Triodos Investment Management

ORMAT TECHNOLOGIES INC

MEETING DATE	Tue, 21 May 2019 9:30 am	TYPE	AGM	ISSUE DATE	Wed, 29 May 2019
MEETING LOCATION	White & Case LLP, 1221 Avenue of the Americas, New York, NY 10020				
CURRENT INDICES	PIRC Global				
SECTOR	Electric services				

	PROPOSALS	ADVICE
1A	**Elect Dan Falk** Non-Executive Director. Not considered independent owing to a tenure of over nine years. He is chair of the Audit Committee which is not fully independent which Triodos does not support.	**Oppose**
1B	**Elect Todd C. Freeland** Non-Executive Chair of the Board. Not considered independent as the director is considered to be connected with a significant shareholder: ORIX Corporation. He is chair of the Nomination Committee and less than 20% of the Board are women which Triodos does not support.	**Oppose**
1C	**Elect Byron G. Wong** Independent Non-Executive Director.	**For**
2	**Appoint the Auditors** PwC proposed. Non-audit fees represented 25.82% of audit fees during the year under review and 25.58% 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 ten years. There are concerns that failure to regularly rotate the audit firm can compromise the independence of the auditor.	**Oppose**
3	**Advisory Vote on Executive Compensation** 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.The grant of the annual performance awards was based on the achievement of set levels of adjusted EBIDTA (75% weighing) and individual goals determined at the discretion of the Compensation Committee such as diversity, social and environmental responsibility and merger and acquisition activities (25% weighing). The Company uses adjusted performance metrics for most elements of compensation.The annual incentive award made during the year under review is not considered to be overly excessive as it amounts to less than 200% of base salary. Maximum long-term award opportunities are not limited to 200% of base salary, which raises concerns over the potential excessiveness of the remuneration structure.'Good reason' is not defined appropriately, such that the Remuneration Committee is able to apply discretion when determining the status of a departing executive. The Company does not have an appropriate clawback policy in place as it only allows for the recoupment of payment if in the event of misconduct by an officer. The compensation rating is: ADD. Triodos opposes this resolution.	**Oppose**

SUPPORTING INFORMATION FOR RESOLUTIONS

Proposal 3 - Advisory Vote on Executive Compensation

Disclosure: A - The grant of the annual performance awards was based on the achievement of set levels of adjusted EBIDTA (75% weighing) and individual goals determined at the discretion of the Compensation Committee such as diversity, social and environmental responsibility and merger and acquisition activities (25% weighing).

Balance: D - The Company uses adjusted performance metrics for most elements of compensation. The use of non-GAAP metrics prevents shareholders from being able to assess fully whether the performance targets are sufficiently challenging. The Company included non-financial metrics into the annual bonus structure, which is considered best practice. The annual incentive award made during the year under review is not considered to be overly excessive as it amounts to less than 200% of base salary. Maximum long-term award opportunities are not limited to 200% of base salary, which raises concerns over the potential excessiveness of the remuneration structure. Retention awards (SARs and RSUs) make up 100% of the long-term incentives and therefore the scheme does not link pay to performance. The minimum performance period prior to vesting is less than three years, which is considered to be short term. Five-year vesting would be preferred. Executive compensation is aligned with peer group averages.

Contract: D - 'Good reason' is not defined appropriately, such that the Remuneration Committee is able to apply discretion when determining the status of a departing executive. Cash severance is limited to three times base salary which is welcomed. The Company does not appear to have double-trigger provisions in place, which is a concern as single-trigger vesting allows for awards to automatically vest in the event of a change-of-control. The Company does not have an appropriate clawback policy in place as it only allows for the recoupment of payment if in the event of misconduct by an officer.

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