



ORMAT

Ormat Technologies, Inc.

SUSTAINABILITY REPORT | 2022

| Executive Summary |

A NOTE FROM THE CEO



Doron Blachar
Chief Executive Officer

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

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

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

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

around the world, including in regions that currently lack access to affordable, sustainable power. In 2022, our robust renewable energy portfolio effectively prevented a staggering 2,209,290 metric tonnes of CO₂e emissions, vis-à-vis power generated by the conventional grid in our facility locations. This amount of avoided emissions is expected to increase every year as we plan to add new clean power plants.

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

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

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

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

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

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

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

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

Sincerely,

Doron Blachar
Chief Executive Officer

2022 ESG Highlights

Environmental



2,209,290 tCO₂e
 Avoided emissions* compared to the local grid, just in 2022

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

25%
 Reduction in GHG emissions intensity (tCO₂e/MWh) compared with 2019 baseline

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

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

Social



30%
 Women in VP-level

19%
 Of employees are women

0.7
 Total Recordable Incident Rate (TRIR)

25.3
 Training hours per employee

\$1,206,107
 Donated to communities

Governance



33%
 Female representation in our Board of Directors

3 out of 5
 Board committees are led by women

ESG Board committee
 established in 2023

\$431M
 Green convertible bonds

At a Glance



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

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

1,455 employees worldwide (as of December 31, 2022)

Own & operate, as of the end of 2022:

980 MW Geothermal in 6 countries

88 MW Energy Storage

53 MW Recovered Energy Generation (REG)

37 MW Solar PV

Delivering Renewable Power and Energy Solutions Around the World

At Ormat, we deliver renewable power and provide clean, reliable energy solutions to customers through geothermal power, energy storage solutions, recovered energy generation (REG), and solar PV. With over five decades of experience, we are a leading geothermal Company, and the only vertically-integrated Company engaged in geothermal and REG. Our business activities are conducted across three business segments:

Electricity Segment

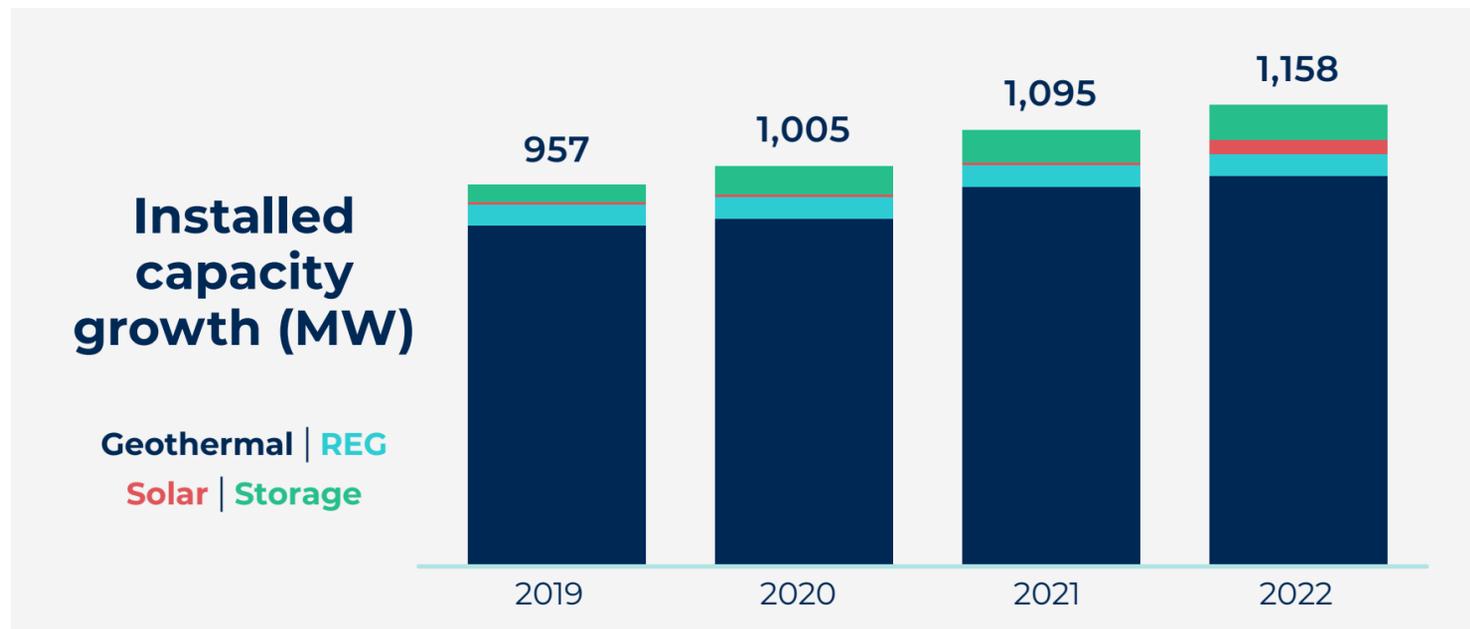
We own and operate 28 geothermal, REG and solar sites globally, with an aggregate generating capacity of 1,070 MW.

