



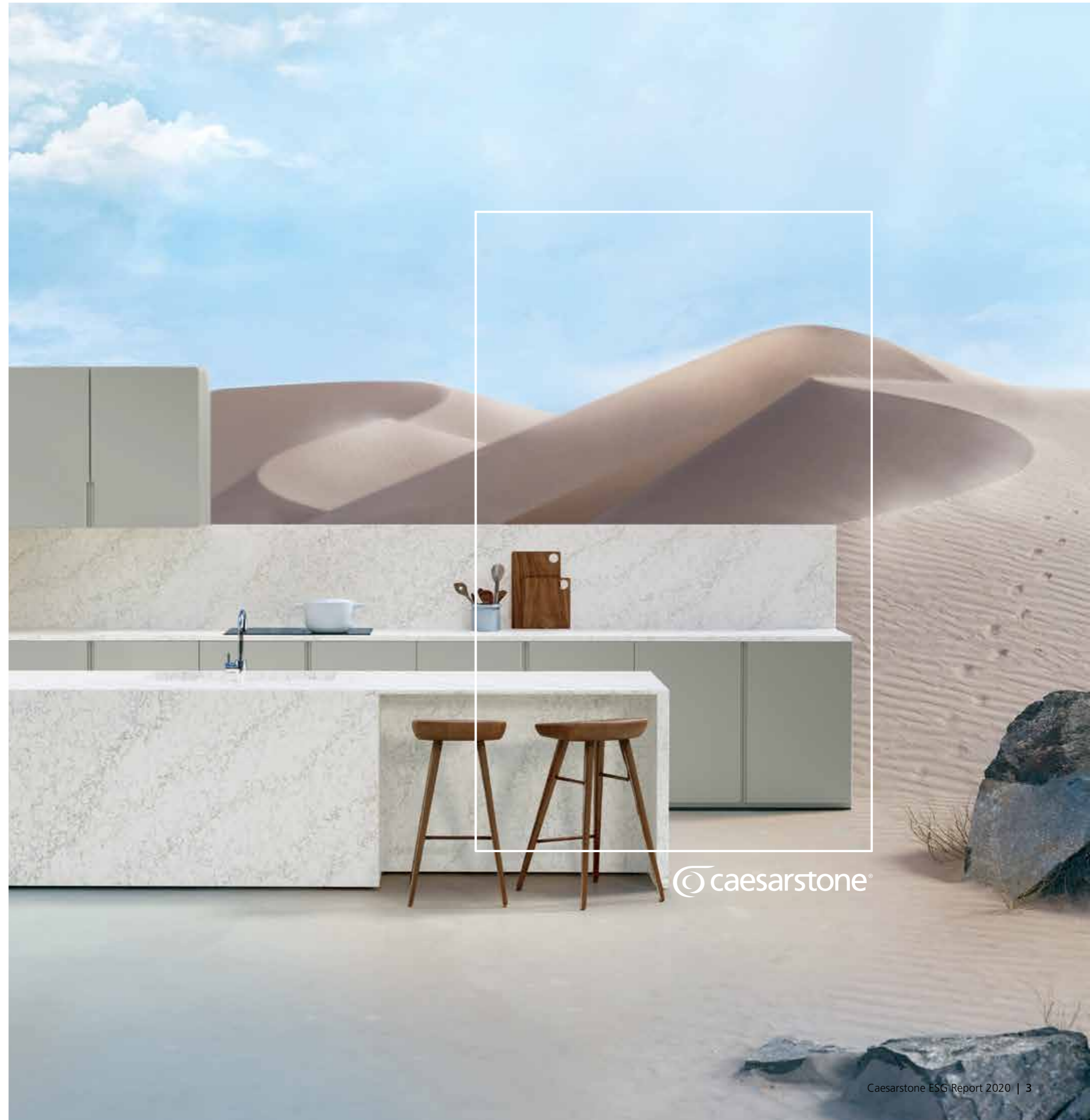
LIFE IN STONE

Caesarstone ESG Report 2020



 caesarstone®

We take a grain of sand and turn it into your favorite countertop, a vibrant space of interaction that is the heart of your home



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FROM THE CEO



Dear Stakeholders,

I am thrilled to introduce Caesarstone's first ESG and Sustainability Report. While a strong commitment to the environment and the people we work with has been a core part of our business since we were founded, this report is an opportunity for us to share our sustainability vision, performance data, and goals for the future.

This past year, we faced unprecedented challenges dealing with the health, economic, and social implications of the Covid-19 pandemic. While we had to make several adjustments to aspects of our business operations, we were also reminded how important it is to take care of each other - our employees, partners, suppliers and customers. I am proud of the Caesarstone employees around the world, who demonstrated their dedication to keeping our facilities and business operations running smoothly and safely during this time. It is a testament to our culture and commitment that we did not have any significant layoffs during the

pandemic and continued to be there for our partners across the value chain, including our colleagues, suppliers, and customers.

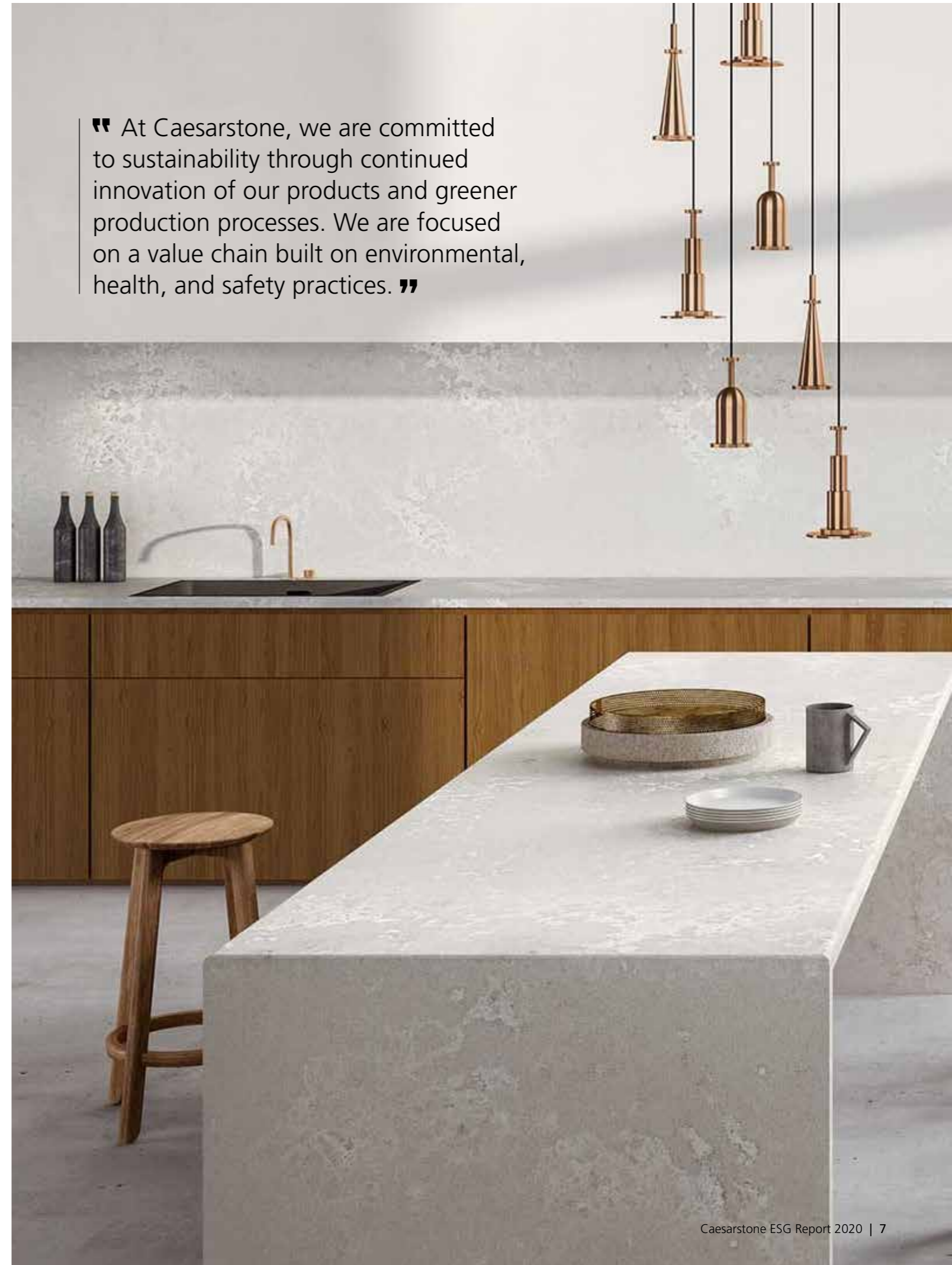
For over three decades, we have crafted countertops that combine substance and essence. We view our stone surfaces as the foundations that become the beating heart and grounding point of a house, and we take this responsibility very seriously. Our commitment to the earth, safety, and the heart of the home infuses all that we do. This report describes our past and current activities, and looks towards the future as we put greater emphasis on sustainability and growth across our business activities and units.

At Caesarstone, we are committed to sustainability through continued innovation of our products and greener production processes. We are focused on a value chain built on environmental, health, and safety practices. We look forward to reporting on our progress in future reports.

We welcome you as we embark on our journey of sustainability and innovation together.

Yuval Dagim
CEO

“ At Caesarstone, we are committed to sustainability through continued innovation of our products and greener production processes. We are focused on a value chain built on environmental, health, and safety practices. ”



OUR BUSINESS

Bringing the wonder of the world into the home





OUR VISION

To be the first brand of choice for countertops all around the world

OUR STRATEGY

Multi-material, premium countertop player

Global footprint expansion

Consumer experience and customer engagement

BUSINESS HIGHLIGHTS

Caesarstone is a concept and lifestyle-driven company with a customer-centered approach to designing, developing, and producing high-end engineered surfaces used in residential and commercial buildings globally.

Our Employees

~2,000

full time at end of 2020

Our Reach

+50

countries

Global Market

~5%

engineered quartz sold globally (by volume)

Our Financials

\$486.4M

revenues in fiscal 2020*

+100

models of quartz and porcelain

\$546M

revenues in fiscal 2019

Units

~1M

slabs shipped worldwide

Our Stock

CSTE

traded on the NASDAQ

* Our business was impacted by COVID-19 in 2020. After a difficult Q2, we recovered quickly and continue this growth trend in 2021.

For more information about our financial results, please see our Annual Report on Form 20-F for the year ended December 31, 2020, filed with the U.S. Securities and Exchange Commission, or the SEC, on March 22, 2021.



OUR HISTORY

Caesarstone started in 1987 in Kibbutz Sdot Yam, located on the shores of the Mediterranean Sea near the city of Caesarea in Israel. There was a terrazzo tile factory at the kibbutz, and based on development work conducted by several kibbutz members and others, Caesarstone was established and the factory changed its focus to quartz surfaces, establishing itself in the domestic market.

In 2005, an additional production facility in Bar-Lev Industrial Park in Israel was opened. Subsequently, we began establishing subsidiaries in our main global markets, including Australia, Canada, US, Singapore, and the UK. In 2012, Caesarstone started trading on the Nasdaq in New York and in 2015, we opened a new facility in the US to serve our growing North American market.



1987 | Sdot Yam, first production line



2001 | Sdot Yam, second production line



2005 | Bar Lev



2015 | Richmond Hill, Georgia, US

TIMELINE



WHAT WE DO

Caesarstone is a pioneer of the natural quartz surfaces market and has become a multi-material company by adding porcelain and natural stone to our portfolio from 2021. We are proud of our vision to bring the magic of the earth's raw materials into people's homes, with our surfaces becoming the bedrock of everyday life for people around the world.

A Caesarstone countertop is the heart of the home. Life flows by, families and people grow and change, but the countertop remains timeless. It's where everything happens - the special place for coming together with friends and family, where people find their creative space alongside others. Our surfaces set the mood and pace for the entire household, every day.

Caesarstone products offer superior aesthetic appeal and functionality through a distinct variety of colors, styles, textures, and finishes. Our strong commitment to service

has fostered growing customer loyalty in over 50 countries. Our position in the global market has been achieved through continuous investment and innovation, extensive research and development, highly trained personnel, and an advanced infrastructure. We take pride in our ability to set new standards in innovation and craftsmanship and continue to set trends in the industry.

Caesarstone headquarters are located in Sdot Yam, Israel. For more information related to our business, please refer to the [2020 Caesarstone Annual report](#).

Our Organization

We have about 2,000 employees across operations in Israel, the US, Australia, Canada, UK, Asia, and India*. We have grown to be one of the largest providers of engineered quartz surfaces in the world, with net revenue of \$546 million in 2019

and \$486.4 million in 2020. Our products account for approximately 5% of global engineered quartz by volume in 2020, and our four largest markets are in the US, Australia**, Canada, and Israel.

* In late 2020, Caesarstone acquired two companies: Lioli Ceramica, a producer of porcelain slabs based in India, and Omicron Granite and Tile, a premier stone supplier in the US. The total number of employees listed above includes Lioli and Omicron employees. As these are recent acquisitions, business and operations details are not included in the 2020 Caesarstone ESG Report; however, they will be included in future reports.

** Unless otherwise stated, reference to Australia in this report includes Australia and New Zealand.



OUR VALUES

We believe in leading by example. We understand that our reputation as a leader in our industry not only depends on our products, but also on the way we engage with each other, our partners, customers, and suppliers.

In 2018, we decided to undergo a formal process to articulate and better communicate our values. We embarked on an extensive collaborative process, involving both management and employees, to define our corporate values. As a result of this intensive process, the Caesarstone Values are now embedded in the daily working life of our organization.

Our core values serve as an internal compass and reflect who we are and who we want to be, as individuals and as an organization. Our values are reflected in everything we do – each decision and interaction.

We launched a global implementation plan to raise awareness of our values, including training on the values framework for employees across the globe, visualization of our core values and behaviors in our offices and meetings rooms, and the progressive alignment of our Human Resources (HR) processes according to these values.

In 2020, we launched a new performance evaluation process based on the values framework and our updated Code of Conduct. Internal communications and messaging is aligned with our values and we make sure to embed our values in all relevant processes and communications, such as the CEO letter, Town Hall meetings, and more.

People First

We treat each other with fairness and respect. We consistently provide opportunities for professional development and personal growth. The health and safety of our employees, suppliers, partners and communities are our first priority.

Accountability

Together, we take ownership of our business and future. We are responsible for the actions we both directly and indirectly influence. Our behaviors and results are aligned with our goals.

Innovation

We are committed to fresh thinking and breakthrough ideas that create value for our customers and our business. We embrace curiosity and creativity in our endeavor to lead the industry.

Winning Spirit

We are enthusiastic and foster a 'can-do' attitude in striving to be No 1. We are committed to excellences, setting goals that stretch and challenge us. We share and celebrate our achievements.

OUR CODE OF CONDUCT

The Caesarstone [Code of Conduct](#) is a reference guide that supports our day-to-day decision making and behaviors throughout the company. The Code is centered on our core values and includes specific guidelines for actions and behavior at the company.

The Code includes guidelines for reporting concerns and asking questions, information on enforcement, and a certificate of compliance to be signed by employees. The Code has been introduced to every employee (current and new) and is widely and is available to all employees on an internal employee application. In 2020, all employees and directors received online training about the Code.

To ensure awareness and compliance, the Code is translated into local languages and includes contact information for senior management, so employees can seek advice or report any concerns or issues. During 2021, we are introducing a more accessible multi-channel global hotline for employees to report issues anonymously.



CAESARSTONE PRODUCTS

Our Countertops

Raw Quartz, Transformed

Raw quartz is abundant in nature - it is common like sand, but harder than steel. We are a multi-material company working mainly with quartz, as well as porcelain and natural stone. We engineer surfaces that provide advantages we believe are unattainable in marble, granite, and other natural stones. We take a pure mineral and transform it into a surface that's more than stone, that's at the heart of the home.

Immense Strength and Durability

Quartz countertops are among the hardest stone surfaces, made from naturally occurring minerals (7 on the Mohs scale of 10). Caesarstone aims to use the purest quartz particles molded with resins and pigments to make the most resilient surfaces on the market. As we fully trust our products, we are committed to a lifetime warranty.

Peace of Mind in Usability and Safety

Our quartz products are built to last and come with a lifetime guarantee. We believe our countertops have everything a good surface needs - they are nonporous, non-toxic, and require no sealants or wax to retain the Caesarstone hygiene standard. They do not host bacteria, mold, or mildew - remaining safe and hygienic for ultimate cleanliness. All Caesarstone quartz products are NSF certified.

Special Features

Low Maintenance

Our surfaces do not require any sealants and require minimal maintenance and cleaning, thereby significantly reducing the need for cleaning materials and detergents.

High Performing and Durable

Our surfaces are long lasting and durable, providing both improved life-cycle cost and additional investment value. Our lifetime product warranty reflects the high performance and durability of our products.

Low Emitting

Our quartz surfaces meet stringent product emissions standards and have very little impact on indoor air quality. All Caesarstone quartz products are independently certified as low-emitting surfaces by GREENGUARD certification.

* In the next report we will also address the features of our Porcelain and Natural stone countertops as we acquired Lioli and Omicron at the end of 2020.



Caesarstone Collections

Our quartz product offerings consist of **four collections**, each designed to have a distinct aesthetic to appeal.



6011 Intense White



5151 Empira White



4044 Airy Concrete



405 Middyay

Classico

A classic, multi-color collection ranges from salt-and-pepper motifs to vivid color blends

Supernatural

Luxurious marble & stone designs inspired by nature

Metropolitan

Inspired by the trend of raw industrial design

Outdoor

Inspired by outdoor culture and trends, with breakthrough proprietary technology

For the full line of Caesarstone products visit: <http://global.caesarstone.com/catalogue/>



Porcelain Collection

Caesarstone Porcelain offers a new point of view. It marks a leap in technology, functionality, and design, delivering a high degree of durability and strength for added safety and peace of mind that boost dynamic living and creativity, indoors and outdoors.

5171 Arabetto



5810 Black Tempal



How Our Products Are Made

Quartz is transformed into breakthrough countertops with Caesarstone's engineering knowhow, care, and craftsmanship.

Quartz surfaces were pioneered by Caesarstone in 1987, applying patented cutting-edge technologies which have stood the test of time. We leverage the outstanding qualities of quartz, making it what we believe to be the ideal stone for residential and commercial spaces, as the surface of choice for architects and designers worldwide.

The manufacturing process for our engineered quartz products typically involves blending quartz with polyester and pigments. Using machinery acquired primarily from Breton, the leading supplier of engineered stone manufacturing equipment, together with our proprietary manufacturing enhancements, this mixture is compacted into slabs by a vacuum and vibration process. The slabs are then moved to a curing kiln where the cross-linking of the polyester is completed. Lastly, the slabs are gauged, calibrated, and polished to enhance shine.

Once the slabs are complete, they are supplied to third-party fabricators, contractors, developers, and builders who may cut and finish the slabs for customized installation.

