>	15,710,000 <sup>38</sup>	17,087,820 <sup>39</sup>	18,184,285	IF-EU 140.a.1	303-5
<b>WATER USE BY LOCATION</b>						
Manufacturing & Offices	M <sup>3</sup>	18,813	16,456	22,856		303-5
Plants That Use Air Cooling Systems	M <sup>3</sup>	55,168	52,444	78,482	IF-EU 140.a.1	303-5
Plants That Use Water Cooling Systems	M <sup>3</sup>	15,635,238	17,017,869	18,082,397		303-5

<sup>36</sup> Corrected due to computer error in the summing up of the numbers.

<sup>37</sup> Corrected due to double count of the Israel's travel air data.

<sup>38</sup> Corrected due to discrepancies in the conversions from gallons to liters in the U.S..

<sup>39</sup> Corrected due to discrepancies in the conversions from gallons to liters in the U.S..



## &gt; Environmental Performance

Topic	Metric	2019	2020	2021	SASB Indicator	GRI Indicator
<b>WASTE</b>						
Waste Generated	tonnes	7,063	4,206	3,682		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>306-3</b>
General Waste Streams and Construction Waste	tonnes	1,710	1,372	1,156		306-3
Metal - General, Aluminum, Scrap and Carbon Steel	tonnes	1,342	1,550	1,050		306-3
Nylon/Plastic Waste	tonnes	1	2	12		306-3
Paper & Cardboard	tonnes	510	5	28		306-3
Radiographic Films	tonnes	0	0	0		306-3
Sand and Drilling Mud (Liquid & Solid)	tonnes	1,575	104 <sup>40</sup>	471		306-3
Green Waste	tonnes	0	0	20		306-3
Geothermal Scale	tonnes	0	0	39		306-3
Wood	tonnes	926	591	72		306-3
<b>Total Weight of Hazardous Waste</b>	<b>tonnes</b>	<b>999</b>	<b>581</b>	<b>834</b>		<b>306-3</b>
Acid (Nitric Acid, Sulfuric Acid)	tonnes	20	15	22		306-3
Batteries, Electronic Waste and Lightbulbs	tonnes	73	160	6		306-3
Motive Fluid	tonnes	632	207	217		306-3
Used Oils	tonnes	258	177	560		306-3
Used Paint Containers and Paint Thinners	tonnes	16	22	29		306-3
<b>ENVIRONMENTAL COMPLIANCE</b>						
Non-Compliance With Environmental Laws and Regulations	USD	0	0	0		307-1

<sup>40</sup> The sand and drilling mud data has been corrected due to discrepancies in the conversions from kg to tonnes in the U.S..



## Social Performance

Topic	Metric	2019	2020	2021	SASB Indicator	GRI Indicator
<b>EMPLOYEES</b>						
Total Number of Employees	#	1384	1395	1405		2-7
Female Employees	%	17%	17%	18%		405-1
Female Management	%	30%	26%	30%		405-1
Full-Time Employees	%	99%	99%	98%		2-7
Permanent Employees	%	98%	98%	97%		2-7
Total Number of New Employee Hires	#	229	157	222		401-1
Female New Hires Rate	%	22%	20%	26%		401-1
Employee Turnover	%	14%	11%	16%		401-1
<b>TRAINING &amp; DEVELOPMENT</b>						
Training Hours	#	9688	42,227	32,379		
Average hours of training per year per employee	#	7	30.3	23		404-1
Percentage of Employees Receiving Regular Performance and Career Development Reviews	%	90%	94%	99%		404-3
<b>OCCUPATIONAL HEALTH AND SAFETY</b>						
Total Recordable Incident Rate (TRIR)	per 200k hours	2.13	2.13	1.1	IF-EU320a.1	403-9
Lost Time Incident Rate	per 200k hours	1.1	1.1	0.64		403-9
Fatalities	#	0	0	0		403-9
"Days Away From Work" Cases (DART) <sup>41</sup>	#	/	/	0.7		403-9
<b>COMMUNITY</b>						
Charitable Contributions	\$	929,262	1,057,449	1,021,733		

<sup>41</sup> The data was calculated and reported for the first time in the 2021 sustainability report.