Product Segment

We design, manufacture, and sell equipment for geothermal and recovered energy-based electricity generation.

Energy Storage Segment

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



OUR ESG APPROACH

Our Sustainability Strategy

Ormat recognizes the importance of addressing climate change and the urgent need to reduce worldwide greenhouse gas emissions. Our core business operations are dedicated to addressing these critical challenges. We are committed to accomplishing our goals in a transparent, ethical manner that supports the development and growth of our employees, partners, investors, and the communities in which we operate. As such, a focus on environmental, social, and governance (ESG) issues is part of our DNA, and we seek to ensure that our business and ESG strategies are fundamentally aligned.

How we achieve our strategy

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



Increasing clean energy production capacity from our Geothermal assets



Promoting innovation in all our activities



Maintaining synergy with the communities in which we operate



Prioritizing and developing our people



Commitment to a fair supply chain



Strong values for solid governance

ESG Governance

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

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

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

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



Green wall activity in Yavne site, Israel

Mitigating Climate Change Risks & Leveraging Opportunities

We recognize that climate change presents both risks and opportunities to our business, and we have begun to integrate methodologies to best identify and map our climate change risks and opportunities.

At the end of 2022, we initiated a gap analysis process expected to be completed by the end of 2023, to map our compliance with TCFD's recommendations. This analysis will help us formalize an action plan to reduce the identified gaps, with the aim of reporting consistent with TCFD. By disclosing our climate-related risks, opportunities, and financial impacts

in accordance with the TCFD framework, we will improve the transparency and comparability of our disclosure regarding the effects of climate change on our business. We believe that this improvement, in turn, will refine our decision-making processes, enhance our risk management frameworks, and increase our engagements with different stakeholders.