Quartz
surfaces were
pioneered by
Caesarstone
in 1987

*with our patented cutting-edge technologies
that have stood the test of time*



Our Global Presence

Caesarstone products are manufactured in our facilities in Israel at Kibbutz Sdot-Yam and Bar-Lev Industrial Park, in the US at Richmond Hill, Georgia, and in India at Morbi, Gujarat. Finished slabs are shipped from our facilities in Israel and the US to our distribution centers worldwide, directly to customers and to third-party distributors worldwide.

In addition to our manufacturing facilities, we work with select OEMs (Original Equipment Manufacturers) to produce specific product lines in China (mainly for our Australian market) and Italy (for our porcelain surfaces). For more info about working with OEMs, please see the Supply Chain Management section.

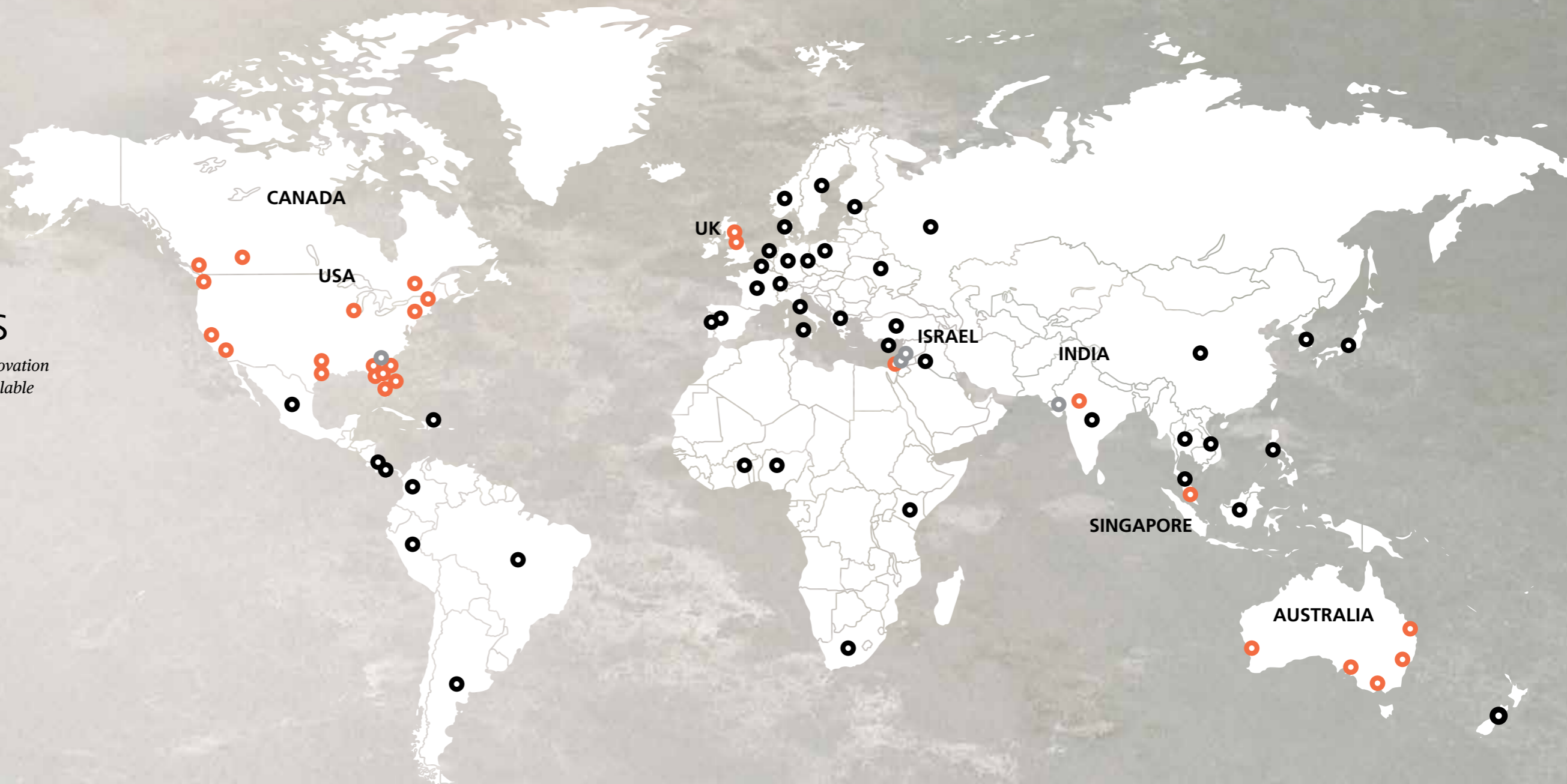


Local Expertise, Global Reach

50 Countries

We've been at the helm of surface innovation since 1987, and our products are available worldwide.

- Caesarstone Direct Sales
- Caesarstone Distributors
- Caesarstone Factories



CORPORATE GOVERNANCE

Caesarstone maintains a robust corporate governance structure to conduct our business, with effective risk management strategies and practices in place.

The Caesarstone Board of Directors meets regularly at least six times a year, with additional meetings as needed. Of our nine Board members, five are independent according to NASDAQ rules (55%), two have specific financial skills (23%), and three are women (33%).

Directors

Dr. Ariel Halperin, Chairman

Nurit Benjamini

Lily Ayalon

Roger Abravanel

Dori Brown

Ronald Kaplan

Ofer Tsimchi

Shai Bober

Tom Pardo Izhaki

The Board has four standing committees:

- **Audit Committee**
Responsible for reviewing the adequacy of our internal financial controls, risk assessment and management and related parties transactions with Kibbutz-Sdot Yam.
- **Nominating & Corporate Governance Committee**
Assists the board in identifying and evaluating individuals qualified to become directors
- **Compensation Committee**
Oversees policies related to overall executive compensation
- **Strategy Committee**
Overseeing M&A opportunities, growth, and go to market strategies

Corporate governance documents, including the Code of Conduct, Code of Ethics, and Board committee charters, are available on the [Investor Relations](#) section of our website under 'Governance Documents'.

Every year, three new topics are identified for an internal audit study and one topic is followed up from the previous year. An internal audit on a specific topic is presented each quarter, based on a specific issue raised in the risk assessment, including ESG topics. As a public company, we comply with all regulations related to the Sarbanes-Oxley Act, known as the Corporate and Auditing Accountability, Responsibility, and Transparency Act.

Risk Management

Senior management is extremely active in identifying and managing risk across the company, including those related to ESG topics. A risk assessment is conducted every several years, with a three-year internal plan developed to address relevant issues. The latest risk assessment is currently underway in 2021. Relevant issues are presented to the audit committee and the Board of Directors.

We are undergoing the process of building a risk management program, with the goal of developing a corporate risk management plan in 2021. In 2020, we began a New Product Introduction process, which includes end-to-end management of new products, from R&D through production and marketing.

For any grievances, anyone (e.g. shareholder, customer, supplier, or other interested party) can contact Caesarstone's Board to provide comments, report concerns or ask questions to the General Counsel & Corporate Secretary via email, postal mail, or the reporting hotline operated by an external company, Lighthouse, LLC. The total number and nature of critical concerns that were communicated to the highest governance body in 2020 was zero.

For further information about risks we face, please see the [2020 Caesarstone Annual report](#).

Sustainability Governance

Every month, we have a global management meeting that includes all C-level executives, and our Corporate headquarter functions convene on a bi-weekly basis. We have a quarterly extended Leadership Forum which includes approximately 70 managers to review business performance. This forum includes Q&A and general open discussion.

Authority is integrated across the management team: the HR department oversees social issues, the Finance department oversees economic issues, and the Environmental Safety & Health, Research & Development, and Product team oversee environmental issues together. The CEO is closely engaged with senior management across departments and locations. Shaped by employee input and participation, a comprehensive approach is taken to each employee's role and their health, safety, and wellbeing to enhance the performance of their individual responsibilities and obligations.

Executive level responsibility for ESG is shared among the VP HR, VP Production, and CFO, who each report directly to the CEO; information is shared with the Board of Directors, as appropriate. In 2020, Yoav Tzidon, Director of Corporate Development, was appointed to oversee ESG activities company-wide, reporting directly to the CEO.

Senior management consults with relevant stakeholders regarding ESG topics and these topics are shared with the Board of Directors, as appropriate. The 2020 ESG Report will be presented to the Board of Directors.

Anti-Corruption

Caesarstone bases its business relationships on trust, transparency, and accountability. We are committed to comply with all applicable anti-corruption laws and regulations, including without limitation, the US Foreign Corrupt Practices Act and the UK Bribery Act. We do not seek to improperly influence the decisions of our business partners by offering business courtesies and require that the decisions of our employees and directors not be affected by such courtesy and maintain independence of judgement.

All employees and directors are required to follow the company's guidelines with respect to gifts, hospitality, expense reimbursement and travel. Bribery is prohibited in all of our business dealings. Our system of internal controls, reporting and record management enable good

business decision-making, ensure the quality of financial reporting, help detect and prevent fraud and facilitate compliance with laws and policies.

The company issued an anti-corruption policy, addressed in the Caesarstone [Code of Conduct](#). Every employee joining the company has to read the Code of Conduct and the anti-corruption policy and sign a statement that they are committed to act accordingly with those policies. Once a year, a reminder is sent to all employees by email with the relevant policies. In addition, in every management meeting, there is a hypothetical situation posed about an ethical dilemma, which often covers the topic of anti-corruption. There have been no legal actions pending or completed during the reporting period (2019, 2020) alleging any corrupt practices.

Risks related to corruption are being continuously evaluated by the finance, legal and other relevant teams, such as Sales & Marketing and procurement. In addition to training and proper monitoring and recording of expenses, we take great care when entering into any engagement with governmental or quasi-governmental bodies.

Anti-Competitive Behavior

Competition and antitrust regulations are intended to protect and promote free and fair competition, ensuring a level playing field for all businesses. This area of law varies from jurisdiction to jurisdiction, generally prohibiting anti-competitive practices, such as agreements with competitors to fix prices, allocation of markets or customers, participation in group boycotts, questionable intelligence gathering about competitors and efforts to obtain or maintain a monopoly through means other than competition on the merits.

Caesarstone's employees commit to follow applicable laws and internal policies, as described in the Code of Conduct. There have been zero legal actions pending or completed during the reporting period (2019, 2020) regarding anti-competitive behavior and violations of antitrust and monopoly legislation.

Our Commitment

- We follow applicable laws, regulations, and our internal policies relating to competition and antitrust
- We do not suggest or engage in any actions or agreements that limit fair and free competition
- We avoid discussions with competitors that could create the appearance of impropriety
- We do not attempt to obtain information of or about our competitors in an illegal or unfair way
- We do not take unfair advantage of our market position

Customer Privacy

Privacy protection is a strategic priority for Caesarstone and we have established strong governance measures to protect the privacy and security of employee and third party information. We are committed to compliance with privacy legislation, including GDPR. We are transparent about how we handle data and respect the privacy of our employees and third parties who share personal data with us. There have been no substantiated complaints concerning breaches of customer privacy to date.

Stakeholders

We value our stakeholders and strive for open, transparent communication with them. We engage with our stakeholders through a variety of methods and channels, including marketing materials, localized websites, showrooms, in-person and virtual meetings, and training materials available on line and presented in conferences and seminars. For our employees, we regularly communicate via newsletters, Town Hall meetings, and a designated employee application.

Our engagement covers a wide range of topics and we encourage feedback and open dialogue amongst stakeholders. Topics include product and design materials, creative ideas for inspiration, health and safety information, and business-related issues such as sales, orders, service terms, operational data, supply chain matters, and key initiatives and activities.

Key stakeholders include:

Consumers

Fabricators

Kitchen & Bath
Retailers and
Studios

Architects &
Designers

Constructors

Suppliers

Investors &
Shareholders

Regulatory
Bodies

Employees



COLLABORATION & PARTNERSHIPS

Caesarstone is ISO 14001 certified, a global standard for environmental protection; ISO 9001 certified, a quality management standard); NSF certification for public health and safety; and has been awarded the respected Greenguard.



CE: indicates conformity with health, safety, and environmental protection standards for products sold within the European Economic Area.

[Link to website](#)



ISO 14001: the international standard for establishing an environmental management system to guide working towards meeting environmental goals; monitoring compliance activities; investing in tools for enhancing a quality environment; employee and supplier training; health and safety procedures; and establishing efficient production processes.

Caesarstone is certified with the Environmental Management System in accordance with ISO 14001.

[Link to website](#)



GREENGUARD GOLD: All Caesarstone quartz surfaces comply with the GREENGUARD GOLD standard (formerly known as GREENGUARD Children & Schools Certification), which evaluates the sensitive nature of school populations combined with the unique building characteristics found in schools and presents the most rigorous product emissions criteria to date.

[Link to website](#)



GREENGUARD: All Caesarstone quartz surfaces comply with GREENGUARD certification, which verifies that Caesarstone products meet the most stringent indoor air emission standards.

[Link to website](#)



HPD: The Health Product Declaration (HPD)[®] Open Standard* requires full disclosure of potential chemicals of concern in products by comparing product ingredients to a set of priority hazard lists based on the GreenScreen for Safer Chemicals and additional lists from other government agencies. In May 2019, Caesarstone updated its HPD to align with the new HPD v2.1.1 standard. The HPD covers Caesarstone surfaces in all available models and colors.

[Link to website](#)



Scientific Certification Systems (SCS): Certified for recycled content. Some of our products are made from pre-consumer recycled raw materials, such as mirror and glass or high-quality reclaimed post-production waste from the fabrication process.

[Link to website](#)



LEED: Developed by the United States Green Building Council (USGBC), LEED Leadership in Energy and Environmental Design is an American accredited certification program for the design, construction, and operation of high-performance green buildings. We are a member of USGBC, and Caesarstone's products can contribute to LEED v3 and LEED v4 projects.

Select Caesarstone products can contribute to the LEED Material & Resources credit, and can be included in the calculation for total recycled content used in a project. Our product also contributes to the Building Product Disclosure and Optimization – Material Ingredients credit, as we have published a Health Product Declaration (HPD) that covers all variations of Caesarstone quartz surfaces.

More information on how Caesarstone contributes to LEED credits can be found [here](#).

[Link to Leed website](#)



NSF51: The International Health and Safety Foundation sanitary standard ensures our working surfaces are safe for use in all food environments. Caesarstone's non-porous surfaces inhibit the growth of mildew and bacteria, thus creating a hygienic surface.

[Link to website](#)



Mindful Materials: Caesarstone products are found in the Mindful Materials library, a platform that enables the building industry to obtain information concerning statements and certifications regarding quality and environmental aspects of products.

[Link to website](#)



European Food Contact Materials regulations: The European Union has adopted wide-ranging regulation regarding materials that come into contact with food products (Food Contact Materials; FCMs). Caesarstone products abide by the two leading regulations: Regulation (EC) No 1935/2004 and Regulation (EC) No 2023/ 2006 on Good Manufacturing Practices.*

*This is an independent statement based on assessments by Intertek Consumer Goods GmbH, an internationally recognized testing body, in compliance with the regulation's criteria.

[Link to website](#)



Good Housekeeping Seal: Caesarstone has earned the Good Housekeeping Seal from the Good Housekeeping Institute. From its inception in 1909, the Good Housekeeping Seal has been guiding consumers to the best products to purchase in the marketplace. Caesarstone is the only countertop manufacturer to hold the Good Housekeeping Seal.

[Link to website](#)



Red List Declaration: Caesarstone publishes a Red List declaration, self-certifying that none of the materials from the Red List, as detailed on the International Living Future Institute website, is intentionally added to a specific list of Caesarstone models.

[Link to website](#)



Nordic Ecolabel: Caesarstone's models are listed in the Building Materials Database for the Nordic Ecolabel.

[Link to website](#)

Memberships

We are members of A.St.A. World-Wide, the global Agglomerated Stone Manufacturers Association, as well as the Australian Engineered Stone Advisory Group (AESAG). Caesarstone's participation in these external initiatives is voluntary and non-binding, and certifications apply to specific products and locations, as noted in the certification details.

Taxes

We adhere to all tax requirements of the local authorities in each jurisdiction where we operate and we regularly report our taxable income. We are committed to paying our taxes in a timely manner, as required by each local jurisdiction. Taxes are managed by our Finance team, overseen by our corporate Controllers.

We report on any taxable income linked to the risks reflected by each of our activities. The CFO, and in certain cases the Board of Directors, will approve any changes to our tax strategy. The Finance team and CFO are responsible for compliance with our tax strategy. For details on financial infor and taxes, please see our [2020 Caesarstone Annual report](#).



OUR ESG VISION

Sustainability is a natural extension of our core values. Our sustainability vision draws upon our commitment to people, accountability, and innovation. At Caesarstone, our sustainability goals are centered around these core areas: sustainable products, environmentally responsible production, health & safety, and social responsibility.

Sustainable Products

We are committed to developing environmentally friendly and low-silica products with a lifetime warranty.

Environmentally Responsible Production

We are committed to an environmentally responsible production process, including reducing our carbon footprint, reducing styrene emissions, increasing our use of renewable energy, reducing water use, and reducing waste. We are currently exploring more advanced environmentally sustainable transportation opportunities to improve our logistics and supply chain processes.

Health & Safety

We are committed to our goal of achieving a world class Health & Safety system, aligned with our global plan for a best practice approach in our facility practices and processes. We seek to keep our people and industry safe through raising awareness of safety practices.

Social Responsibility

We are committed to acting in a socially responsible manner and having a positive impact across the value chain, including for our employees, suppliers, customers, and the communities we work in.



Sustainability
is a natural
extension
of our
core values

ESG MATERIALITY ANALYSIS

For our first ESG report it was crucial to identify the key sustainability issues for material to our business activities. We worked with external consultants and ESG experts on an extensive process that included identification of topics and selection and prioritization of those that are most material.

Identification of topics included an external benchmark of players in the industry and the sector at large, a review of relevant global standards, and government and business initiatives. In addition, we conducted an internal exploration, including conversations and surveys with various stakeholders, including senior leadership, employees, and the Board of Directors.

The ESG material topics we identified fall under four major categories:

- Environment and sustainability
- People
- Economics
- Consumers and innovation

The second phase of the process was the prioritization of the topics according to their importance for Caesarstone and various stakeholders. As part of our larger initiative to support stakeholder dialogue, a survey was created for various stakeholders to receive their feedback and opinions.

Based on the consultations with internal and external stakeholders, each topic received a ranking according to importance. Results were presented to the Caesarstone Sustainability Steering Committee, the Committee which was created in order to lead and supervise the establishment and ongoing implementation of the ESG process in the company. The Committee was presented with a list of topics with varying levels of priority, after which the Committee developed the final list.