## Economic – Corporate Governance Performance

Topic	Metric	2019	2020	2021	SASB Indicator	GRI Indicator
Women Board Members	%	22%	20%	11%		2-9
Number of Independent Board Members	%	100%	90%	89%		2-9
Chair and CEO Are Separate	Yes/No	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		2-9
Audit Committee Meetings	#	7	6	6		2-9
Compensation Committee Meetings	#	6	6	3		2-9
Nominating and Corporate Governance Committee Meetings	#	5	3	2		2-9
Investment Committee Meetings	#	2	3	1		2-9
Shareholders Who Voted in Favor of the Company's Approach to Compensation	%	66%	87%	91%		2-20
<b>ECONOMIC PERFORMANCE</b>						
Total Revenues	(Dollars in thousands)	746,044	705,342	663,084		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		201-1
Employee Wages and Benefits	(Dollars in thousands)	137,513	132,104	138,105		201-1
Payments to Providers of Capital (Dividends + Interest on Debt, etc.)	(Dollars in thousands)	84,014	83,301	93,613		201-1
Payments to Governments (taxes, penalties, etc.)	(Dollars in thousands)	1,649	64,795	34,357		201-1





> **Economic – Corporate Governance Performance**

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



## Reconciliation of EBITDA and Adjusted EBITDA

We calculate EBITDA as net income before interest, taxes, depreciation and amortization. We calculate Adjusted EBITDA as net income before interest, taxes, depreciation and amortization, 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, and (vi) other unusual or non-recurring items. We adjust for these factors as they may be non-cash or 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.

The following table reconciles net income to EBITDA and Adjusted EBITDA for the year ended December 31, 2021, and 2020.

	Year	
	2021	2020
	(Dollars in thousands)	
<b>Net income</b>	<b>76,077</b>	<b>101,806</b>
Adjusted for: Interest expense, net (including amortization of deferred financing costs)	80,534	76,236
Income tax provision (benefit)	24,850	67,003
Adjustment to investment in an unconsolidated company: our proportionate share in interest expense, tax and depreciation and amortization in Sarulla	14,680	11,549
Depreciation and amortization	177,930	151,371
<b>EBITDA</b>	<b>374,071</b>	<b>407,965</b>
Mark-to-market gains or losses on derivative instruments	741	(1,192)
Stock-based compensation	9,168	9,830
Reversal of a contingent liability	(418)	—
Allowance for bad debts related to February power crisis in Texas	2,980	—
Hedge losses resulting from February power crisis in Texas	9,133	—
Merger and acquisition transaction costs	5,635	2,279
Legal settlement expenses	0	1,277
Tender-related deposits write-off	134	—
<b>Adjusted EBITDA</b>	<b>401,444</b>	<b>420,159</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” or “target”, or the negative of these terms or other comparable terminology are intended to identify forward-looking statements, although not all forward-looking statements contain such words or expressions. Such forward-looking statements include, but are not limited to: statements about Ormat Technologies, Inc.’s and its affiliates’ (“Ormat”) business strategy and initiatives; statements about Ormat’s competitive strengths; statements about Ormat’s development and operation of electricity generation, storage and energy management assets, including distributed energy resources; statements about Ormat’s other plans, expectations, goals, objectives and targets; statements about Ormat’s views on market and industry developments and economic conditions, and the growth of the markets in which Ormat conducts its business; and statements about the growth and diversification of Ormat’s operations, customer base and Ormat’s future revenues, expenses, earnings, capital expenditures, regional market penetration, electricity generation, and other operational performance metrics, including statements about “target” or “targeted” amounts for 2022 and 2023 growth (MW) or 2022 and 2023 operational performance metrics such as growth (MW) and adjusted EBITDA, 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, the risks, uncertainties and other factors described in Ormat Technologies, Inc.’s Form 10-K filed with the SEC on February 25, 2022, and from time to time, in Ormat’s quarterly reports on Form 10-Q that are filed with the SEC.

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

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

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