# ORMAT TECHNOLOGIES INC

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| MEETING DATE | Mon, 07 May 2018 13:30 | TYPE | AGM | ISSUE DATE | Mon, 23 Apr 2018 |
| MEETING LOCATION | Millennium Conference Center, 145 West 44th Street, New York, NY, 10036 | | | | |
| CURRENT INDICES | PIRC Global | | | | |
| SECTOR | Electric services | | | | |

| | PROPOSALS | ADVICE |
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| **1A** | **Elect Ravit Barniv**<br>Independent Non-Executive Director.<br>He is chair of the Remuneration committee which is not fully independent which Triodos does not support. | **Oppose** |
| **1B** | **Elect Stan H. Koyanagi**<br>Non-Executive Director. Not considered independent as he is the Senior Vice President of ORIX Corporation, a significant shareholder. There is sufficient independent representation on the Board.<br>He is newly appointed to the Board and his appointment does not improve the gender balance on the Board which Triodos does not support. | **Oppose** |
| **1C** | **Elect Dafna Sharir**<br>Independent Non-Executive Director. | **For** |
| **2** | **Appoint the Auditors**<br>PwC proposed. Non-audit fees represented 40.33% of audit fees during the year under review and 24.92% on a three-year aggregate basis. This level of non-audit fees raises some concerns about the independence of the statutory auditor. The current auditor has been in place for more than seven years. There are concerns that failure to regularly rotate the audit firm can compromise the independence of the auditor. | **Oppose** |
| **3** | **Approve New Long Term Incentive Plan**<br>The Board is proposing the 2018 ICP, which will supersede the 2012 Incentive Compensation Plan (the "2012 ICP"), which is the only plan under which equity-based compensation may currently be awarded to executives, non-employee directors, and other employees. A total of 5,000,000 shares of Common Stock will be authorized for issuance for awards granted under the Plan. The type of awards under the plan will include: Options, Stock Appreciation Rights, Restricted Stock, Stock Units, and Performance Awards. Restricted stock awards are awards of shares of Common Stock that vest in accordance with terms and conditions established by the Committee. The Committee may impose whatever conditions to vesting it determines to be appropriate. The Committee will determine the number of shares of restricted stock granted to any employee. Unless the Committee determines otherwise, shares that do not vest typically will be subject to forfeiture to the extent the vesting schedule and/or specified performance or other criteria have not been satisfied, or upon the termination of the employee, director or independent contractor for any reason, including death or retirement. The Committee has full discretion over performance conditions, if any. Performance awards are awards of restricted stock, stock units, phantom stock, and incentive bonus awards that will result in a payment to a key employee only if performance goals established by the Committee or the Grant Committee are achieved. The Committee or the Grant Committee will establish a performance period, performance goals and performance objectives in its discretion, which, depending on the extent to which they are met, will determine the number and/or the value of performance units and performance shares to be paid out to key employees. The performance goals may be based upon one or more objective or subjective performance criteria selected by the Committee. Given the level of discretion granted to the committee shareholders cannot determine to what extent such awards will align the interests of executives with shareholders.<br>Triodos opposes this resolution. | **Oppose** |

**4 Advisory Vote on Executive Compensation** **Oppose**

The Company has submitted a proposal for shareholder ratification of its executive compensation policy and practices. The voting outcome for this resolution reflects the balance of opinion on the adequacy of disclosure, the balance of performance and reward and the terms of executive employment.

Annual cash incentives are based on the achievement of Company Performance Metrics (Revenue and Adjusted EBITDA) and an individual performance criteria. The final portion of the annual bonus is determined at the discretion of the Compensation Committee, which is not considered best practice. From 7 November 2017, the Company granted long-term incentives in the form of stock appreciation rights (SARs) (66%) and restricted stock units (RSUs) (33%). The Company has failed to disclose the performance measures and financial targets for its long incentives including the information with respect to individual performance factors and weight of each performance measure.

For fiscal 2017, annual bonus and equity awards were not excessive, with overall pay levels below peer group averages. In addition, awarded pay for the CEO is aligned with companies of a similar market capitalization. However, maximum long-term award opportunities are not limited to 200% of base salary. SARs are based on share price appreciation, which is not best practice as there are many external factors which influence share price that are out of the control of the executives.

The Company has a compensation 'claw back' policy in control provisions. Severance payouts exceed 300% of base salary, which is considered excessive. The compensation rating is: ECC.

Triodos opposes this resolution.

**5 Transact Any Other Business** **Oppose**

In their discretion, the proxies are authorized to vote upon such other business as may properly come before the meeting. It is considered that shareholders should be given proper notice to consider any issues to be voted upon at the meeting. Giving the proxy holder the discretion to vote such matters is not considered to be in the best interest of shareholders.

Triodos opposes this resolution.

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## SUPPORTING INFORMATION FOR RESOLUTIONS

### Proposal 4 - Advisory Vote on Executive Compensation

**Disclosure: E**- Annual cash incentives are based on the achievement of Company Performance Metrics (Revenue and Adjusted EBITDA) and an individual performance criteria. The final portion of the annual bonus is determined at the discretion of the Compensation Committee, which is not considered best practice. From 7 November 2017, the Company granted long-term incentives in the form of stock appreciation rights (SARs) (66%) and restricted stock units (RSUs) (33%). The Company has failed to disclose the performance measures and financial targets for its long incentives including the information with respect to individual performance factors and weight of each performance measure.

**Balance: C**- For fiscal 2017, annual bonus and equity awards were not excessive, with overall pay levels below peer group averages. In addition, awarded pay for the CEO is aligned with companies of a similar market capitalization. However, maximum long-term award opportunities are not limited to 200% of base salary. SARs are based on share price appreciation, which is not best practice as there are many external factors which influence share price that are out of the control of the executives.

**Contract: C**- The Company has a compensation 'claw back' policy in control provisions. Severance payouts exceed 300% of base salary, which is considered excessive.

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