The following topics are considered ESG material for Caesarstone:

Priority topic

Environment and sustainability development

- 1 Water management
- 2 Carbon footprint and climate change
- 3 Energy management
- 4 Waste and wastewater management
- 5 Ethical and sustainable supplier management
- 6 Air quality
- 7 Ethical and sustainable sourcing and use of raw materials
- 8 Biodiversity and nature conservation
- 9 Sustainable products and services
- 10 Sustainable transport
- 11 Safety and environmental stewardship of chemicals
- 12 Circular economy
- 13 Sustainable architecture
- 14 Sustainable facilities

Priority topic

People

- 15 Occupational health and safety
- 16 Social and community action & development
- 17 Diversity & equality
- 18 Human rights
- 19 Human capital development
- 20 Attracting and retaining human capital
- 21 Security and emergency management
- 22 Working conditions, employee welfare and satisfaction

Priority topic

Economy, corporate governance, and regulation

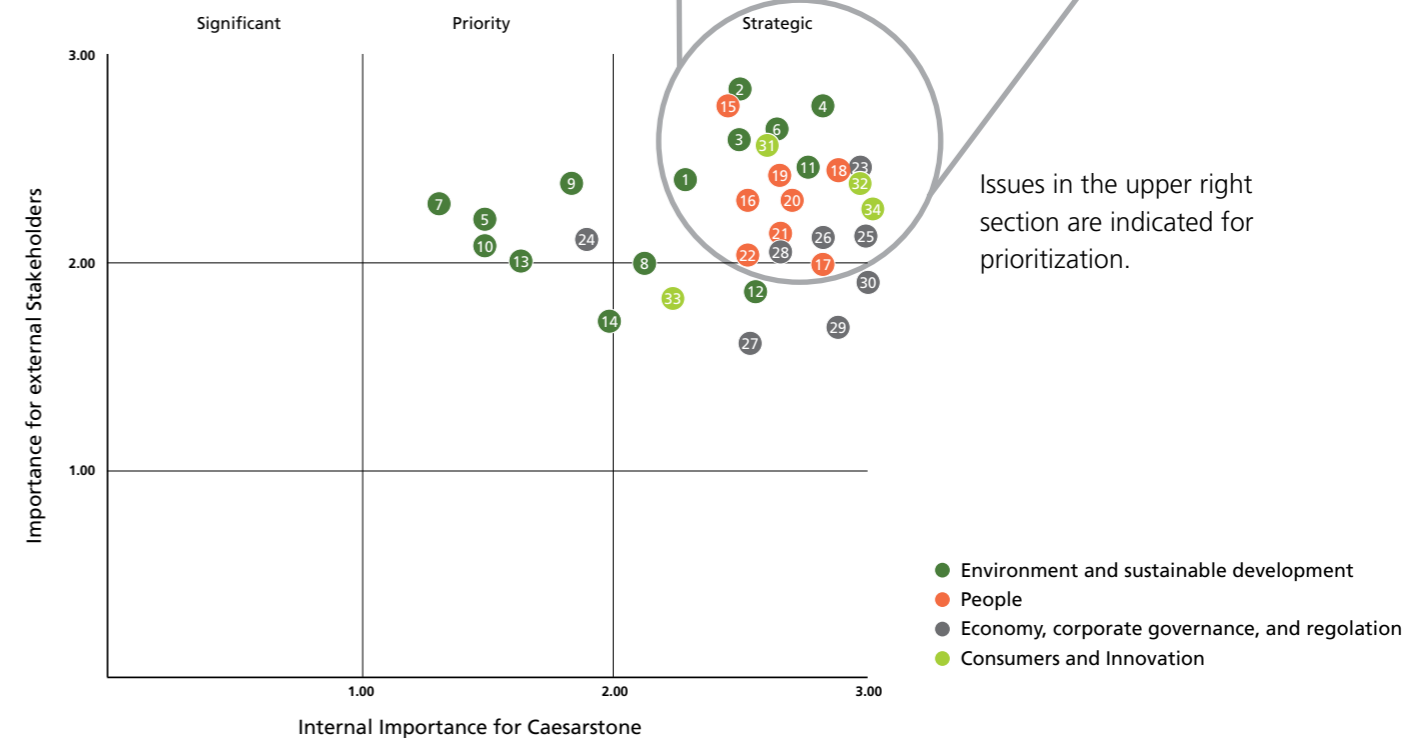
- 23 Ethical business practices
- 24 Indirect economic impacts
- 25 Regulatory compliance
- 26 Economic performance
- 27 Communication with stakeholders
- 28 Payments to governments
- 29 Corporate transparency
- 30 Corporate growth

Priority topic

Consumers and innovation

- 31 Product safety and quality
- 32 Innovation
- 33 Product transparency
- 34 Customer health and safety

CAESARSTONE ESG MATERIALITY MATRIX



SUSTAINABLE DEVELOPMENT GOALS

In recognition of our role as a global company, we are committed to working towards **Sustainable Development Goals (SDGs)**, as defined by the United Nations. These global goals were established in 2015 as part of the 2030 Agenda for sustainable development, and are designed to achieve a better and more sustainable future for all. The 17 SDGs cover the world’s most pressing social, environmental, health, and economic issues, with specific targets for each.

Businesses can play a critical role in achieving these global goals, and we recognize the opportunity they present to develop innovative solutions with a positive impact on society, while improving stakeholder engagement, managing risk, and developing a shared language for social and environmental sustainability activities.


As part of the process of defining our sustainability strategy and goals,

we worked with external experts to identify the SDGs that are relevant for Caesarstone. We view the SDGs as a basis for impacting the local communities in which we work, as well as contributing to positive global change. We are proud to play a part in this international initiative.

To identify the SDGs relevant for Caesarstone, a thorough mapping of each goal was conducted based on select criteria, including potential



impacts for the company and the wider world. The aim was to identify those SDGs that maximize positive impact on both a business and global level. Mapping of the SDGs included an analysis of current company activities, priorities, as well as potential benefits. Final SDGs were selected in consultation with Caesarstone’s senior leadership.

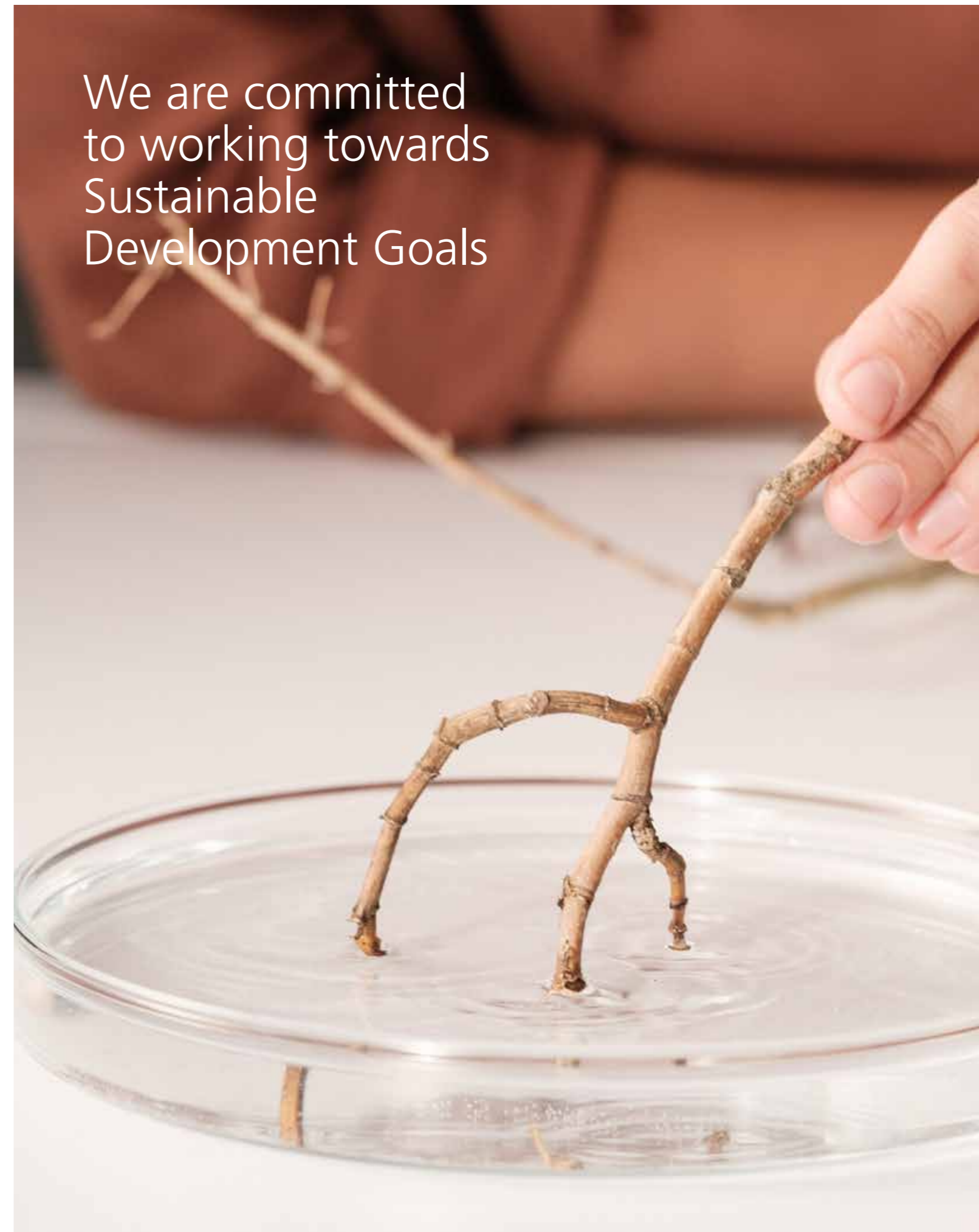
The following SDGs are the ones we identified as the most significant and impactful for us:

SDG	UN Target	Caesarstone’s relevant activities to achieve this goal
	3.9 By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination.	<p>Training: We work to ensure a healthy workforce. Through the development of the Master of Stone program, we create standards and a training program to ensure the health and safety of employees, suppliers, and partners.</p> <p>Products:</p> <ul style="list-style-type: none"> All Caesarstone products certified by GREENGUARD, maintaining stringent standards for air emissions Products comply with the HPD Open Standard Products comply with the NSF51 standard

Ensure healthy lives and promote well-being for all at all ages.

SDG	UN Target	Caesarstone’s relevant activities to achieve this goal
	8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.	<p>We are a growing company. We acquired Lioli in India and Omicron in the US at the end of 2020, where we provide local jobs, and we continue to look for additional growth opportunities.</p>
	8.4 Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programmes on sustainable consumption and production, with developed countries taking the lead.	<p>Some of our products are made from recycled raw materials, such as mirror and glass or high-quality reclaimed post-production waste from the fabrication process. These models have the Scientific Certification Systems (SCS) recycled content certificate.</p>
	8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.	<p>We have clear and unequivocal policies banning all forms of discrimination against persons with legally protected characteristics. We are committed to recognizing diversity in all its forms and all employment-related decisions are made on the basis of business needs.</p>
	9.5 Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending.	<p>We are committed to growing our R&D team and investing in research that will enable us to upgrade the technological capabilities of our facilities with an emphasis on sustainability, including reducing our impact on climate change, increasing our use of recycled materials, and developing closed-loop materials and products.</p>
	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.	

SDG	UN Target	Caesarstone's relevant activities to achieve this goal
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> <p>Ensure sustainable consumption and production patterns</p>	<p>12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.</p>	<p>We aim to create durable, low-maintenance products that support healthier environments and better use of material resources. Our surfaces require minimal maintenance and significantly reduce the need for sealants, cleaning materials and detergents. Our quartz surfaces are long-lasting and durable, delivering improved lifecycle costs and investment value. We commit for a lifetime warranty for our products</p>
	<p>12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.</p>	<p>Our facilities have environmental and quality management certifications, including ISO 14001, ISO 9001, and NSF certification for public health and safety. This report is part of our ESG vision which we intend to pursue in the coming years.</p>
	<p>12.8 By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature.</p>	<p>We are committed to transparency and provide detailed product information on our product labeling and our website.</p>
 <p>13 CLIMATE ACTION</p> <p>Take urgent action to combat climate change and its impacts</p>	<p>13.2 Integrate climate change measures into national policies, strategies and planning.</p>	<p>Caesarstone understands the importance of energy efficiency and the transformation to renewable energy as part of our efforts to reduce our impact on climate change. We have a continuous improvement process plan in place to meet our energy reduction goals. Our new headquarters building in the UK is a green building with solar panels, water harvesting, and motion sensors for lighting.</p>
	<p>13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.</p>	<p>We provide educational information and lectures related to climate change for employees. Our ESG report will be communicated to all employees.</p>



We are committed to working towards Sustainable Development Goals

OUR ESG PILLARS

Built upon the brand identity of the company, our pillars serve as the foundation for where our purpose and product come together. We draw upon these pillars as inspiration for our culture and business activities, and for the framework for our first ESG report.

Earth



Safe



Human Touch

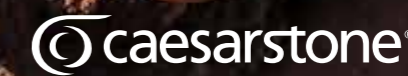


Heart of the Home



EARTH

Bringing the richness of the world into the home, grounded in a complete life system



ENVIRONMENT & SUSTAINABILITY

Caesarstone is committed to conducting its business in compliance with all applicable environmental laws, regulations and permits in a manner that has the highest regard for sustaining the environment in which we operate. As we develop, manufacture and market our products, we work to reduce the environmental impact of our processes.

We are committed to resource efficiency in our production processes, including raw material management, energy savings, reducing our emissions, water recycling, packaging recycling, and efficient use of auxiliary materials. To help establish a comprehensive approach to our environmental management strategy and practices,

in 2020 we further developed our approach and commitment to Environmental, Health, & Safety (EHS). We worked on this together with the Israel Ministry of Environment, ensuring we are implementing best practices across all areas. We believe these new guidelines will support us on our path to improved

environmental performance, which we consider a long-term endeavor and investment. Our approach to environmental management is one of continuous improvement – we not only ask ourselves what our employees would want us to do when it comes to environmental responsibility, we also ask what our neighbors would want us to do.

We are committed to resource efficiency in our production processes

This includes raw material management, energy savings, reducing our emissions, water recycling, packaging recycling, and efficient use of auxiliary materials.



PRODUCT

Life in Stone

Caesarstone countertops are where people spend treasured moments together, making memories that are everlasting. Our innovation relies on the highest quality materials which we use to create the main space for interaction and creation within a home – everything happens there, either on it or around it. Through our excellence in material engineering, our special touch moves from the lab into the home, becoming a part of the household.

The quality and composition of the materials we use is of critical importance. We spend a tremendous amount of time, effort, and resources in R&D and product development as part of Our Commitment and goal of using quality materials to produce the Caesarstone product.

Product Quality

We are leaders in our field and are committed to the development, production, and delivery of high-quality, safe products under our brand. Our business partners and consumers rely on the strength of Caesarstone’s brand and reputation and trust us to provide products meeting the highest standards of quality performance.

Our Commitment

- We are committed to meet all applicable regulatory requirements and quality standards across all our facilities
 - We develop, implement, and follow internal quality principles and procedures
 - We take quality-related complaints seriously, and ensure that they are properly investigated and reported, as required
 - We do not compromise quality in anything we do; we do not take shortcuts
-



MATERIALS

We are committed to the superior quality, strength, and durability of our products. The materials used to create these products must meet the highest standards of performance and quality. Our product specialists and supply chain management team work closely with our suppliers to ensure the materials we receive are of the highest quality.

Raw quartz must be processed into finer grades of sand and powder before we use it in our manufacturing process. Polyester, which acts as a binding agent in our engineered quartz products, makes such products non-porous and highly resistant to stains. Pigments act as a dyeing agent to vary our products' colors and patterns.

Main materials used by weight

Material (Ton)	Country	2018	2019	2020
Sand	USA	77,339	43,524	40,352
	Israel	159,572	160,059	153,314
Resin	USA	11,060	6,307	5,859
	Israel	20,483	21,614	19,265
Additives	USA	540	271	290
	Israel	1,076	1,149	1,142
Pigments and Premix	USA	3,693	1,796	1,799
	Israel	1,076	5,793	5,611

Resource Efficiency

In Israel, Caesarstone adopted resource-efficiency measures for its auxiliary materials in 2016 and continues to aim for improvement in the efficient use of these resources. The program has already yielded

results, as demonstrated by the reduction of up to 50% of certain materials by extending their shelf life and by the enhanced organizational initiative to promote resource efficiency and waste reduction.

↓ **50%**
reduction
of certain materials used

Recycled Materials

Approximately 1-1.5% of our raw materials are recycled, and we began to extend these initiatives in 2020. These include transitioning to recycled paper in the production process, with more than 1,200 tons of recycled paper used in 2020. In addition, we have started to recycle raw material bags, with 100k RM big bags recycled annually.

Caesarstone offers some products that incorporate high-quality reclaimed post-production waste from the fabrication process. The use of recycled materials reduces our demand for primary raw materials and diverts waste from landfills. Some products are made from pre-consumer recycled raw materials, such as mirror and glass.

1,200 tons
of recycled paper used in 2020

100,000
RM big bags recycled annually

SCS Certified Products



Jet Black
42% Pre-Consumer Recycled Crushed Glass Content



Woodlands
2% Pre-Consumer Recycled Crushed Glass Content



Coastal Grey
4% Pre-Consumer Recycled Crushed Glass Content



Bianco Drift
2% Pre-Consumer Recycled Crushed Glass Content



Atlantic Salt
4% Pre-Consumer Recycled Crushed Glass Content

Responsible Packaging

- Caesarstone was able to meet its target to reduce packaging waste for its main raw material by **70%** between 2015 and 2017, and continues to implement packaging waste practices for other materials.
- **100%** of the polymers that we use are delivered in reusable ISO tanks
- **100%** of the boxes used to pack Caesarstone samples are made of recycled cardboard

Responsible packaging
is a key target for Caesarstone

ENERGY

Caesarstone understands the importance of energy efficiency and the transformation to renewable energy as part of our efforts to reduce our impact on climate change.

Our energy use is tracked carefully and is managed by our energy committee, including an energy manager. Energy usage and related KPIs are reviewed quarterly for our production sites, and we have a continuous improvement

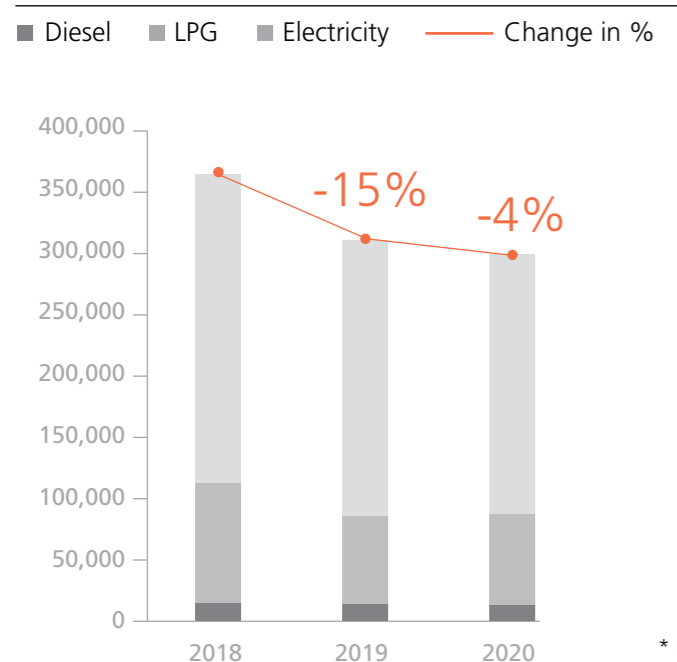
process plan in place to meet our energy reduction goals. In addition, we comply with all local energy regulations in the respective countries we operate in and conduct an energy survey every 4.5 years in Israel.