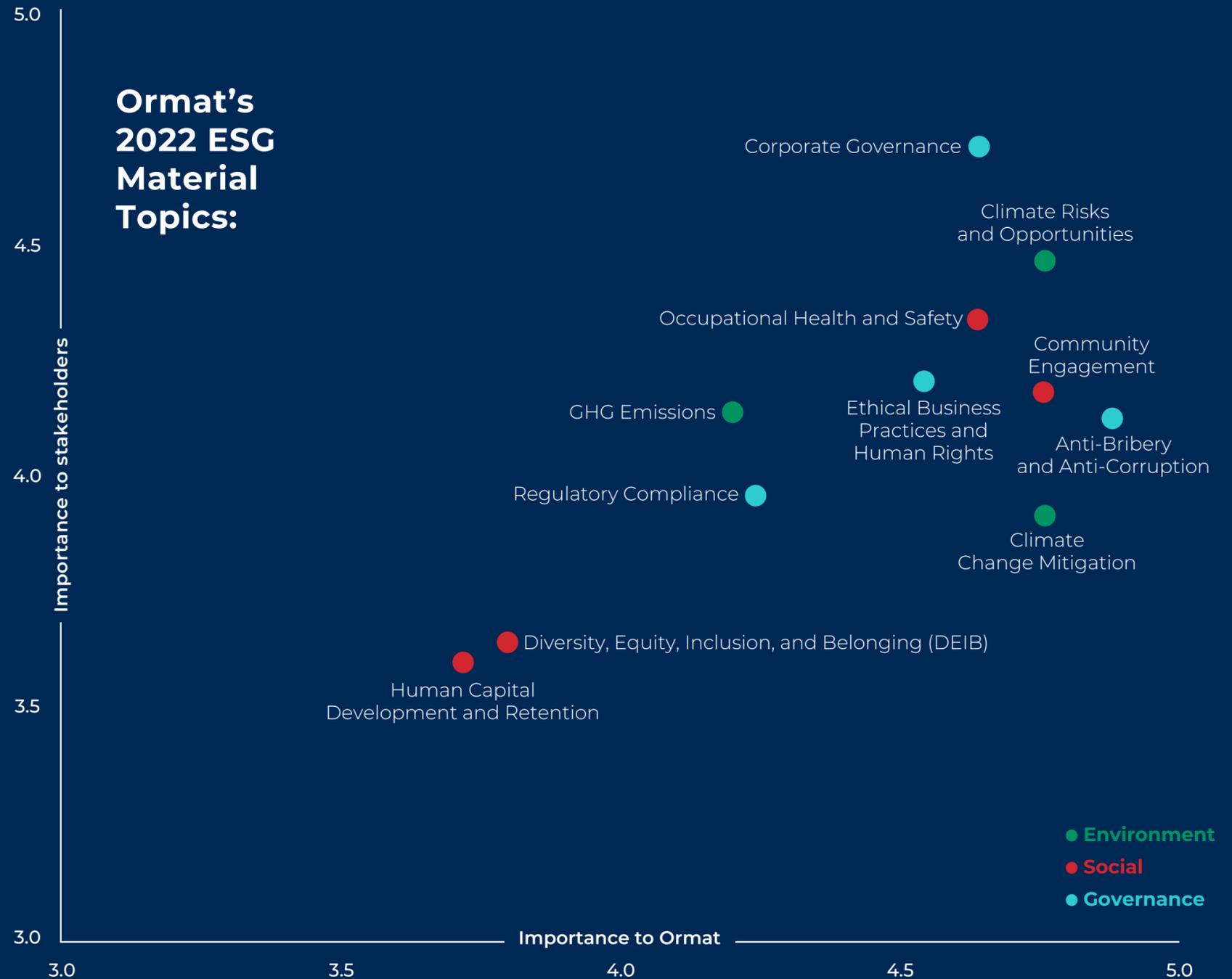
As part of this process, we undertook a formal climate risk analysis expected to be completed by the end of 2023, with the aim of detecting material climate-related risks and creating a mitigation plan for each.



Materiality Analysis

To further develop our ESG program and strategy, in 2022 we began the process of updating what we consider material ESG topics. The process was concluded in 2023 and included a sector benchmark and review of global standards and government and business initiatives. Based on the consultations with internal and external stakeholders, each topic received a ranking according to importance, and results were presented and approved by senior management.

Ormat's 2022 ESG Material Topics:



Sustainable Development Goals (SDGs)

As a leading global renewable energy company, we believe that Ormat has an important leadership role to play in helping to achieve the United Nations' Sustainable Development Goals (SDGs). We have identified the five key SDGs where we have a significant impact:



ENVIRONMENTAL

TARGETS

- Our updated target as of 2023 is a 5% annual reduction in Scope 1 and 2 GHG emissions intensity (tCO₂e/MWh) compared to our 2019 base year.
- Maximize water recycling at all locations by 2025

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

Since our establishment, Ormat has built geothermal and recovered energy power plants that produce more than 3,200 MW in 29 countries. All of our geothermal and recovered energy power plants operate primarily without fossil fuel power, and we are motivated to continue to reduce our environmental impact as it relates to climate, water use, and waste reduction.

ENVIRONMENTAL HIGHLIGHTS

2%

Increase in the production of renewable energy in 2022 compared to 2021

19%

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

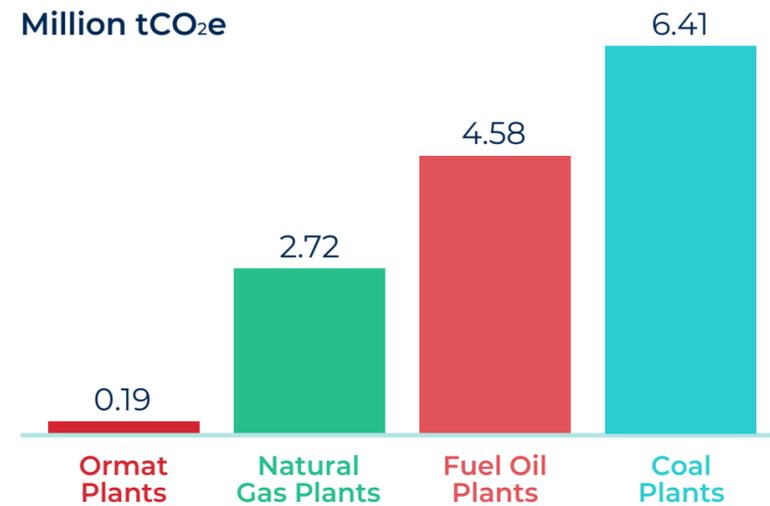
2,209,290

tCO₂e avoided emissions compared to the local grid in 2022

97%

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

The table below compares the CO₂e emissions derived from our power plants operations to the CO₂e amount generated by other technologies, for an equivalent amount of power.¹



