ORMAT TECHNOLOGIES INC

MEETING DATE	Wed, 05 May 2021 10:00 am	TYPE	AGM	ISSUE DATE	Fri, 30 Apr 2021
MEETING LOCATION	Virtual Meeting Only: https://web.lumiagm.com/251938693 passwordora2021				
CURRENT INDICES	PIRC Global				
SECTOR	Electric services				
FYE	31 Dec 2020				

	PROPOSALS	ADVICE
1A.	**Re-elect Isaac Angel - Chair (Non Executive)** Chair. Not considered independent as the director was previously employed by the company. It is a generally accepted norm of good practice that the Chair of the Board should act with a proper degree of independence from the company's management team when exercising his or her oversight of the functioning of the Board.	**Oppose**
1B.	**Re-elect Albertus Bert Bruggink - Non-Executive Director** Non-Executive Director. Not considered independent as the director is considered to be connected with a significant shareholder: ORIX. There is insufficient independent representation on the Board.	**Oppose**
1C.	**Re-elect Dan Falk - Non-Executive Director** Lead Independent Director. Not considered independent as owing to a tenure of over nine years. It is considered that a Lead Independent Director should be independent, in order to fulfil the responsibilities assigned to that role.	**Oppose**
1D.	**Re-elect David Granot - Non-Executive Director** Independent Non-Executive Director.	**For**
1E.	**Elect Mike Nikkel - Non-Executive Director** Non-Executive Director. Not considered independent as the director is considered to be connected with a significant shareholder: ORIX. There is insufficient independent representation on the Board.	**Oppose**
1F.	**Re-elect Dafna Sharir - Non-Executive Director** Independent Non-Executive Director.	**For**
1G.	**Re-elect Stanley B. Stern - Non-Executive Director** Independent Non-Executive Director.	**For**
1H.	**Re-elect Hidetake Takahashi - Non-Executive Director** Non-Executive Director. Not considered independent as the director is considered to be connected with a significant shareholder: ORIX. There is insufficient independent representation on the Board.	**Oppose**
1I.	**Re-elect Byron G. Wong - Non-Executive Director** Independent Non-Executive Director.	**For**
2	**Appoint the Auditors: Kesselman & Kesselman (PwC)** PwC proposed. Non-audit fees represented 57.56% of audit fees during the year under review and 37.02% on a three-year aggregate basis. This level of non-audit fees raises major concerns about the independence of the statutory auditor. The current auditor has been in place for more than ten years and 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 **Abstain**

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 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. Awards under the annual-incentive plans are tied to multiple performance conditions, which is considered best practice. Performance measures attached to long-term incentives do not duplicate those attached to other awards, which is considered acceptable practice. 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 make up a significant portion of the long-term incentives and therefore the scheme does not link pay to performance. Performance shares have a three-year performance period, which is a market standard. However, a five-year performance period is considered best practice. Executive compensation is aligned with peer group averages.

In addition, executive compensation is aligned with companies of a similar market cap. The size of the executive remuneration is reasonable and the STIP includes an ESG metric. In addition, the LTIP payout can be max. 150% of target which is desirable. However, we oppose the use of stock appreciation rights as part of the LTIP as it encourages excessive risk-taking. All in all, we propose to vote abstain.

The compensation rating is: BDE.

Triodos abstains this resolution.

SUPPORTING INFORMATION FOR RESOLUTIONS

Proposal 3 - Advisory Vote on Executive Compensation

Disclosure: B - The company has failed to provide the fees it paid the Compensation Consultants. The disclosure of these fees is encouraged in the interests of greater transparency. The grant of performance awards was based on the achievement of set levels of specific performance targets: Adjusted EBITDA, Revenue, Individual Performance Criteria and CEO Goals. The performance-based long term incentive is subject to quantified performance targets for a mix of two-thirds SARs and one-third restricted stock units ("RSUs"). The RSUs and SARs are time-vested.

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. Awards under the annual-incentive plans are tied to multiple performance conditions, which is considered best practice. Performance measures attached to long-term incentives do not duplicate those attached to other awards, which is considered acceptable practice. 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 make up a significant portion of the long-term incentives and therefore the scheme does not link pay to performance. Performance shares have a three-year performance period, which is a market standard. However, a five-year performance period is considered best practice. Executive compensation is aligned with peer group averages. In addition, executive compensation is aligned with companies of a similar market cap.

Contract: E - Potential severance entitlements in a change of control scenario are considered excessive as they exceed three times the base salary. 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. '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 Compensation Committee has full discretion to accelerate the vesting of awards upon a change of control, which is a concern. The claw-back policy is considered appropriate as it applies to short- and long-term incentives, and is not limited to cases of financial misstatement.

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Researcher: Cristiane Oliveira
Email: pircresearch@pirc.co.uk

Pensions & Investment Research Consultants Limited
8th Floor, Suite 8.02, Exchange Tower
2 Harbour Exchange Square
E14 9GE

Tel: 020 7247 2323
Fax: 020 7247 2457
http://www.pirc.co.uk

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