Energy Consumption

Overview of Our Energy Consumption (Non-renewable)

Purchased Energy	Energy consumption in the organization (GJ)	2018	2019	2020
Non-renewable fuel consumed	Diesel	14,813	13,409	13,047
	LPG	98,706	73,001	74,797
Electricity	Electricity	256,043	228,568	215,075
Total		369,562	314,978	302,918

Energy consumption in the organization* (GJ)



* Energy consumption for 2020 stayed constant per SQM

↓ 4% decrease in energy consumption in the organization

Electricity Purchased for Consumption* (MWh)

	2018	2019	2020
US	20,437	15,208	14,536
Israel	50,686	48,283	45,207
Total	71,123	63,491	59,743

Reduction in electricity usage in the US from 2018 to 2020 was achieved through efficient management of production and maintenance, and alternating production between lines 6 and 7.

We are committed to decreasing our energy usage in our production facilities. Our focus is on energy savings related to electricity and fuel (diesel and LPG), normalized to annual slab production.

To reduce our energy use, we carefully evaluate and select appropriate energy efficiency projects at each site. **Energy efficient projects have included lighting upgrades, transitioning to natural gas, and upgrades of machinery and equipment with efficient models.**

Recent Projects

LIGHTING

- Upgrade to LEDs in all 3 production facilities (in process)
- Upgrade to LEDs in corporate headquarters (Israel)

GAS

- Transition to natural gas; Bar Lev expected to be completed in 2022

MACHINERY & EQUIPMENT

- Upgrading equipment on a regular basis at all 3 production facilities; when machinery needs to be replaced, it is replaced with a more energy efficient model. We are transitioning to electric forklifts at select sites.

While we focus on energy reduction projects at all facilities, we saw increased usage of LPG and diesel at the Bar Lev facility in 2020. This was related to RTO work on weekends to avoid emissions and a temporary use of a 45 ton forklift that consumed more fuel than the original replaced equipment.

* Electricity consumption was calculated using the "location" based calculation by using the coefficient based on the EPA's 'Emission Factors for Greenhouse Gas Inventories' (March 2020) document and the United Kingdom's department for Environment Food and Rural Affairs (DEFRA).

OUR ENERGY GOAL

↓ 10% decrease by 2025 in energy consumption

AIR

As climate change and its impacts become increasingly relevant on a global scale, and as awareness of the issue has grown around the world, we are committed to tracking our air emissions. We monitor two types of air emissions – GHG emissions that affect climate change and air pollutants (NOx, SOx, etc.) that affect health.

We are committed to the health of our employees and to populations living near our production facilities, and we are committed to the health of our global environment. As a responsible corporate citizen, we seek to conform with all regulations regarding emissions and regularly track and measure emissions from our production facilities - twice a year in Israel, and every two years in the US.

Emissions of concern related to our products are primarily silica dust, which we work to minimize at our production facilities and throughout the value chain (see more in Master of Stone section below), and styrene. We go beyond compliance and we have targets and threshold values for pollutants, with a focus on styrene and silica across our facilities. Silica emissions are regularly checked internally, according to local self-testing regulations and we conduct periodic external checks, as per local government regulations.

We invest a significant amount in RTOs (Regenerative Thermal Oxidizers) and other machinery to reduce emissions of concern, including RCOs (Regenerative Catalytic Oxidizers) dust filters, scrubbers, and other treatment methods and tools. We conduct environmental and stack monitoring of our facilities, including online monitoring of emissions, and we have monthly meetings to review all our emission reduction projects.

Projects are coordinated with local and national authorities, as well as nearby communities.

Caesarstone is committed to reducing our greenhouse gas emission. Reporting of greenhouse gas emissions accords with the internationally established Greenhouse Gas Protocol Standard. 2020 was Caesarstone's first year of our carbon footprint calculation and therefore was set to be our Base Year. We will create our future commitments and objectives based on this year.

Our collection of CO₂ data included 100% of our plants, including these locations Sdot Yam (Israel), Bar Lev (Israel), and Richmond Hill (US).

Caesarstone calculates greenhouse gas emissions using the 'operational control' approach. Emissions from all operations managed by Caesarstone are entirely attributed to the company. Emissions from all leased and rented assets (properties, vehicles, machinery, etc.) are also treated as Scope 1 and 2 emissions, accordingly.

The majority of our direct Scope 1 emissions arise from the use of electricity for operations of our production facilities, from LPG for RTO operations, and from diesel for vehicles used in production facilities.

We also measure emissions from electrical energy consumption from the grid, i.e., Scope 2 or indirect emissions, at our production

facilities and offices. We continue to make efforts to improve the energy efficiency of our facilities and encourage a transition to renewable energy sources, in line with our overarching mission and commitment to renewable energy.

Our GHG emissions intensity calculation, i.e., the relative intensity of our Scope 1 and 2 emissions per SQM product in FY2020, was 11.26 KgCO₂e.

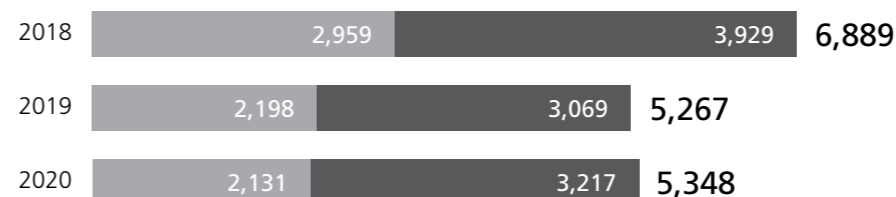
This calculation, which marks 2020 as the base year for comparison in future calculations, acts as a point of comparison for us to track the intensity of our emissions over time, assisting us in accurately accounting for the extent of our environmental impacts.

Our CO₂eq Emissions Breakdown

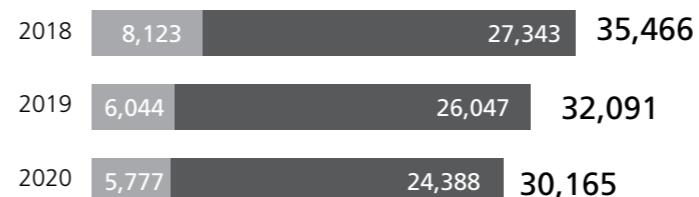
(tCO₂e)

■ US ■ Israel

Scope 1



Scope 2*

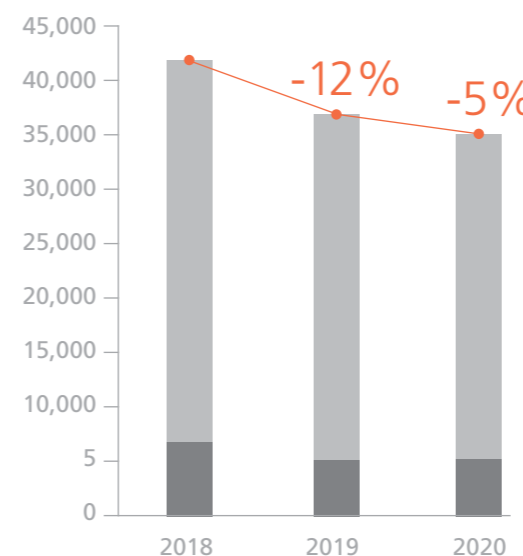


* Scope 2 emissions were calculated using the "market" based approach where possible by using the coefficient of utility used. When not possible, The "location" based calculation was done by using the coefficient based on the EPA's 'Emission Factors for Greenhouse Gas Inventories' (March 2020) document, The Israel Ministry of Environmental Protection.

Global GHG Emissions (scope 1+2)

(tCO₂e)

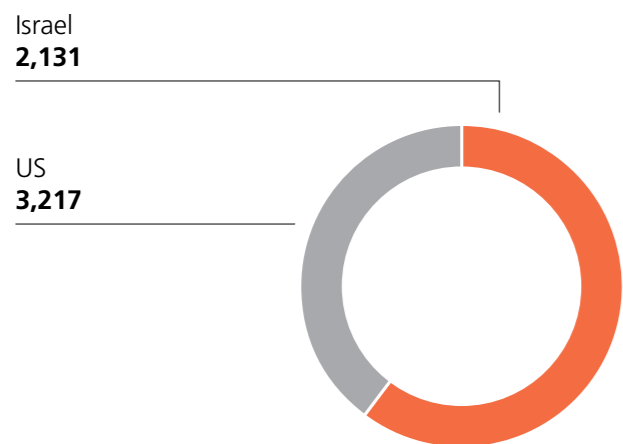
■ Scope 1 ■ Scope 2 — Change in %



↓ 5% decrease in global GHG emissions (Scope 1,2)

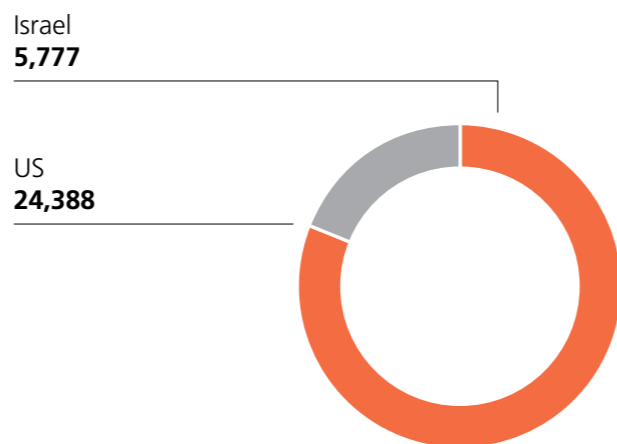
Scope 1 by Country, 2020

(tCO₂e)



Scope 2 by Country, 2020

(tCO₂e)



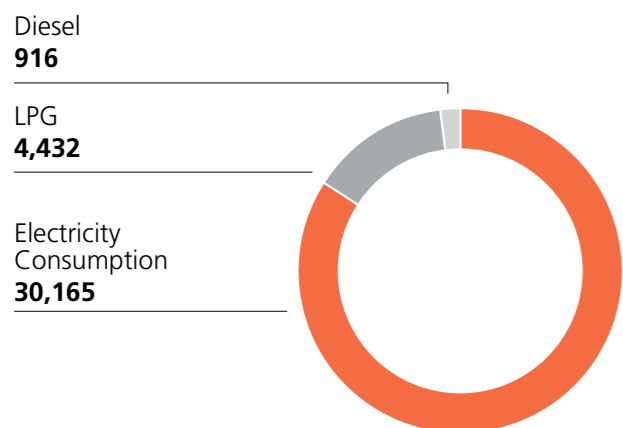
KgCO ₂ e / SQM product	2018	2019	2020
Absolute CO ₂ e (KgCO ₂ e/Year)	42,354,395	37,358,190	35,512,659
Total production (SQ product/Year)	4,023,863	3,204,472	3,154,935
Relative KgCO ₂ e*	10.5258	11.66	11.26

*Due to COVID-19, capacity was reduced and relative KgCO₂e remained nearly the same for 2019 vs. 2020.

Source breakdown- tCO ₂ e	2018	2019	2020
Diesel	1,040	942	916
LPG	5,848	4,325	4,432
Electricity Consumption	35,466	32,091	30,165
Total	42,354	37,358	35,513

Source Breakdown, 2020

(tCO₂e)



Noise

We completed a major noise reduction project at our Sdot Yam facility in 2020. This was done over concern of the noise emitting from our facility and its impact on nearby residents. Through the project, we accomplished a 10-15% reduction in decibels, contributing to the improved quality of life for our neighbors.

WATER

As a company founded on the shores of the Mediterranean in a country where water scarcity has historically been of high concern, we have a special connection to water. We are committed to minimizing our water use and effluent, and to protecting our natural water resources.

Our Approach to Water: Reduce, Reuse, Recycle

Water is an essential part of the creation of our products and ensures our production process runs smoothly and safely. In our facilities, water is withdrawn mainly as tap water from the municipal water system and is used mainly in the polishing department, where it helps reduce dust and particulate matter from entering the airstream.

Caesarstone facilities in Israel and the US recycle approximately 95% of the water used in the production process. All of our production sites have a water recycling system in place that treats the water from the polishing department, and returns it as clean water for reuse in the same department.

The system retains 900 m³/h of recycling water and saves an incredible amount of municipal tap water each year, consuming only 5039 m³ (93% in Israel, 7% in the US). Water usage and reduction efforts are carefully managed by our EHS team, and we comply with all local regulations in the respective countries we operate in.

In addition to recycling water, we also take measures to reduce the amount of water we use. Water reduction projects include the installation of flow meters to detect and repair leaks quickly and efficiently.

Between 2015 and 2020, we reduced water use per slab by 24%.

We undertake efforts to filter and clean the water that is discharged from our facilities to the municipal wastewater treatment facilities, where it is treated and disposed as brine into the sea. We coordinate our water recycling with the local regional council, as well as the Israel Ministry of Environment. Caesarstone water initiatives serve as a model for water recycling and reuse in the industrial sector in Israel, aligning with national efforts to reduce overall water consumption.

↓ 57% decrease in water withdrawal from 2018 vs. 2020

↓ 24% reduction water use per slab since 2015

Water Usage

Country	Liter water / SQM product	2018	2019	2020
USA	Water withdrawal	17,182,000	15,208	14,536
	Water withdrawal per SQM manufactured	14.5	48,283	45,207
Israel (Water press)	Water withdrawal	99,009,000	80,078,000	45,684,000
	Water withdrawal per SQM manufactured	34.9	30.9	17.8
Total	Water withdrawal	116,191,000	86,807,000	50,388,000
	Water withdrawal per SQM manufactured	28.9	27.1	16.0

Data was calculated based on "market based" water usage, and calculated using data from the Israeli Ministry of Environmental Protection.



OUR WATER GOAL
 ↓ 10% decrease per slab by 2025
in municipal water use

WASTE

We work to minimize our waste through the reduction, reuse, and recycling of materials. Hazardous waste impacts the environment, our communities, and the health and safety of our employees.

We comply with all local and national regulations regarding waste disposal and ensure full compliance with the disposal of toxic materials. We continuously search for new recycling and circular economy opportunities, both at our production and corporate sites.

In 2020, we completed a full mapping of our waste streams at all production facilities, which helped us identify opportunities to reduce waste at the source and divert more materials to recycling.

We will begin to track our hazardous and non-hazardous waste in 2021. This will help us reach our waste reduction targets. We expect to track:

- Hazardous and non-hazardous waste
- Waste sent to landfill, including sludge, industrial waste
- Other items such as nylon, big bags, pallets, etc.
- Iron to be sent to recycling

Hazardous Waste (tonne)

	2018	2019	2020	Rate of change 2018-2020
US	74	175	48	-35%
Israel	74	60	117	58%
Total	148	235	165	11%

In Israel, we experienced an increase in hazardous waste from 2018 vs. 2020 due to a rise in acrylic use and packaging material, as well as a change in disposal methods according to updated regulations.

In the US, we experienced an increase in 2019 due to the identification of new waste streams. In 2020, we decreased our hazardous waste due to a reduction in production and the reclassification of certain tank wastewater to non-hazardous waste.

Packaging Waste

Reducing packaging waste is a key target for Caesarstone. We continue to implement packaging waste practices for other materials.

- 100% of the polymers that we use are delivered in reusable ISO tanks
- 100% of the boxes used to pack Caesarstone samples are made of recycled cardboard

↓ Reducing packaging waste is a key target

The Challenge of Sludge

As a byproduct of our production process, sludge is produced. Currently, sludge is disposed of with our industrial waste. One of the challenges we face is trying to find a secondary use for the sludge we produce, which contains some amount of silica. The composition of our sludge is similar to the composition of our slabs, except for minor differences in treatment material used in our water treatment process. Over the years, we've reached out to several organizations and businesses to see if they could use the sludge in their industrial processes.

In 2019, in partnership with the Israel Ceramic & Silicate Institute, we conducted a study to investigate potential commercial usage of Caesarstone sludge. The physical and material consistency of the sludge was analyzed and different methods for potential reuse were investigated, including using the sludge as structural fill, trench backfill, and pavement base, among other solutions. We continue to investigate commercially viable options for reuse of the sludge and in 2021, we plan to conduct a pilot with a local company.

Paper Reduction in Production Facilities

Paper is used to protect and wrap the slabs during the production process.

2020 Paper Usage

in tons

	2018	2019	2020	Rate of change 2018-2020
US	911	679	687	-25%
Israel	1,571	1,451	1,476	-6%
Total	2,482	2,130	2,163	-13%

Eliminating Disposable Cups

To reduce waste in the corporate environment, in 2020 we removed disposable cups and switched to reusable cups. Except for areas that require disposable cups due to safety reasons, we eliminated nearly all of our single-use plastic and paper cups. Employees now enjoy their coffee and water in reusable glasses or mugs.



Paper Reduction in Corporate Offices

In 2020, we transitioned our payroll system to a digital platform. This allows us to avoid printing and mailing paper pay stubs. Instead, all pay stubs are available electronically, with the possibility for employees to print as needed. This initiative was part of our digital transformation, with the goal to optimize our business operations, improve tracking capabilities, and reduce paper usage.

We plan to look into other business systems to move from paper-based systems to online digital platforms, including our taxes and invoice systems. This will support our digital transformation goals, helping us reduce our paper usage and helping to save space for archival printed records.



2021 WASTE GOALS

↓ 2% overall waste reduction

of hazardous and non-hazardous waste

Identify new opportunities for recycling

at production facilities and corporate offices

Secondary reuse of sludge Pilot program

with a local partner

Evaluate online business systems

to move from paper-based to digital systems

ENVIRONMENTAL COMPLIANCE

Environmental compliance is a high priority for Caesarstone, as it contributes to our environmental efforts to reduce our carbon footprint, our commitment to comply with all regulatory requirements, and dedication to the health and safety of people and the planet.

We undertake an annual review of compliance for all legal requirements, and our EHS department has an ongoing work plan to monitor and track compliance, including monthly meetings to track and follow up on any issues.

In 2020, we had no significant fines or non-monetary sanctions (administrative or judicial) for non-compliance with environmental laws and/or regulations. There were no significant fines, non-monetary sanctions, or cases brought through dispute resolution mechanisms.

All three production facilities (Richmond Hill, Sdot Yam, Bar Lev) have attained ISO certification in ISO 14001:2015 Environmental Management and ISO 45001:2018 Occupational Health & Safety.