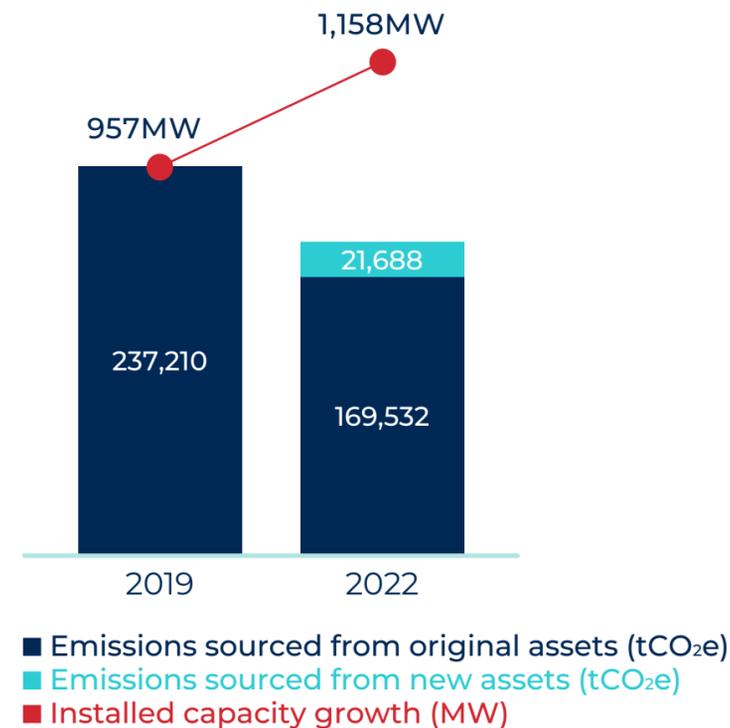
Ormat's renewable energy prevented the creation of 2,209,290 metric tonnes of CO₂e emissions in 2022