We comply with all local and national regulations related to environmental and health and safety compliance.

In 2020, we installed an online styrene emission monitoring system at our Bar-Lev facility in 2020 and we are in the process of implementing other such requirement issued by the Israel Ministry of Environmental Protection.

The Israeli Ministry of Labor, Social Affairs and Social Services (IMLSS) conducts an annual audit of our plants, and we adhere to regulations issued by the US Occupational Safety and Health Administration (OSHA).

See the Caesarstone 2020 Annual report for further details related to environmental regulation.



SAFE

Securing health & wellness for our employees and partners



ENVIRONMENT, HEALTH & SAFETY

We are committed to conduct our activities with the highest regard for the safety and health of each other, our business partners, customers, consumers, and the general public. We are continuously working to improve our safety record by instilling a strong safety culture worldwide. Each of us is responsible for and shares in the benefits of a safe and healthy workplace. Any behavior and activities that undermine safety are prohibited.

We at Caesarstone believe that every person has the right to a safe and healthy work environment and that injuries and safety incidents are avoidable.

Furthermore, we believe that compliance with applicable local and international laws, regulations and standards designed to protect health and safety is fundamental and enhances value for our organization.

The health and safety of our employees, customers, suppliers, contractors, and fabricators is a priority for us.

Through process and product monitoring, we aim to protect the environment and the people who work with our materials. This is part of the core values of our company. Information on safety data and updates is regularly shared with employees and managers, and safety is a key issue raised in general meetings with employees and managers.

Our EHS Approach and Commitment

- Enhance employee awareness of company policies & standards
- Implement risk management in the work environment
- Set and review environmental, health and safety policies, objectives and targets, and allocate the needed resources to achieve them
- Initiate, educate, and recognize safe behavior and compliance with environmental protection standards
- Learn from incidents and prevent recurrence
- Create a work environment that encourages personal responsibility and accountability
- Encourage and consult with employees to support our efforts to continually improve health and safety performance
- Promote a proactive environmental, health and safety culture, where our people and partners at all levels work to meet and exceed requirements
- Establish safety as a fundamental value throughout all our activities



EHS Projects at our Facilities

As a measure of our commitment to health and safety, in 2019 we established the Nuphar & Lotus programs which seek to implement EHS best practices and engineering and material solutions to reduce hazardous materials, with a focus on silica, styrene, and acetone.

Nuphar focuses on the reduction of styrene and acetone at the three Caesarstone production facilities, while Lotus focuses on the safe handling of dust which contains silica at the three Caesarstone production facilities, as well as at external fabricators.

About 40 projects have been identified and developed according to the needs and activities

of each Caesarstone facility and implemented across sites when applicable. Projects and corrective actions are tracked and monitored on a regular basis, prioritized according to need, and reported upon regularly to senior management. The Caesarstone EHS team, along with the Engineering teams, manages and implements Nuphar and Lotus projects on site. In some cases, an external

organization is deployed to conduct consulting, sampling, testing and implementation. Projects are reported to the Board of Directors as appropriate on an ongoing basis.

Projects include Industrial Hygiene Monitoring, Environmental Monitoring, and Area Sampling, focusing on the molding, feeding, and polishing areas at the Caesarstone production facilities.

40 projects

focus on reducing hazardous materials, silica, styrene, and acetone



MASTER™ OF STONE

Our vision is a safe, clean, dust-free workspace for the entire stone industry

Caesarstone believes in and seeks to establish a safe working environment for everyone operating in our industry. Just as we ensure the safety and quality of our products in homes, offices, and commercial developments around the world, we also take measures and seek to protect our fabrication partners who are a key part of our value chain.

Three years ago, in line with our core value of People First, we decided to take a new approach to working with fabricators. We developed an industry-first education and training program created specifically for fabricators and their employees on health and safety issues in the workplace.

The program focuses on working to create a workspace free of the dangers of potentially hazardous respirable crystalline silica dust (RCS).

With the correct safety measures in place, silicosis and other diseases associated with RCS are 100% preventable.

Through market research we have learned that much information exists globally around safety measures for the prevention of silicosis. However, feedback from fabricators worldwide was that there was a significant gap in the consistency of information available. So, we took on the project of developing a training program

to provide a platform which offered health and safety information for those who work with engineered stone.

Program

Master of Stone for fabricators was launched in 2019, and since then we have expanded the program across a number of countries, such as the US, Canada, Australia, and the UK.

Master of Stone includes an online training center aimed at helping us communicate with our fabricators on the topics of Health & Safety, professional know-how and added value content for fabrication plant managers. The program makes safety and professional working guidelines accessible to our fabricators worldwide.

We view the development of the program as an investment in our business partners and in the industry as a whole, and the program is free and available for use by anyone in the industry.

The goal of the program is to provide educational information and training presented in straightforward, clear language. Through Master of Stone, we emphasize that safety is a crucial part of a fabricator's professional skills. The program consists of several components, including a website, online training center, certification, and educational and awareness materials.

At the end of each safety module in the Training Center, there is a short questionnaire in which the participants are asked to rate their satisfaction with the content.

4.5-4.8 (out of 5)

participant satisfaction score



Components

- Good Practice Guide, available on the Master of Stone websites and distributed as a printed brochure
- Training Center: Online training modules for fabricators, with a certificate of completion
- Safety Data Sheet (SDS)
- Health and Safety articles
- Caesarstone University
- Educational posters
- Online videos



AIRBORNE DUST MONITORING



REDUCING RESPIRABLE CRYSTALLINE SILICA



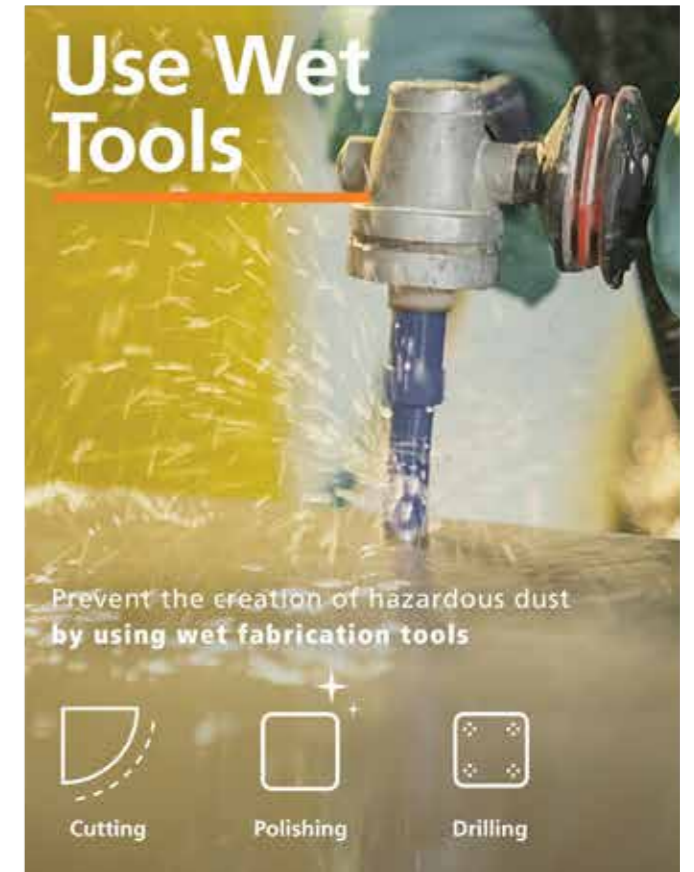
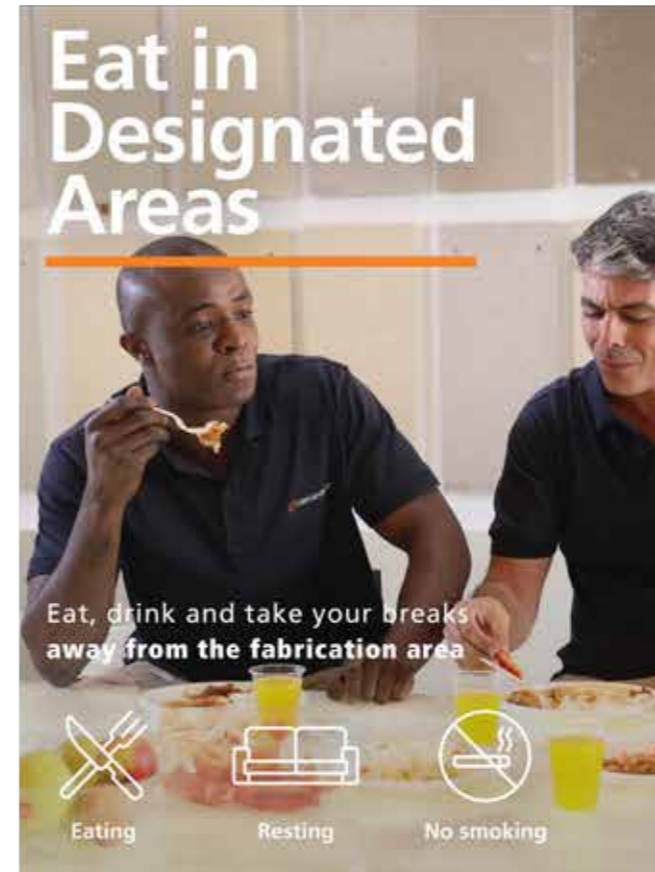
PERSONAL PROTECTIVE EQUIPMENT



CLEANING, MAINTENANCE & HYGIENE



OTHER PROCEDURES



Engagement



6 websites

for the US, Canada, Australia, UK, Israel

6 languages

training center materials available in Arabic, Chinese, English, French, Hebrew, Spanish

2,054 fabricators

joined the website



884 people

completed training modules (as of July 2021)



336 views

of the safety highlights video

403 views

of the silica dust health hazards and protection video

50 businesses

participated in a training workshop in Israel



100 fabricators

participated in training at International Surface Event Expo in the US (Jan. 2020)

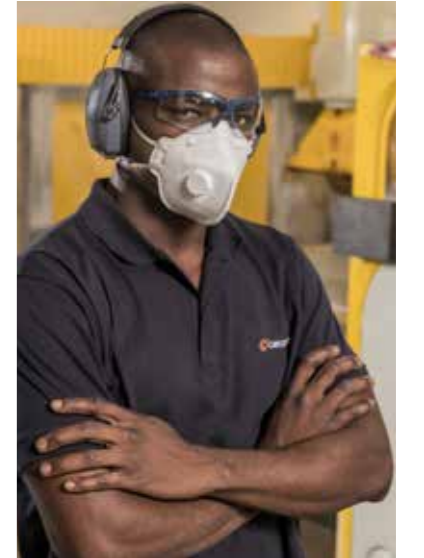
Collaboration & Outreach

To promote proper health and safety practices across the industry, we work with several organizations and regulatory organizations around the world. In Europe, we are working with NEPSI (the European Network for Silica) and the A.St.A. (Agglomerated Stone Manufacturers Association) to update and rewrite the NEPSI Good Practice Guide.

In addition, we partner with the International Surface Fabricators Association (ISFA), a global organization that helps fabricators increase product quality, improve

safety measures and more. In 2021, we began to offer the Master of Stone training free to ISFA members.

In Australia, we are involved with the New South Waste task force for dust diseases, as well as the National Dust diseases task force, and we participate in roadshows across Australia educating fabricators on how to improve their safety practices. We plan to continue our work with all international associations to tackle the issue of dust diseases.



Sharing Our Message

We adhere to all requirements related to product service information and labeling. In 2020, we launched new product labels, using the language and messaging developed in the Master of Stone program. These labels are affixed to the slabs that are delivered to fabricators, and reflect the importance we put on creating transparent, authentic marketing materials.

We provide product information containing details and information regarding the properties of our products and safe use recommendations. Our warning materials are constantly evolving as we attempt to be more impactful

and effective in increasing adherence to the safety measures required when fabricating our products. There were no claims made against warnings provided during the reporting period.

DANGER! SILICA DUST WORK LIKE A MASTER

Do not perform any fabrication before all risks and prevention means are understood and all safety measures are in place

RISKS: This product contains crystalline silica (up to ~90%), resin, pigments and additives such as titanium dioxide. When processing this product crystalline silica dust is generated. Occupational inhalation of crystalline silica dust causes silicosis (an incurable, progressively disabling and sometimes fatal lung disease) and may cause COPD, cancer and other serious diseases.

PREVENTION: Scan the QR code to learn more about risks and prevention on our fabricators web site.

MONITOR AND MINIMIZE THE LEVEL OF SILICA DUST

USE WATER-INTEGRATED MACHINERY

USE VENTILATION

CLEAN WORKING ENVIRONMENT WITH RUNNING WATER

USE RESPIRATORY PROTECTIVE EQUIPMENT AND OTHER PERSONAL PROTECTIVE EQUIPMENT

Minimize silica dust level to below the Permissible Exposure Limit (PEL) Restrict access to hazardous dust areas. Leave working clothes at the workplace. Take your breaks away from the fabrication area. Undergo medical surveillance. Smoking may increase the health damages - do not smoke. Consult with occupational health and safety specialists. Do not use Dry tool/dry sweeping/Compressed Air. First aid: get medical attention if you feel unwell.

More information about the product characteristics, risks and safety measures appear in Caesarstone's Safety Data Sheet and Good Practice Guide. at: mos.caesarstone.com | Caesarstone: MP Menashe, 3780400, Israel +972-4-610-9368

OCCUPATIONAL HEALTH & SAFETY

Health and safety are a top management priority, and EHS KPIs and targets are reviewed regularly at monthly management meetings and are reported to and overseen by the Board of Directors in quarterly meetings. The Caesarstone EHS team manages all issues related to occupational health and safety, and has implemented an EHS system based on all relevant global requirements, including OSHA and local standards in the various countries in which we operate and conduct business.

We continue to build a strong EHS culture with all management teams, standardizing policies and activities across sites. The EHS team manages the continual improvement of the EHS management system to achieve improvements in overall occupational health and safety performance through quarterly and annual reports to senior management, identification, and monitoring of relevant EHS KPIs, and remediation efforts. The EHS management system covers all employees at Caesarstone.

Comprehensive hazard identification and risk assessments are made at each facility every three years or before significant changes. These include detailed incident investigations with corrective measures identified. Risk assessments are conducted in all factory departments, and there is a 'lessons learnt' team to identify and track remedial efforts related to any incidents to avoid repeat occurrences. Workers can report work-related hazards to the EHS team or senior management by contacting them directly or via the EHS management system software

All occupational health medical tests are conducted via qualified medical organizations. We ensure all patient confidentiality and privacy is upheld, and when needed, the company consults with a physician

specializing in occupational health. When necessary, medical tests are completed for employees by external labs.

Occupational health and safety is managed by the Safety Committee. To ensure workers' access and participation, we conduct roundtable events with employees on topics related to safety and health, and employees are invited to be part of the 'lessons learnt' team. In addition, employees participate in weekly safety meetings to review rules and updates.

All factory employees in Israel and the US receive annual training on all health and safety issues, as well as weekly "stand up" training sessions on a specific topic. Trainings are provided free of charge, during working hours. There are EHS recognition programs in all our plants, where employees are recognized for their participation in the hazard observation (good catches) program and receive recognition for improvements made to EHS practices.

EHS Activities

- Maintaining an EHS management system
- Determining EHS indicators
- Creating internal, cross-department audit plan
- Developing incident reporting process
- Communicating changes and updates
- Building a mechanism for employees to identify gaps and raise issues regarding safety



Promotion of Worker Health

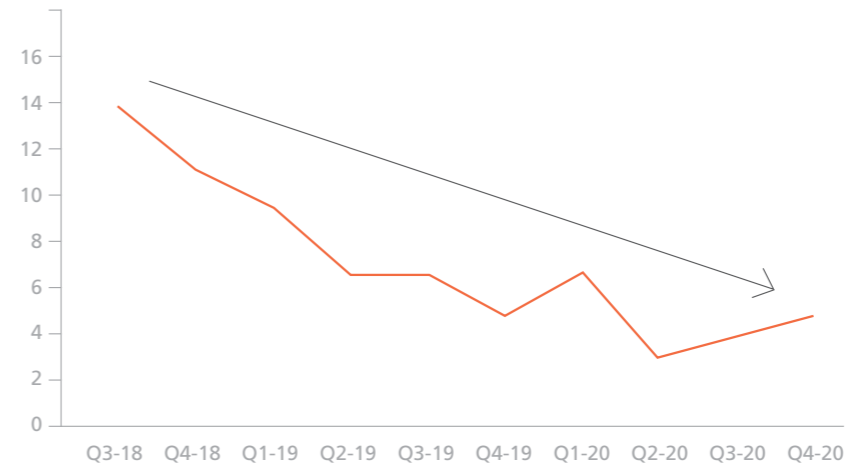
Prevention and mitigation of occupational health and safety impacts is part of the ISO45001 certification program. We track risks and risk assessments, and put into place activities for mitigation solutions, for example, the Nuphar and Lotus programs.

A Health and Safety committee led by our CEO conducts routine meetings, bringing together all relevant managers. As part of our health and safety efforts, we continuously map various risks associated with our activities, and consult with health and safety professionals, occupational specialists and physicians; these experts participate, on our behalf, in conventions in order to stay up to date with best practices and scientific developments.

We have implemented an occupational health and safety management system based on recognized international standards & guidelines for employees. This allows us to conduct thorough investigations into various risk factors and mitigate risks.

We track all risks and risk assessments

Lost Time Incident (Last 10 quarters)



↓ 72% reduction in Loss Time Injuries (LTI) From 2018 to 2020

With our Health & Safety culture embedded throughout the company, we have continuously improved lost time events.

From 2018 to 2020, we saw a 72% reduction in Loss Time Injuries (LTI), due to significant investment in education and training on the part of management and employees.

Work-Related Injuries

	Employees	
	2019	2020
Number and rate of fatalities as a result of work-related injury	0	0
Number and rate of high-consequence work-related injuries (excluding fatalities) - Lost time injuries	25	15
Number and rate of recordable work-related injuries	2.3	1.03
Main types of work-related injury	Mechanical injuries	Mechanical injuries
Number of hours worked	3,200,000	3,095,475

Despite our ongoing efforts and activities, accidents and injuries still occasionally occur.

Work-Related Ill Health

	Employees	
	2019	2020
Number of fatalities as a result of work-related ill health	0	0
Rate of fatalities as a result of work-related ill health	0	0
Number of recordable work-related ill health	2	3
Rate of recordable work-related ill health	0.63	0.97
Number of hours worked	3,200,000	3,095,475

SUPPLY CHAIN MANAGEMENT

We work with a wide range of partners and suppliers across the globe and seek to secure the highest quality materials. These include suppliers for our principal raw materials, as well as suppliers for our corporate operations, such as business equipment, materials, and software.

Quartz, polyester, and pigment are the primary raw materials used in the production of our engineered quartz products. We acquire raw materials from third-party suppliers, who ship raw materials for our engineered quartz products to our manufacturing facilities in Israel and the U.S., primarily by sea. Our raw materials are generally inspected at the suppliers' facilities and upon arrival at our manufacturing facilities.

Quartz is the main raw material component used in our engineered quartz products. We purchase quartz

from our quartz suppliers after it has already been processed by them. We acquire quartz from suppliers primarily in Turkey, Belgium, India, Portugal, the US, and Israel.

We work closely with our global suppliers across the supply chain and seek to ensure they provide us with quality materials and meet our environmental and social standards. We do so through audits and evaluations conducted onsite by Caesarstone staff or via third party organizations, as well as through information that suppliers are

required to provide. These include supplier quality audits, a supplier QA checklist, and specific questionnaires for OEMs focused on quality, based on similar levels and criteria for our internal facilities.

Our process for approving suppliers is extensive and can take approximately 7-12 months. It can include an evaluation of a supplier's economic viability, an on-site visit, and an overview of their business operations and procedures.

Working with Original Equipment Manufacturers (OEMs)

As demand for our products rose, we considered options for producing our products closer to market to support local economic development and reduce our logistics footprint, both environmentally and economically.

Three years ago, we began to work with select OEMs in China to serve various markets, such as Australia. While it takes approximately 5-6 weeks to ship our product from Israel to Australia, products can be shipped from China to Australia in about two weeks. This not only reduces supply chain costs, but it also **reduces pollution due to sea freight.**

Currently, we work with two OEM facilities in China for our quartz products and a facility in Italy for

our porcelain products. We put tremendous resources into ensuring both materials and production processes meet our standards. In 2020, OEM products accounted for approximately 15% of our total sales by volume of slabs and approximately 10% of revenue.

To become a partner OEM, companies must answer a dedicated OEM supplier questionnaire which includes environmental questions, social questions (including slavery and anti-bribery), accident statistics, health & safety questions, and company history.

To review the environmental and social performance of our OEMs, we have a full time OEM Manager based in Israel and we have approximately

15 local staff in China via a third-party company who perform audits at the OEMs. These employees are trained in our QA techniques and standards.

As part of our OEM program, we share a significant amount of knowledge and expertise with change our to these local production facilities. We conduct weekly quality calls to review any investigations or corrective actions and monthly meetings to review supply, quality, improvement plans, customer feedback, and any training needs. We are proud of our close partnership with our OEM companies and the high standards and shared values we have developed together.

Suppliers: Environmental & Social Issues

Environmental issues related to supplies is an important matter, especially for the companies that supply us with the raw materials for our products, and which can potentially have significant environmental impacts. It is very important that suppliers comply with environmental standards, in order to prevent the material from having impurities or excess dust, which is harmful to health and hygiene. In addition, the packaging method is critical in preventing significant dust leakage into the environment.

Vendors are by evaluated by Caesarstone according to:

- **Quality:** Quality of raw materials received during the year, and percentage of deviation reports for raw materials not in good condition.
- **Continuous improvement:** How the company has improved during the year, according to Caesarstone requirements regarding packaging, shipping, environment, and safety.
- **Documentation:** Compliance with documentation in accordance with ISO management and procedures.

We have a multi-year plan for conducting audits at suppliers. For our major raw material suppliers, we conduct at least 1-2 annual audits onsite (mainly in Turkey), and at least one audit every 3 years for the small companies (mainly in Belgium, Spain, and India).

In 2020, due to Covid-19 travel restrictions, some of the assessments were carried out via conference calls with the companies' management teams, with their full cooperation.

We have a close working relationship with our suppliers, who make all efforts to improve and correct any issues that may arise over the course of an audit or throughout the year. They are committed to finding the root cause and documenting procedures derived from the remedial actions required.

If we have doubts regarding our suppliers' activities, we require them to commit to the prohibition of such activities. We are aligned with the industry's supplier code of conduct for responsible sourcing products, services, materials, components and human rights. As part of this, we conducted audits for approximately 15 key suppliers; none of these suppliers were rejected according to the social and environmental criteria.

The suppliers at risk for incidents of child labor, young workers exposed to hazardous work, or incidents of forced or compulsory labor are OEM producers in the Far East and raw material suppliers in Turkey and the Far East. We conduct on-site visits to these facilities to ensure full compliance and all raw materials suppliers are required to sign a commitment for compliance, which addresses, among others, the prohibition of child labor and human trafficking and other employee rights. OEM suppliers are required to fill in a detailed questionnaire addressing this topic.

We have a close working relationship with our suppliers, who make all efforts to improve and correct any issues

HUMAN TOUCH

Putting people first in our joint journey of craftsmanship, creativity, and development of our surfaces



PEOPLE FIRST

Our values are reflected in everything we do - each decision and interaction. At Caesarstone, we put **People First**. We treat each other with fairness and respect. We welcome and embrace diverse perspectives. We consistently provide opportunities for professional and personal growth, and we solve problems and create solutions as a team. We constantly deepen and expand our knowledge, striving for excellence and the highest quality in our work and materials.



HUMAN RIGHTS

We respect international social principles aimed at promoting and protecting human rights. We are committed to preventing any practices that violate human rights in our operations and supply chain. This is declared in our Code of Conduct, and is included in employee training related to the Code.

We respect international social principles aimed at promoting and protecting human rights. We are mindful of these principles, both for our internal operations and the companies we work with throughout our supply chain. We believe human trafficking, child labor and forced labor is unacceptable, and we are committed to preventing these practices in our operations and supply chain. This is stated in our Code of Conduct.

Caesarstone will not do business with suppliers or operations that are violating human rights. Where we have doubts regarding suppliers or operations in this regard, we will require them to commit to the prohibition against violations of human rights in their operations and may conduct audit measures or pursue other available alternatives.

Issues of human rights are a concern evaluated when we consider making

an investment, and indeed our significant investment during 2020 included adherence to our Code of Conduct as part of the transaction.

When engaging with a major supplier, our vetting process includes questionnaires designed to assess human rights risks, and commitments to that respect are received included in our main purchasing contracts.

OUR EMPLOYEES

The Caesarstone special touch is applied throughout our design, engineering, and production process. It passes from the hands of our employees to the homes and workspace of our clients, and the craftsmanship shines through the entire journey.

Our employees are the heart of this journey and our organization, bringing their dedication, creativity, and expertise to work every day to

make sure we are creating authentic products, with care. As such, we put tremendous resources and energy to support our employees and make

sure they're operating in the best possible work environment that is friendly, warm, reliable, safe, and trustworthy.



Caesarstone design team

Information on Employees and Other Workers 2019 - 2020

ISRAEL

	2019			2020			Year over Year Change 2019-2020			
By employment type										
	<u>Women</u>	<u>Men</u>	<u>Total</u>	<u>Women</u>	<u>Men</u>	<u>Total</u>		<u>Women</u>	<u>Men</u>	<u>Total</u>
Full-time	161	476	637	208	555	763	%Full-time	29%	17%	20%
Part-time	5	4	9	5	4	9	%Part-time	0%	0%	0%
Total	166	480	646	213	559	772	Total headcount YoY			20%
Proportion of Full-Time out of total*	25%	74%	99%	27%	72%	99%	Proportion of Full-Time	2%	-2%	0%
Proportion of Part-time out of total	1%	1%	1%	1%	1%	1%	Proportion of Part-time	0%	0%	0%
%FT, by Gender	97%	99%		98%	99%		%FT, by Gender	1%	0%	
%PT, by Gender	3%	1%		2%	1%		%PT, by Gender	-22%	-14%	
By employment contract										
	<u>Women</u>	<u>Men</u>	<u>Total</u>	<u>Women</u>	<u>Men</u>	<u>Total</u>		<u>Women</u>	<u>Men</u>	<u>Total</u>
Permanent	164	480	644	210	559	769	%Full-time	28%	16%	19%
Temporary	2		2	3		3	%Part-time	50%	0%	50%
Total	166	480	646	213	559	772	Total headcount YoY			20%
Proportion of Permanent out of total	25%	74%	100%	27%	72%	100%	% Permanent / total	2%	-2%	0%
Proportion of Temporary out of total	0%	0%	0%	0%	0%	0%	%Temp/total	0%	0%	0%
%Permanent, by Gender	99%	100%		99%	100%		%Permanent/ Gender	0%	0%	
%Temporary, by Gender	1%	0%		1%	0%		%Temp/ Gender	17%	0%	
Non-employee workers										
	<u>Women</u>	<u>Men</u>	<u>Total</u>	<u>Women</u>	<u>Men</u>	<u>Total</u>				
**# of non-employee workers			0			0				

AUSTRALIA

	2019			2020			Year over Year Change 2019-2020			
By employment type										
	<u>Women</u>	<u>Men</u>	<u>Total</u>	<u>Women</u>	<u>Men</u>	<u>Total</u>		<u>Women</u>	<u>Men</u>	<u>Total</u>
Full-time	43	58	101	45	59	104	%Full-time	5%	2%	3%
Part-time	19	1	20	12	2	14	%Part-time	-37%	100%	-30%
Total	62	59	121	57	61	118	Total headcount YoY			-2%
Proportion of Full-Time out of total*	36%	48%	83%	38%	50%	88%	Proportion of Full-Time	3%	2%	5%
Proportion of Part-time out of total	16%	1%	17%	10%	2%	12%	Proportion of Part-time	-6%	1%	-5%
%FT, by Gender	69%	98%		79%	97%		%FT, by Gender	14%	-2%	
%PT, by Gender	31%	2%		21%	3%		%PT, by Gender	-31%	93%	
By employment contract										
	<u>Women</u>	<u>Men</u>	<u>Total</u>	<u>Women</u>	<u>Men</u>	<u>Total</u>		<u>Women</u>	<u>Men</u>	<u>Total</u>
Permanent	4	58	62	41	59	100	%Full-time	925%	2%	61%
Temporary	16	1	17	16	2	18	%Part-time	0%	100%	6%
Total	20	59	79	57	61	118	Total headcount YoY			49%
Proportion of Permanent out of total	5%	73%	78%	35%	50%	85%	% Permanent / total	30%	-23%	6%
Proportion of Temporary out of total	20%	1%	22%	14%	2%	15%	%Temp/total	-7%	0%	-6%
%Permanent, by Gender	20%	98%		72%	97%		%Permanent/ Gender	260%	-2%	
%Temporary, by Gender	80%	2%		28%	3%		%Temp/ Gender	-65%	93%	
Non-employee workers										
	<u>Women</u>	<u>Men</u>	<u>Total</u>	<u>Women</u>	<u>Men</u>	<u>Total</u>				
**# of non-employee workers	1	5	6	3	5	8				

* The proportion of a particular gender category out of all workers of a particular employment type

** Includes contractors, interns, and all others who work under an external contract

* The proportion of a particular gender category out of all workers of a particular employment type

** Includes contractors, interns, and all others who work under an external contract

NORTH AMERICA

	2019			2020			Year over Year Change 2019-2020			
By employment type										
	<u>Women</u>	<u>Men</u>	<u>Total</u>	<u>Women</u>	<u>Men</u>	<u>Total</u>		<u>Women</u>	<u>Men</u>	<u>Total</u>
Full-time	171	277	448	187	275	462	%Full-time	9%	-1%	3%
Part-time		1	1		1	1	%Part-time	0%	0%	0%
Total	171	278	449	187	276	463	Total headcount YoY			3%
Proportion of Full-Time out of total*	38%	62%	100%	40%	59%	100%	Proportion of Full-Time	2%	-2%	0%
Proportion of Part-time out of total	0%	0%	0%	0%	0%	0%	Proportion of Part-time	0%	0%	0%
%FT, by Gender	100%	100%		100%	100%		%FT, by Gender	0%	0%	
%PT, by Gender	0%	0%		0%	0%		%PT, by Gender	0%	1%	
By employment contract										
	<u>Women</u>	<u>Men</u>	<u>Total</u>	<u>Women</u>	<u>Men</u>	<u>Total</u>		<u>Women</u>	<u>Men</u>	<u>Total</u>
Permanent	171	278	449	187	276	463	%Full-time	9%	-1%	3%
Temporary			0			0	%Part-time	0%	0%	0%
Total	171	278	449	187	276	463	Total headcount YoY			3%
Proportion of Permanent out of total	38%	62%	100%	40%	60%	100%	% Permanent / total	2%	-2%	0%
Proportion of Temporary out of total	0%	0%	0%	0%	0%	0%	%Temp/total	0%	0%	0%
%Permanent, by Gender	100%	100%		100%	100%		%Permanent/ Gender	0%	0%	
%Temporary, by Gender	0%	0%		0%	0%		%Temp/ Gender	0%	0%	
Non-employee workers										
	<u>Women</u>	<u>Men</u>	<u>Total</u>	<u>Women</u>	<u>Men</u>	<u>Total</u>				
**# of non-employee workers			0			0				

Employee data is presented for three of our major sites of operations: Israel, Australia, and North America (US & Canada). Together, these sites make up over 95% of our business employees.

Data is compiled by ADP headcount reports.

We continue to grow our company. As part of our commitment to having a diverse, inclusive workplace, we strive to ensure everyone has an equal opportunity to join our team and gain access to secure, permanent employment. A great majority of our workforce is full time, with more than 98% having permanent contracts in 2020.

* The proportion of a particular gender category out of all workers of a particular employment type
 ** Includes contractors, interns, and all others who work under an external contract

Employee Communication

As a global, dispersed company with employees in many locations across the world, we focused on internal communication as a key corporate priority in 2020. We have made a commitment to increase the frequency and quality of our internal communications to reach all employees and make sure we are providing ongoing, transparent information on company performance, changes, strategy, and more. This has become even more crucial with the outbreak of the Covid-19 pandemic and uncertainty felt across the globe.

Starting in 2020, we published monthly CEO updates to all employees, with even more frequent updates during the Covid-19 pandemic. We offer quarterly virtual Town Hall meetings led by our Global CEO and VP HR, in which we present company results, business news, and answer any questions our team members may have, whether related to business operations or the organization.

In May 2020, we launched an internal communication application for all employees, which has been deployed across the globe with over 90% of our global workforce connected. Through this app, called **myCS**, we are able to deliver frequent online communication and offer an easy-to-use channel for all employees to be updated on company news.

We send financial report summaries to all employees and they receive notification of any public announcements related to stock or public financial news. We act according to all legal requirements for notifications related to any operational changes and provide appropriate notice to employees as required by local regulations, prior to the implementation of any significant operational changes that could substantially affect them.

Employee Engagement

In 2020, we conducted local pulse surveys on select topics in various locations, and we plan to conduct a full employee engagement survey in 2021. At our production facilities, we hold open roundtable tables for all employees, so they can receive updates, provide feedback, and ask any questions.



myCS is our internal communications app for employees

deployed across the world, with over 90% of our global workforce connected

DIVERSITY & EQUAL OPPORTUNITY

Caesarstone values the diversity of backgrounds, skills, and abilities that a global workforce brings to our business. Providing equal opportunities to develop people's full potential encourages higher quality and more productive work, reduces employee turnover, and increases morale and engagement.

Across our global locations we have a diverse, vibrant employee community and it is part of our work culture to hear different languages spoken in our office and production facilities. In Israel, our employees come from across the country and include the full diversity of local society, including different nationalities, religion, and ethnicities. Our employees include members of under-represented communities, such as Arab Israelis and Druze, Ultra-Orthodox Jews, Ethiopian Jews, in addition to people with disabilities.

We are very proud of our diversity and consider it a privilege that the Caesarstone workplace is a space where members of different communities come together, working towards a common purpose and goal.

Our diversity efforts include supporting all employees, across nationalities and gender, to reach their full professional potential at Caesarstone.

Our Commitment

- We recognize each other's diverse abilities and experiences and accept different perspectives
 - We make employment related decisions based on business needs, job qualifications and employee competencies and expertise
 - We respect the right to freedom of association pursuant to applicable laws
-



Diversity of Governance Bodies and Employees

	Age Group	2019					2020				
		Total					Total				
		% Women	% Other Vulnerable Group	% Over 50	% 30-50	% Under 30	% Women	% Other Vulnerable Group	% Over 50	% 30-50	% Under 30
Highest governance body (BOD)	Under Age 30										
	Ages 30-50	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
	Over Age 50										
Executive (C-Suite or Equivalent)	Under Age 30										
	Ages 30-50	38%	0%	46%	54%	0%	36%	0%	64%	36%	0%
	Over Age 50										
Senior (VP or equivalent)	Under Age 30										
	Ages 30-50	30%	0%	27%	73%	0%	40%	0%	23%	77%	0%
	Over Age 50										
Middle Management	Under Age 30										
	Ages 30-50	44%	14%	12%	86%	3%	47%	8%	17%	81%	2%
	Over Age 50										
Non-managers	Under Age 30										
	Ages 30-50	14%	21%	17%	60%	23%	16%	20%	20%	58%	22%
	Over Age 50										
Total		25%	23%	0%	0%	0%	27%	21%	0%	0%	0%

Ratio of Basic Salary and Remuneration of Women to Men

Employment category	2019	2020	Change YoY
	Ratio	Ratio	
Executive (C-Suite or Equivalent) - Average pay	94%	94%	0%
Senior (VP or equivalent) - Average pay	81%	85%	4%
Middle Management - Average pay	90%	91%	1%
Non-managers - Average pay	115%	122%	6%
Overall	91%	93%	2%

Non-discrimination

We have a clear anti-discrimination policy, as stated in the Caesarstone Code of Conduct.

We do not discriminate based on characteristics that are protected by applicable law and we treat all employees fairly without regard to age, race, nationality, origin, religion, gender, color, place of residence, condition of pregnancy, fertility treatments, marital status, parental status, disability, veteran status, sexual orientation, political preference, viewpoint, and military reserve service. In 2020, there were no incidents of discrimination at Caesarstone and there was no change in year over year employment-related complaints from 2019.

Employment

Our employees are the heart of Caesarstone. As a global company, we seek to ensure we meet all local labor and employment laws and regulations related to salaries, recruitment, benefits, etc. In each country, we offer competitive employment and benefit packages, with the aim of taking care of our employees now and in the future, after their retirement. We do not have any collective agreements.

Benefits

In 2020, Caesarstone Canada received \$1,338,600 in grants from the Canadian government and Caesarstone UK received \$286,457 in incentives or benefits from the UK government related to COVID-19 assistance and programs. Caesarstone Singapore received \$20,747 in incentives or benefits from the Singapore government in 2018; \$8,705 in 2019; and \$189,064 in 2020 for COVID-19 relief.