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

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

Reducing our emissions while increasing production

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

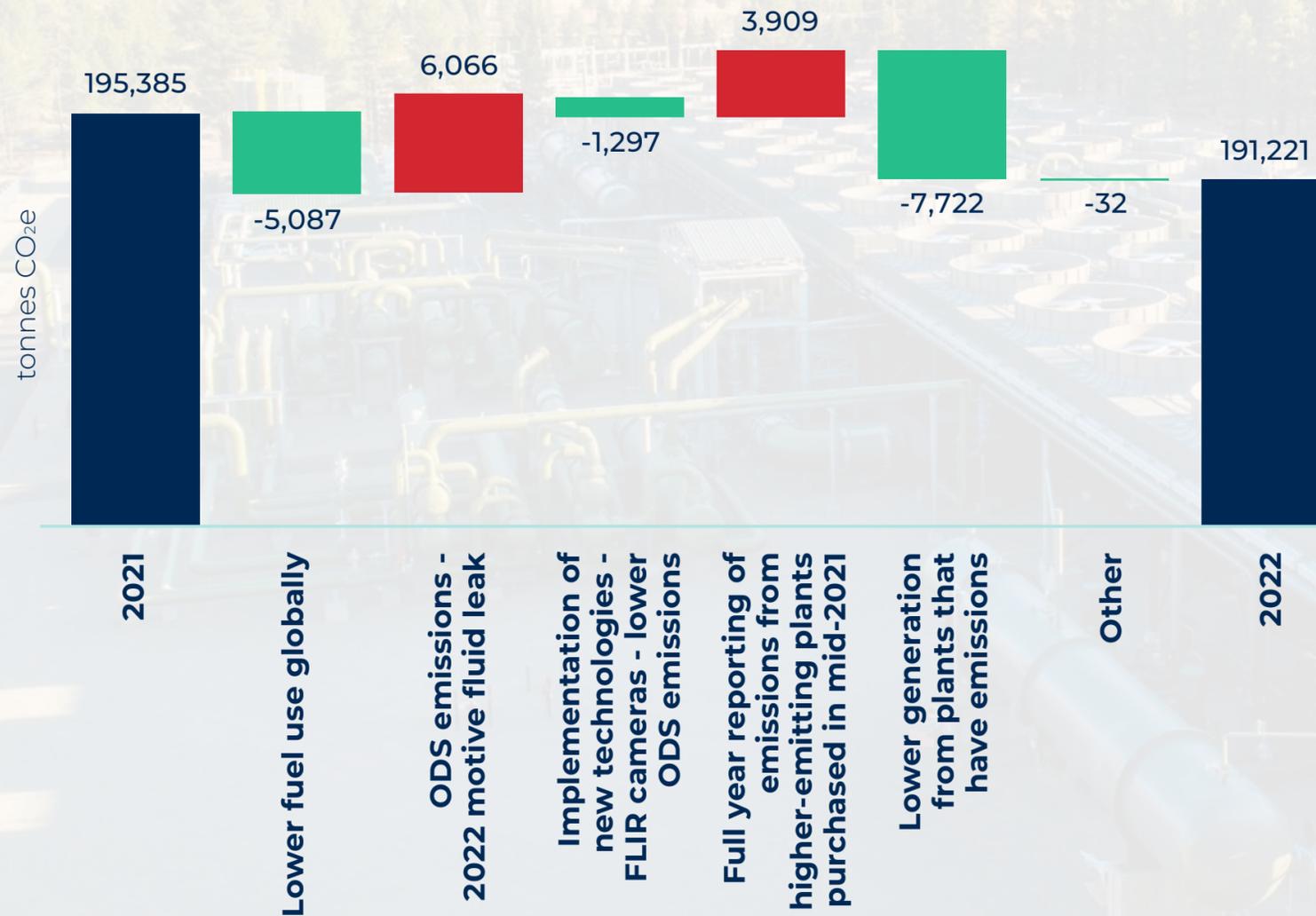


We aim to grow our business by adding zero emission renewable energy sources. Due to our growth in 2022 and future expected growth, we believe our emissions intensity per MWh will continue to improve.

¹ The emission factors used for conventional energy sources are from "CO₂ Emissions from Fuel Combustion Highlights 2019" International Energy Agency (IEA), 2019.
² The comparison to the local grid was calculated using location-based emission factors for each of Ormat's sites.

Change in Scope 1&2 GHG Emissions

In 2022, there was a 2% decrease in Scope 1 & 2 GHG emissions compared to 2021. The graph below quantifies and illustrates all of the increasing and decreasing activities that result in the change of Ormat's emissions from 2021 to 2022.



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



SOCIAL

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



Our People

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

³ This data does not include employees in Indonesia, as listed in the 2022 Ormat 10-K Report.

⁴ In the U.S., we categorize minority groups as defined by the US Dept. of Labor. In other locations outside the US, we do not track the specific diversity of our workforce; all overseas employees are locally hired and thus are representative of the communities in which we operate.

1,455 employees³

0.7 total recordable injury rate (TRIR)

25.3 hours (average) of training per employee

85% retention rate in 2022

100% of plant management was from local communities

37% of our employees in the US in 2022 were from minority groups⁴



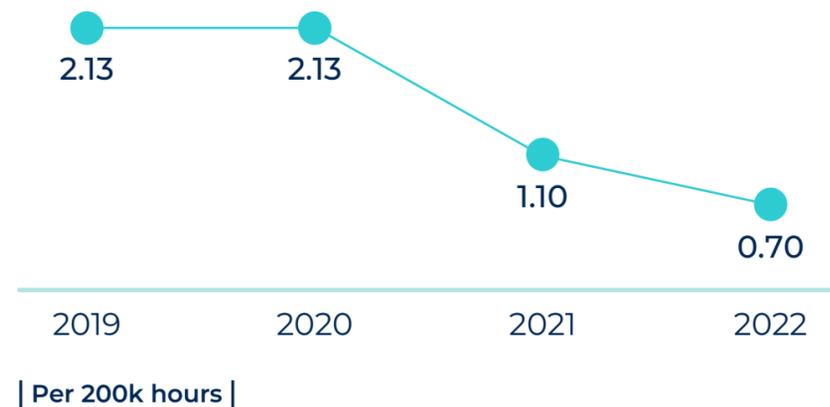
Providing a Healthy & Safe Workplace

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

Our manufacturing and office facilities in Israel operate according to ISO 45001, which specifies requirements for an occupational health and safety management system. Our sites operate according to OHSAS 18001, an international standard for occupational health and safety.

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

Total Recordable Incident Rate (TRIR)

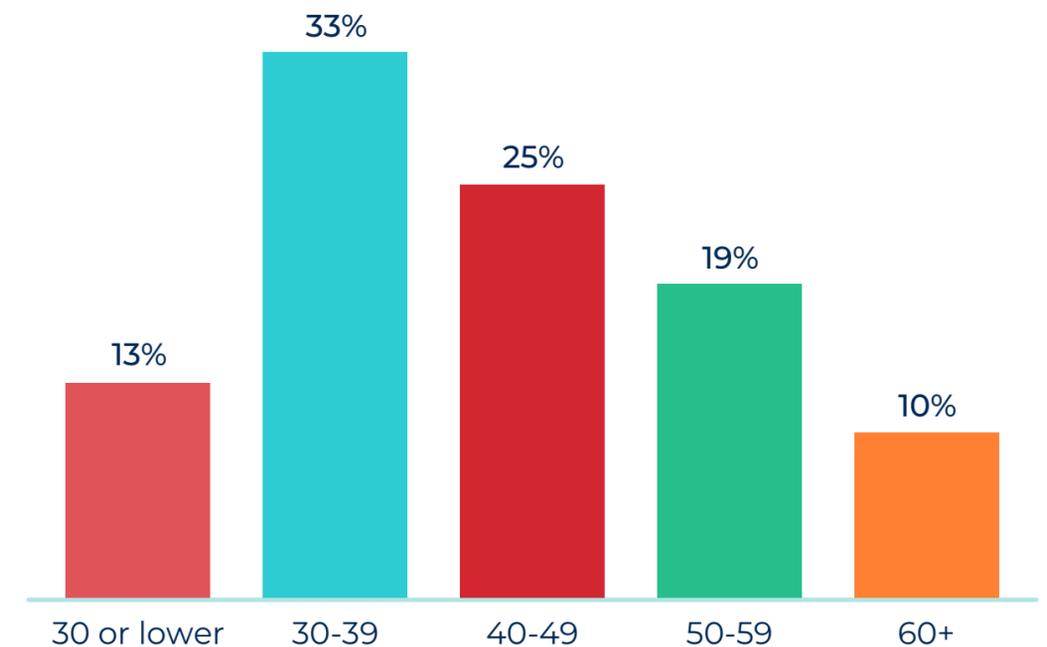


Wellfield Team at Toka Tindung Field, Indonesia

Diversity, Equity, Inclusion, and Belonging (DEIB)

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

Employees by Age Range



Empowering Women at Work

We closely track the gender balance across business units and support female advancement internally. Currently, the percentage of women managers is higher than the percentage of all women employees, an accomplishment that stands out within the energy sector.⁵ This demonstrates our continuous support for women's career development and movement up the corporate ladder. At the beginning of 2023, we established a DEIB Committee with employee representation to further define our DEIB goals and work plan. By the end of 2023, mandatory DEIB training for all employees will be instituted Company wide.



Development & Well-being

In 2022, we invested resources to further develop our cross-organizational training and development activities for employees and managers. We conducted focus groups and roundtables with managers to better understand their needs and challenges and developed a comprehensive strategic plan to implement management training and skills development programs.

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



⁵ Energy and gender: A critical issue in energy sector employment and access to energy, IEA.

Supporting Sustainable Communities

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

Facilitating Local Employment

Ormat takes great pride in being a part of the fabric of the local communities where it operates, and we place great importance on supporting local employment in these areas. At our power plants around the world, 100% of management are country nationals, and a majority of employees are residents of nearby communities. Many of our geothermal power plants are located in remote rural areas where there are limited employment opportunities, so the jobs we provide contribute directly to local economic development. We believe that local employment is an essential component of our business strategy, as local employees have a keen understanding of the local geography, environment, communities, and stakeholders. In countries such as Kenya, Guatemala, Honduras, and Guadeloupe, where local employment options are limited in remote and rural areas, Ormat offers employees access to a broad range of professional opportunities, from plant managers to local sustainability managers, power plant operators, maintenance workers, engineers, mechanics, and more.