Employment Turnover

	Age Group	2019				2020			
		New Hires	Attrition (Voluntary, Retirement, Termination, Death)	Rate of New Hires	Turnover rate	New Hires	Attrition (Voluntary, Retirement, Termination, Death)	Rate of New Hires	Turnover rate
Women	Under Age 30	3				1			
	Ages 30-50	25	27	5%	5%	26	13	2%	-3%
	Over Age 50	2	6			4	6		
Total (Women)		30	33			31	19		
Men	Under Age 30	16	31			24	19		
	Ages 30-50	48	60	11%	17%	23	53	11%	-6%
	Over Age 50	8	19			3	13		
Total (Men)		72	110			50	85		
By Age Group	Under Age 30	19	31	0%	5%	25	19	2%	-2%
	Ages 30-50	73	87	0%	14%	49	66	9%	-5%
	Over Age 50	75	25	0%	4%	53	19	2%	-1%
Total (all ages)		167	143	26%	23%	127	104	14%	-9%

↓ 9% reduction

of our rate of turnover in 2020 vs. 2019. This reflects our deep commitment to our employees, their professional development growth, and the Caesarstone culture

Parental Leave

Parental Leave 2019 - 2020

period	2019			2020		
	Women	Men	Total	Women	Men	Total
period	17	2	19	5	1	6
Total number of employees that took parental leave in the year previous to this reporting period	-	-	-	17	2	19
Total number of employees that returned from parental leave during the reporting period	10	2	12	6	1	7
Total number of employees returning from parental leave in the year previous to this reporting period, and were still employed at least 12 months thereafter	10	0	10	10	0	10
Return to work rate	59%	100%	63%	120%	100%	117%
Retention rate	-	-	-	59%	0%	53%

We support all parents, men and women, in taking parental leave to raise their families. In all countries, we abide by local labor regulations, ensuring employees receive full parental leave benefits.

As our employees are the most important resource for the company, we are committed to supporting their health and wellness. We provide health insurance to

employees and their families beyond compliance in most countries in which we operate, seeking to ensure that employees have what we believe to be the best available health care. We offer retirement and benefits plans in all locations according to legal requirements and we provide retirement and compensation at the local accepted levels.

Training & Education

We are committed to providing our employees with training and education needed to complete their jobs and for their individual professional development. All new employees go through a full onboarding process with personal onboarding plans, including a list of specific training or certifications needed to fulfill their job responsibilities and how they will receive the training. We put special emphasis on training and certification in the production plants, to ensure all employees are equipped with the knowledge and skills necessary to complete their jobs at the highest level. Each Caesarstone location has a yearly budget for staff training and development, with the local HR teams designing the program to meet the needs of the employees at each location.

Compensation Policy

Employees are compensated based on local market practice, laws, and regulations. As a practice, we pay above minimum wage. We pay above minimum wage across all regions. We evaluate and make a market comparison every year and plan salary increases accordingly.

Performance Review

One of our core values is People First, and we see great importance in giving our employees feedback and providing them opportunities to develop their careers. More than 80% of our employees receive regular performance and career development reviews.

Performance Review

	2019	2020
Men	674	790
Women	334	404
Total	1,008	1,194
Managers	135	169
Non-managers	873	1,025
Total	1,008	1,194

2021 GOAL

We plan to implement a learning management and onboarding system

This will include documentation and tracking of employee training and certification

↑ 18% increase in performance reviews

in 2020 vs. 2019, due to the implementation of a new performance review system

A NOTE ON COVID-19

In 2020, as the world experienced the global Covid-19 pandemic and lockdowns were put into place in many of the countries where we operate, we had to adjust quickly to an evolving situation.

Our employees' health and safety is of the highest priority for us, and our management team and HR worked around the clock to ensure all appropriate measures were taken according to local regulations, to make sure our employees feel safe and secure – both physically and emotionally, during this uncertain time.

We are extremely proud of our entire team who demonstrated incredible care and empathy towards each other throughout the pandemic. Their actions, both on personal and professional levels, are helping us get through the pandemic with as much support as possible.

Responding to the Pandemic

- The VP of Global HR was nominated as the company officer in charge of the Covid response, coordinating management efforts around the world.
- Covid crisis teams were established in all regions and met throughout 2020 to assess local needs and publish directives and updates to employees. All local regulations were tracked and adhered to.
- We increased global communication to update all employees on the implications of the pandemic, with frequent written updates from the CEO, including virtual Town Hall meetings for all regions each quarter.
- As soon as the implications of the pandemic became clear, we arranged for employees who are able to work from home to do so. This included providing equipment needed to work comfortably at home and improving our IT infrastructure to support remote activities.
- Special attention was given to the production plants where we have high numbers of employees who cannot work from home. Several actions were taken to seek to make sure employees were safe and production was able to run as smooth as possible, including:
 - Separate shifts, so employees did not interact with others unnecessarily
 - Teams that did not work in shifts were moved to shift work
 - In Israel, we implemented transportation management to help people arrive to work independently, with expenses covered
 - In all three production plants, we implemented and enforced strict quarantine rules and safety measures above and beyond those required by local health directives
- To retain employees and avoid layoffs as much as possible, we made use of government furlough programs where available. This allowed us to keep our headcount relatively stable throughout the pandemic, with minimal layoffs during this period.
- At UK headquarters, we provide on-site Covid-19 tests to employees, in cooperation with the UK NHS.

In June 2020, we conducted a pulse survey of our Israel employees to evaluate our Covid-19 response.

Results include:

Statement	Score (out of 5)
1. I feel the company took the appropriate steps to protect my health and safety during the Corona pandemic	4.8
2. The frequency of updates I received from the company during the months of the pandemic was satisfactory	4.76
3. Transparency and clarity of information and instructions I received from the company during the months of the pandemic was satisfactory	4.71
4. I understand the guidelines that I am required to follow in terms of health and safety to continue to protect me and my colleagues in the workplace	4.9
5. The company enforces the various guidelines and regulations on employees	4.17
6. I have the necessary equipment to protect my health during this period	4.77
7. I have confidence in the senior management that they are making the right decisions for the organization	4.72
8. I understand what I need to focus on and what is expected of me as part of my role during this period	4.84

Results from the Satisfaction Survey on the company's conduct during the coronavirus period, May 2020

“ I continue to be impressed by the dedication and commitment shown by our employees throughout the year. The care and compassion they demonstrated to each other, our communities, partners and clients was truly inspiring. ”

Efrat Yitzhaki
VP Global Human Resources

LOCAL COMMUNITIES

Social Initiatives

We are committed to supporting the communities in which we live. This includes supporting initiatives and organizations that work to improve educational, health, and social issues for people and youth who live nearby our facilities. It also includes working with architects and designers that we interact we interact with in the larger design community.



Indirect Economic Impacts

Our production facilities in Israel and the US provide a significant number of jobs to the surrounding local communities. In addition, many service providers are local providers who also benefit from the activity at our facilities. Due to the location of our facility and its indirect economic impact on the local community, we are entitled to a lower tax rate for the Bar Lev facility in northern Israel.

Our Commitment

- We prohibit forced and compulsory labor, child labor and human trafficking
- We volunteer in communities in which we live and work
- We improve the wellbeing of people in need through social and community investment
- We encourage employees to enrich themselves in actively participating in their communities

Supporting the Community

We have a long history of supporting local community initiatives in Israel, with an emphasis on helping youth at risk. Through our community activities, we support:

Beit Taf Youth Hostel

Located in Pardes Hannah, the youth hostel provides a safe environment for youth at risk who do not live at home. For more than 15 years, we have supported the youth hostel's activities through annual financial contributions, as well as employee volunteer hours.

In 2020, due to the Covid-19 pandemic, we were not able to participate in volunteer activities onsite at the hostel; we hope to continue these activities when possible.

Maagalim

Since 2019, we have been contributing support to Maagalim, a national educational non-profit organization that empowers at-risk youth in 11th and 12th grade from the geographical and social peripheries in Israel and helps them undergo a process of personal growth. Our support includes financial donations, as well as volunteer support.

Supporting Kids with Special Needs

In 2020, we began working with the organization Yad LaYeled HaMeyuchad, "Lend a Hand to the Special Child," which supports youth with special needs, helping them integrate into society. Our support includes financial donations.

Food Security

In honor of the major holidays in Israel, every year we make a donation to local nonprofit organizations that support food security in Israel.

Kibbutz Sdot Yam Higher Education Fund

In recognition of our founding as a factory in Kibbutz Sdot Yam, we support a higher education fund for kibbutz youth who attend university and study a topic related to Caesarstone's business operations. We have provided full funding for dozens of students, paying for their entire university education. In 2020, we supported 7 students from the Kibbutz. Students study a wide range of topics, including engineering, design, business administration, law, and other specialties.

Skills Development through Surfing

We support the surfing activities of the nonprofit organization **Rahafat Kibbutz Sdot Yam**, where they provide sports training and skills development for youth at the kibbutz.

Caesarstone is a major supporter of Camp Quality in Australia, an organization dedicated to improving the quality of life for young cancer patients and their families by providing a supportive environment, education, and fun.

As part of our commitment to supporting non-profit organizations, we plan to establish a donations program to donate Caesarstone countertops to non-profit organizations that are undergoing renovations of their facilities or undertaking new building construction.

HEART OF THE HOME

Bringing innovation to the space where families and friends come together



CONSUMERS & INNOVATION

We are committed to fresh thinking and breakthrough ideas that create value for our customers and our business. We embrace curiosity and creativity in our endeavor to lead the industry.

Caesarstone works with the leading sustainability organizations in the green building sector as part of its sustainability leadership. Our certifications for our manufacturing sites and products support our customers' needs for green and healthy building products and contribute to green building projects.

As a member of the United States Green Building Council (USGBC), Caesarstone is a natural partner for green building projects worldwide.

We are in the process of developing our strategy for creating more sustainable products



R&D

The Caesarstone R&D Department continuously evaluates new ideas and innovations related to our materials and production processes. The multi-disciplinary team brings its unique skills and decades of experience to the design, research, and production of various surfaces. Our beautiful designs are based on proprietary technology and incorporate new materials and elements developed through rigorous research. The Caesarstone design group, part of the R&D department, is well known in the industry as market leaders and trendsetters.

We take our inspiration from the environment and nature around us, whether it's the neutral stones at our production facilities or the urban, industrial environment in which we work. We are committed to protecting the environment and keeping it safe for the coming generations - it is a way of life for us. A significant portion of our attention and research into new product development methods is based on these values, with the goal of increasing recycled materials, utilizing local resources and safer components, and bringing them together in beautiful products.

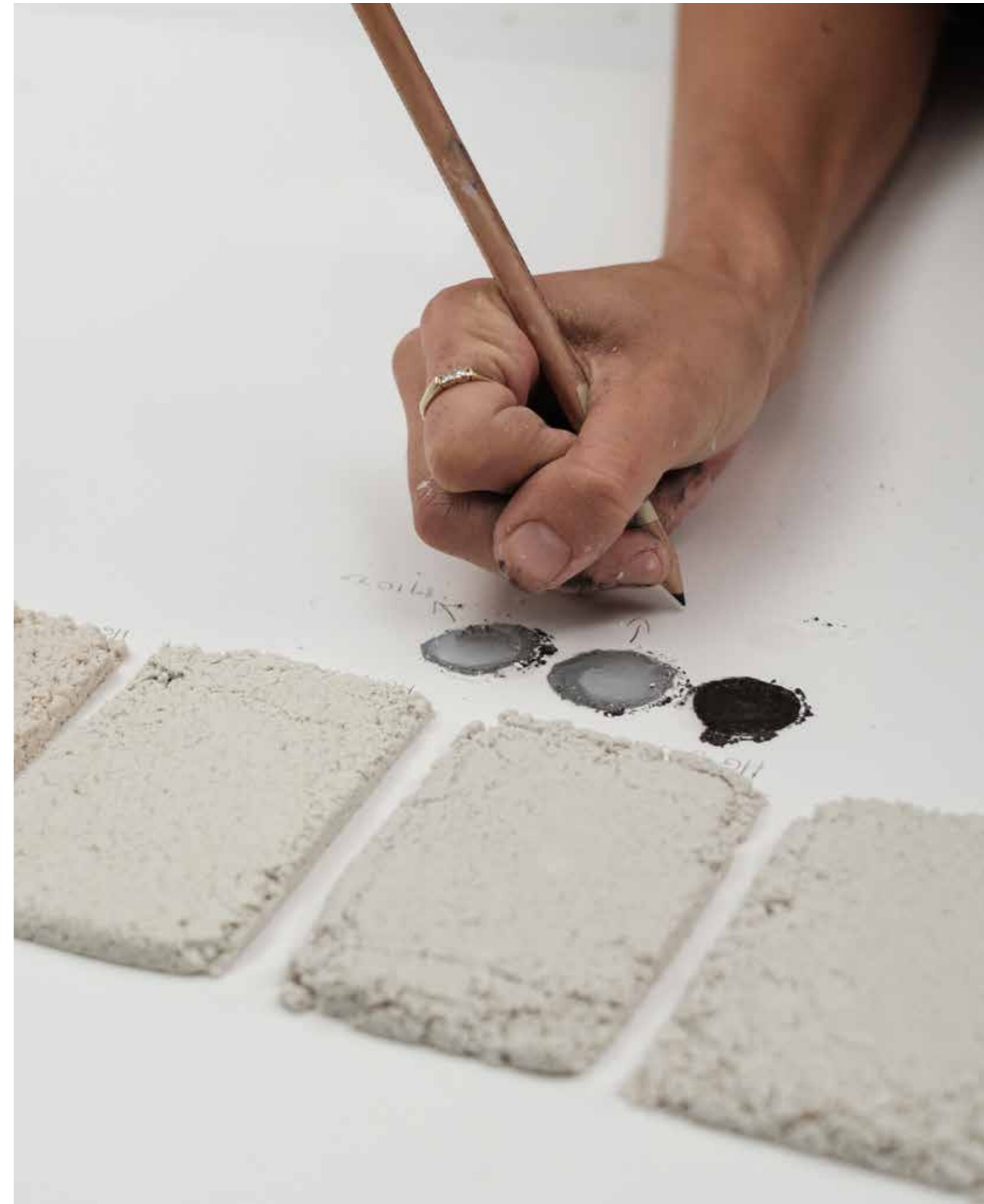
Our R&D group focuses on process improvements, including enhancing the use of safe materials, with the intention of developing new products for new markets. We are currently looking at opportunities to reduce or replace hazardous materials and evaluating opportunities for the reuse and recycling of products at end-of-life. In addition, we are considering methods for waste reduction, as well as the development of alternative surface materials.

An example of this approach can be seen in the Outdoor Collection, a groundbreaking collection developed to provide the convenience of stain-resistant, easy to clean, highly durable surfaces in the form of beautifully designed, material that can withstand rain, snow, or sunshine. This collection allows consumers to cook, dine, and entertain comfortably outdoors.

New R&D initiatives are evaluated based on quality, environmental impact, and business viability, and we look forward to reporting on these developments in future ESG reports.

We take our inspiration from the environment and nature around us

We are committed to protecting the environment and keeping it safe for the coming generations.



DIGITAL TRANSFORMATION

We are committed to meeting our partners and consumers where they are and providing an easy-to-use, engaging, valuable digital experience. We aim to be a **trusted companion** for consumers, leading them through their journey of renovating their spaces - from inspiration to post-installation.

The Caesarstone Digital Team strengthens our connection with business partners and end consumers, and we aim to build data-driven, personal relationships with our consumers, offering

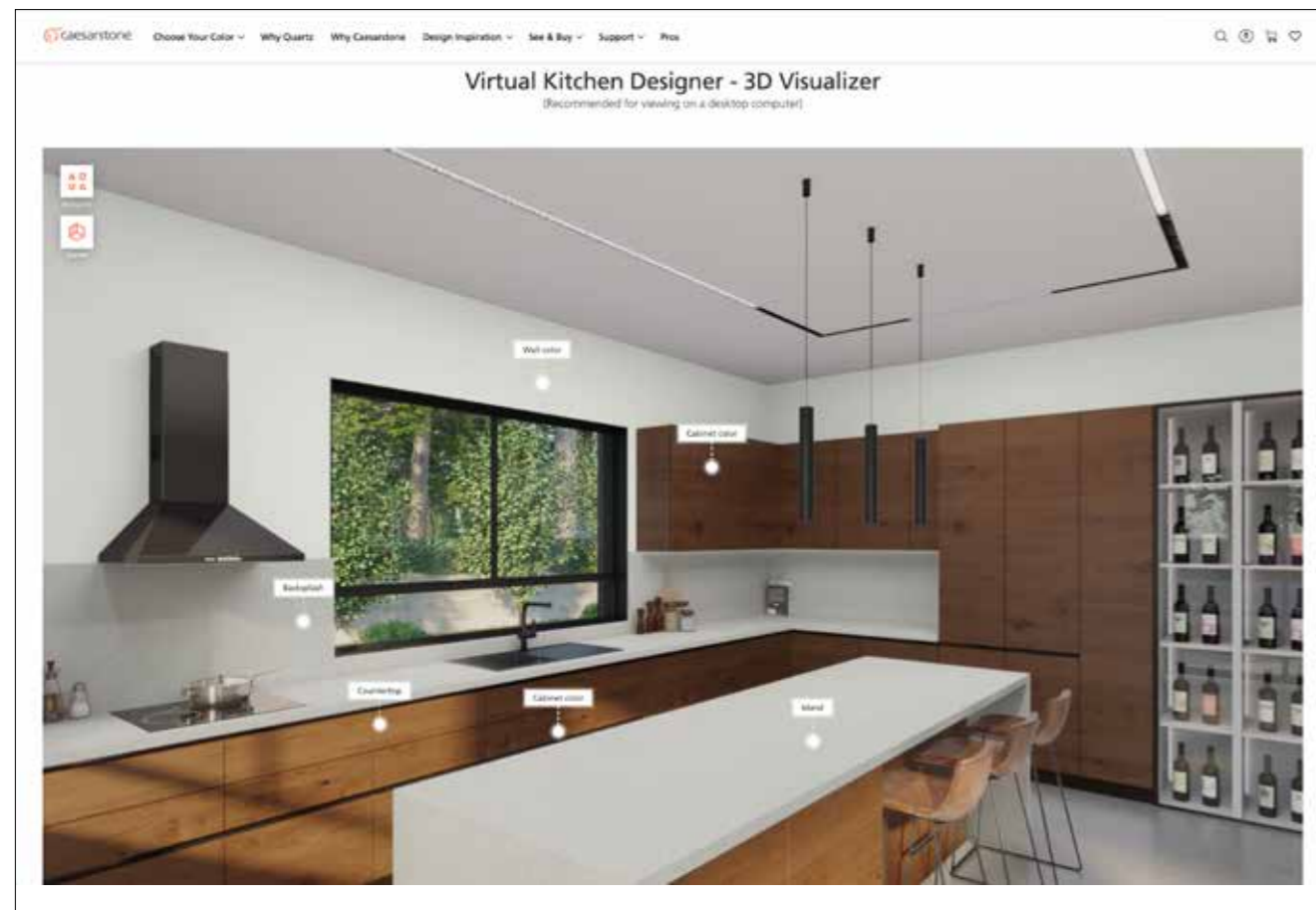
them a variety of digital tools and information to meet their needs. Our goal is to create simple and joyful experience, and to alleviate stress or anxiety that can accompany renovations.