Investing in Community Development

In 2022, our community donations totaled more than 1.2 million USD in all our locations. Ormat provided local community funding for the following:

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



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



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



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



Geoplanatares plant health fair for the local communities, Honduras



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



Joint activity of planting trees with Ormat High School students

We work together with local communities to identify opportunities to support sustainable community development. Following are selected projects that we carried out as part of our focus on these three areas:

Empowering Women and Youth through Education

Ormat sees education and women's empowerment as a cornerstone for development. As so, we have a long history of supporting various educational initiatives in the countries in which we operate. We continue to support the Ormat High School near our manufacturing facility in Israel, which was established in 1970 through a partnership of Ormat and other local offices. To support students in communities near our Mammoth geothermal plant in California, US, in 2022 we donated funds to the Mammoth Lakes Foundation for the second year in a row to support local student scholarships. In Kenya and Guatemala, we sponsor tuition for students from communities near the plants, with a focus on supporting girl students. **Many of the graduates come to work at Ormat after graduation.**

Promoting Community Health

To encourage healthy living, we support a wide range of health activities and programs for youth and adults in the communities in which we are located. In 2022 in Guatemala, we conducted a health campaign where 110 children and 125 adults received checkups across a range of health specialties, including pediatric, dental, nutritional, and optometry care. We also sponsored a nutritional review of local schools to create a healthy food plan for students. In Honduras, we continue our partnership with CAMO (Central American Medical Outreach), which provides medical services to local communities in the region. In 2022, we partnered with CAMO to provide a range of health services and goods to over 200 people, including dental care, ophthalmology care and glasses, hearing care and hearing aids, and women's health care. We are also working on a five-year project in partnership with the Health Ministry to rebuild and equip the Community Health Center of Azacualpa.

Supporting Environmental Resilience & Infrastructure

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

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

Contributions to the American Red Cross Disaster Relief

Funding to construct new water lines

Infrastructure improvement projects

Training workshops (construction, reforestation, etc.)

Reforestation initiatives

In Honduras, the water lines to the community of San Andrés were destroyed as a result of hurricanes, leaving the village with no freshwater. As an emergency response, Ormat donated funding to construct two water lines that supply freshwater to 400 homes, utilizing a 150,000-gallon water tank previously installed by Ormat as a reserve. In the surrounding villages of the Orzunil geothermal power plant in Guatemala, we provided professional training to teach local residents how to complete small construction and infrastructure projects. This enabled us to hire local residents to complete projects and generate local income. Projects included the construction of a new pedestrian bridge used by over 150 people every day, and paving the main village road to enable smoother transportation and provide safe sidewalks for pedestrians.



Renovation of a public basketball court, Ortitlan employees, Guatemala



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

GOVERNANCE

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

Governance highlights in 2022 include:

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

Ethics and Compliance

Ormat is committed to conducting business according to the highest ethical standards. We have policies and guidelines in place that require ethical business conduct across our operations. The Ormat **Code of Business Conduct and Ethics** is applicable to all our employees, executive officers, and directors. To promote ethical operations throughout our business operations, we also require that certain third parties sign the Ormat Code of Conduct on an annual basis.

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

We require that our employees review and acknowledge certain policies annually, including the Code of Business Conduct Ethics, and Anti-Bribery and Anti-Corruption policy. We aim for 100% of our employees to receive training on relevant corporate governance practices every year.



Analyst day, NY, U.S.

Ormat Board of Directors

The Board takes an active role in assisting management with the development of the Company's strategy, strategic oversight of operations, and financial and investment activities. ESG and climate change considerations are factored into the business strategy through the recognition of risks and opportunities.



Diversity of the Board

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

Executive Compensation

We design our executive compensation program to “pay for performance” and incentivize the creation of stockholder value. For the CEO and named executive officers, the Compensation Committee reviews a number of factors in assessing the level of achievement of individual performance goals and CEO goals in determining the amount of annual cash bonuses, including achievement with respect to, among other things:

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

ABOUT THIS SUMMARY

This is an executive summary of Ormat's 2022 Sustainability report, which covers our Sustainability activities and ESG performance for the calendar year 2022. This summary highlights selected ESG-related measures, initiatives, activities and figures. For further information, please see the 2022 Sustainability Report.

Stakeholders who are interested in understanding or clarifying the information presented, or who have questions regarding the content of the report, are welcome to contact us through one of the following channels:

- **Requests for general information:**
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- **Requests for sustainability-related information:**
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