We recently introduced a new, state-of-the-art global brand website that puts the consumer at the center. In addition to a full product catalogue, it includes an inspirational gallery for design ideas and a 3D

interactive, visualization tool and a project checklist to help consumers make decisions in the overwhelming renovation process. We also have a Personal Style Quiz to help consumer

discover their interior design style that best reflects their taste. We recognize the value of creating a personalized digital experience and guiding, empowering consumers to

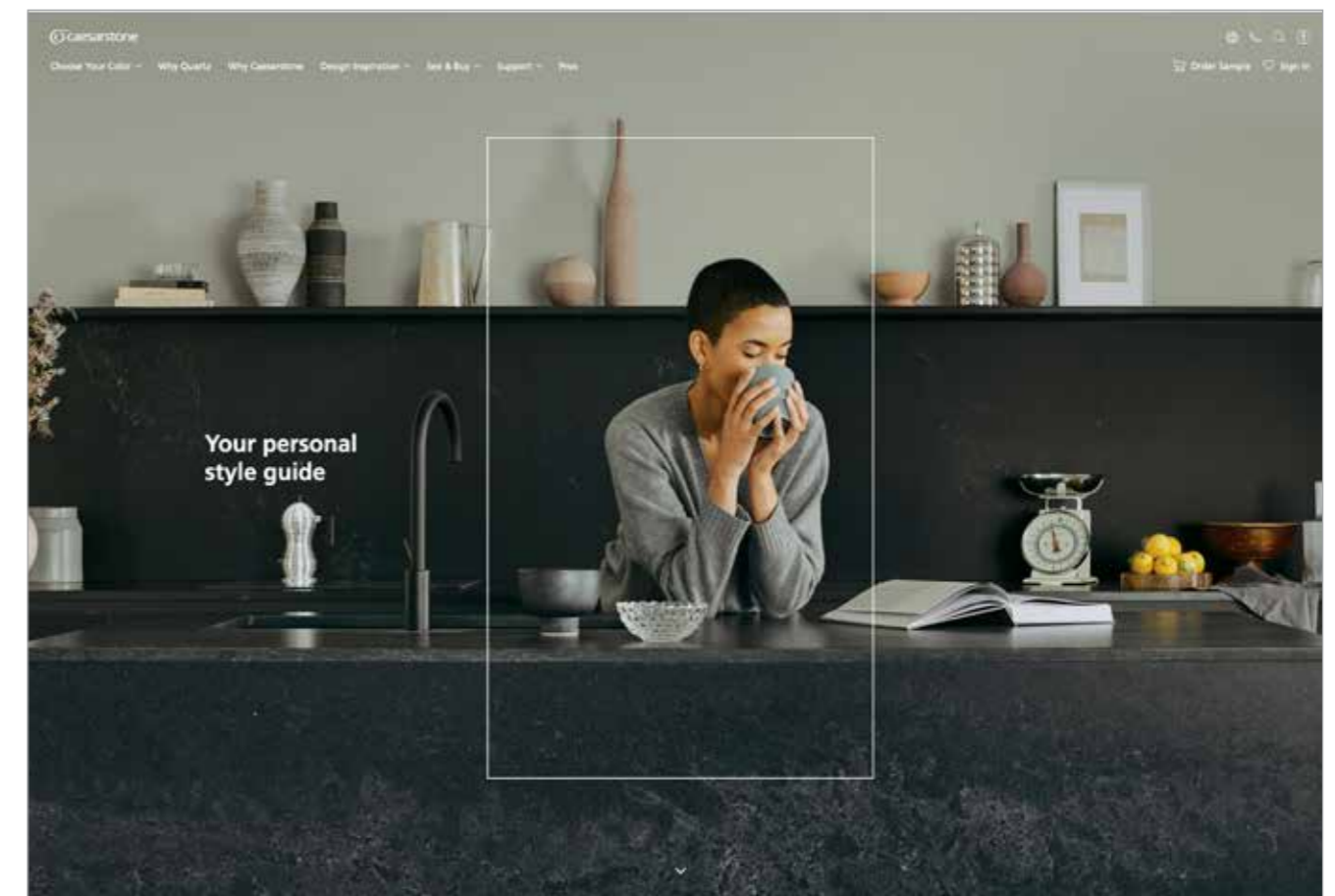
make decision at home, due to social distance restrictions due to Covid-19.



Interactive Visualize

See your countertop set in 3D, and picture your space taking shape.

[Link to website](#)



Personal Style Guide

Discover the interior design style that best reflects your taste.

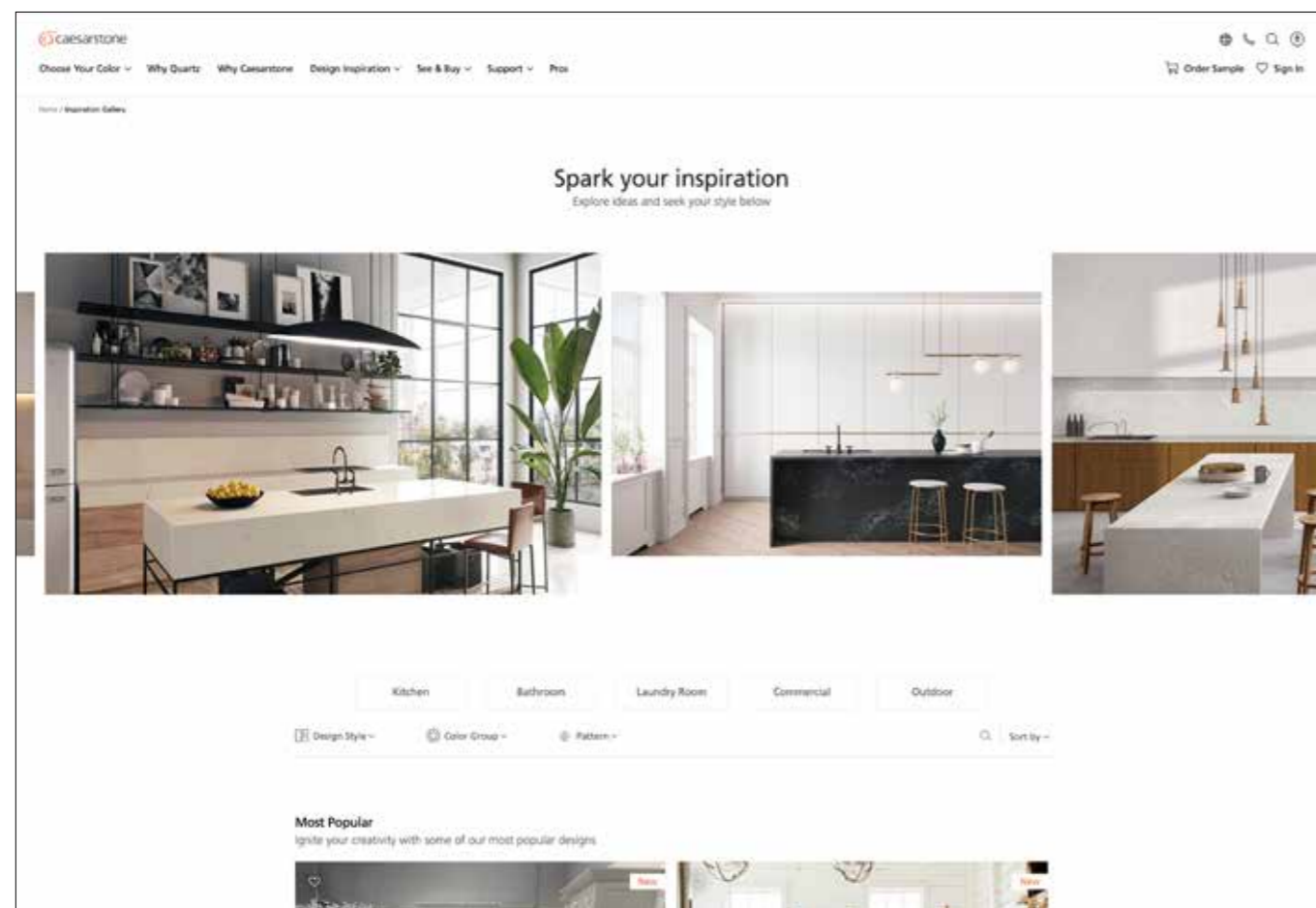
[Link to website](#)

Bridging the gap between the virtual and physical worlds

Caesarstone digital experience bridges the gap between the virtual and physical worlds, helping people find the closest showroom, retailer, fabricator or design studio where they can see and feel our products.

In North America, Australia, and the UK, consumer can order online samples of their favorite colors, and get a taste of their new counter-top.

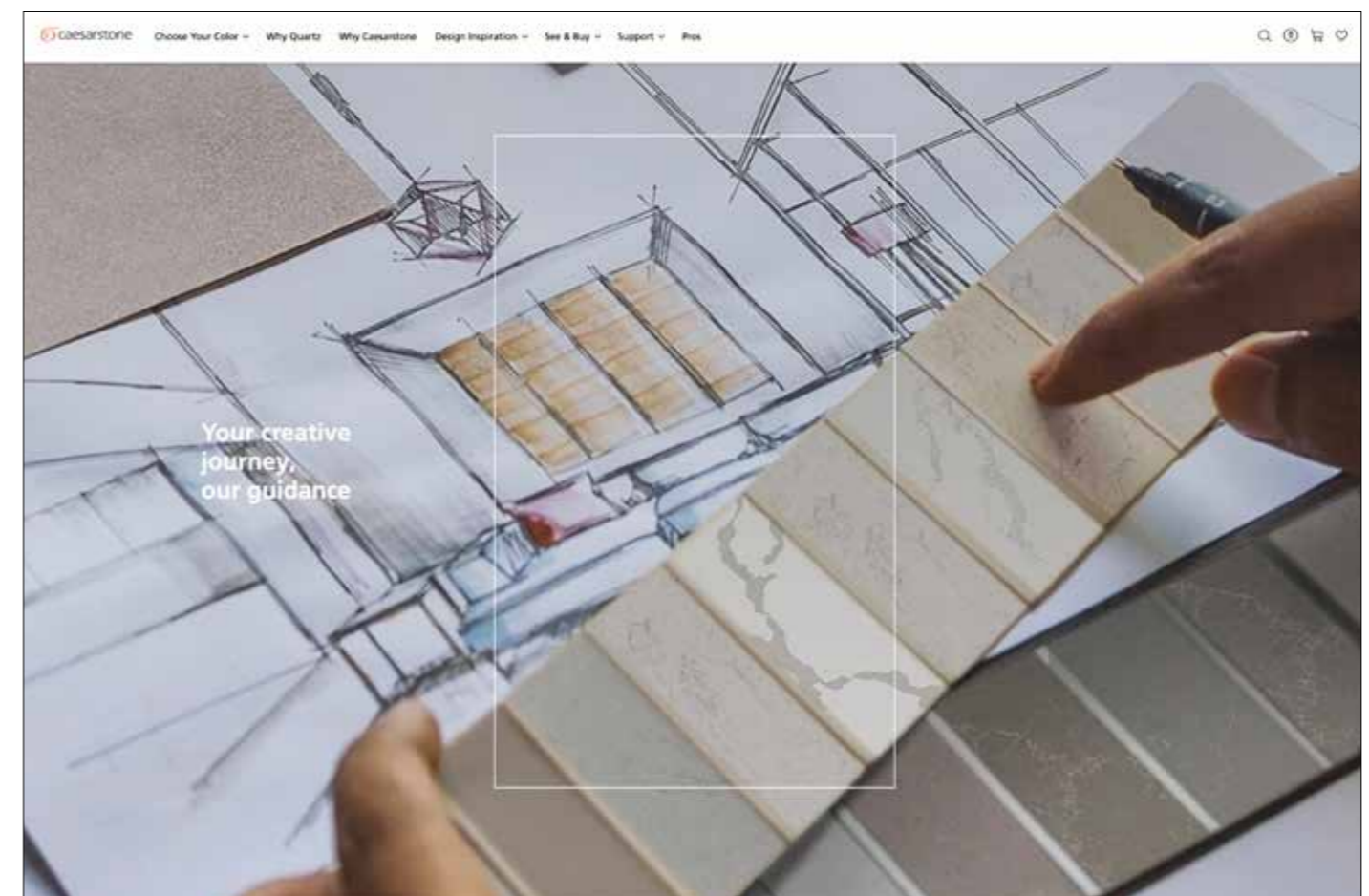
In Australia a virtual consulting is offered from our show rooms, enables remote colors & matching consulting and full slab view.



Inspiration Gallery

Spark your inspiration for your home, bathroom, laundry room, commercial.

[Link to website](#)



Project Checklist

Helping you map out the journey that brings your dream to life.

[Link to website](#)

THE CONCEPT HOUSE

The Concept House, located in central Israel, gives people the opportunity to find all of the company's colors at full size. The space engages consumers through the striking presentation of materials and introduces experiences that ignite the imagination of lifestyle and design enthusiasts.

Visitors are invited to see and experience the raw materials, while admiring the full-scale design and colors. Smart scanners and digital technology allows visitors to view a wide variety of material combinations to find exactly the right design solution for their needs. Upon the conclusion of their journey, everything the visitor has scanned is brought to life with the

help of advanced technology and 3D simulation. Realistic personalized renderings are sent to the visitor's personal email at the end of the visit.

We continue to develop innovative tools to support our connection with partners across the value chain. The tools we offer are available for designers and their clients, and are built to provide value across the renovation journey.



The Concept House was designed by **Baranowitz + Kronenberg**, an internationally acclaimed architecture and interior design studio founded by Irene Kronenberg and Alon Baranowitz

ARCHITECTS & DESIGNERS

We work with leading global architects and designers to showcase the beauty, quality, and functionality of Caesarstone surfaces and share it with people around the world.

Milan Design Week

Since 2013, every year at the Milan Design Week we have partnered with world renown designers to showcase a certain attribute of Caesarstone materials – strength, movement, aesthetics, functionality, etc. These

exhibitions provide an opportunity for a joint journey of creativity and inspiration for both designers and the public.



NENDO

Stone Edge, 2013

The Japanese design studio Nendo created the Stone Edge table collection, which consists of wooden tables with corner and leg details embellished with jewel-like pieces from the Caesarstone collection. The stone garden installation highlighted the strength of Caesarstone materials.



RAW EDGES

Islands, 2014

Created by the London based studio Raw Edges, the project reshaped the typical interior arrangement by positioning the surface as the starting point of kitchen design and food preparation processes, highlighting the design, beauty, quality, and functionality of Caesarstone surfaces.

PHILIPPE MALOUIN

Movements, 2015

The interactive installation included geometric, carved planters in a range of shapes, textures, and colors putting Caesarstone material at the heart of the creation process. It also included an eight-piece swing set made of the Caesarstone Supernatural collection, highlighting the material's qualities such as strength, durability, and flexibility – bringing an 'out of context' element into play.



TOM DIXON

The Restaurant, 2016

The Restaurant consists of four conceptual kitchens inspired by the elements – Earth, Fire, Water and Air. Each of the four kitchens introduced a different range of Caesarstone’s designs, demonstrating the versatility and beauty of the Caesarstone surfaces, combined with, combined with dining halls and products designed by Tom Dixon.

JAIME HAYON

Stone Age, 2017

In this collaboration with designer Jaime Hayon, Caesarstone materials were used as a precious component of his whimsical universe inspired by fauna – the natural world, and folklore. Blending fantasy with functionality, playfulness with craft, the installation incorporated over 48 Caesarstone colors combined with metal and glass, elevating the material to the luxury of precious stone.



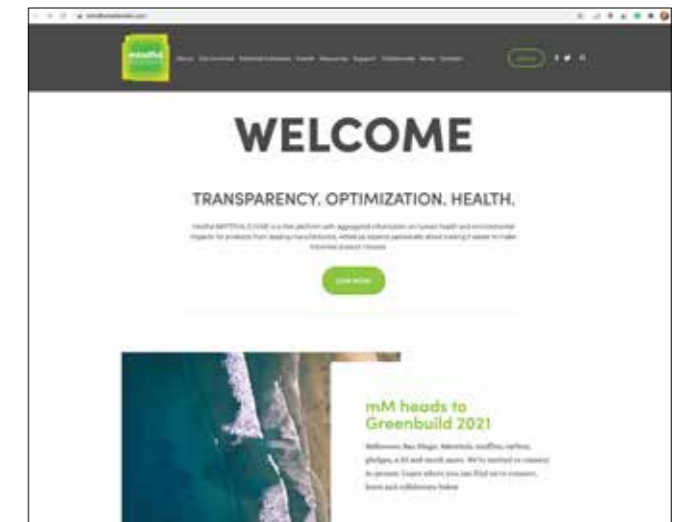
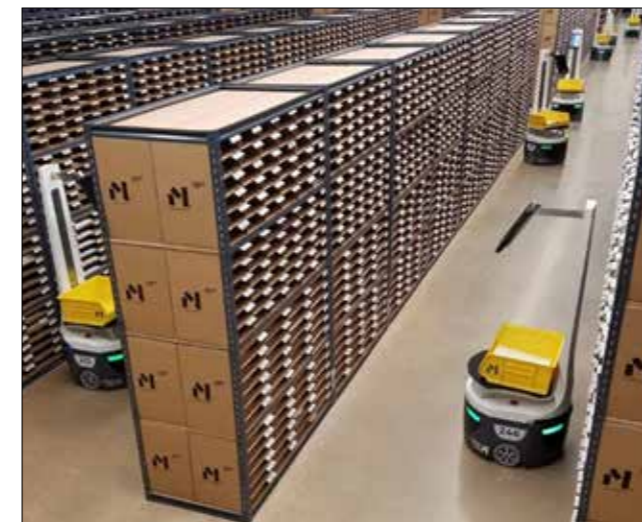
SNARKITECTURE

Altered States, 2018

The NY based architecture firm Snarkitecture, known for taking everyday materials and converting them into unique installations, created Altered States, which focused on the idea of the kitchen island as not only a place for entertainment, hosting, performance and technology, but also as the hub for social life in general, inspired by the changing states of water, both in nature and in the kitchen.

Supporting Sustainable Practices for the Architect & Design Community

In a recent survey, eight out of ten design professionals indicated that sustainability and material health data are important in their product selection.



Material Bank

We are proud to work with [Material Bank](#) and support its sustainable business practices. The Material Bank is the largest sample provider for architectural and design projects in North America. Through its sample reclamation format, it reduces the number of samples needed, used, and produced.

Each manufacturer provides a limited number of samples per SKU. When an Architect or Designer orders a sample box of multiple product samples, the Material Bank delivers the samples in one box without plastic wrap, styrofoam or packaging. The boxes contain a return label, which allows the architect or designer to return the samples to Material Bank. The samples are then reused.

Mindful Materials

The [mindful MATERIALS](#) (mM) library is a free platform that is the leading building industry resource for aggregated health and sustainability product data. It is used by thousands of architecture and design professionals as a trusted source of product transparency and optimization information

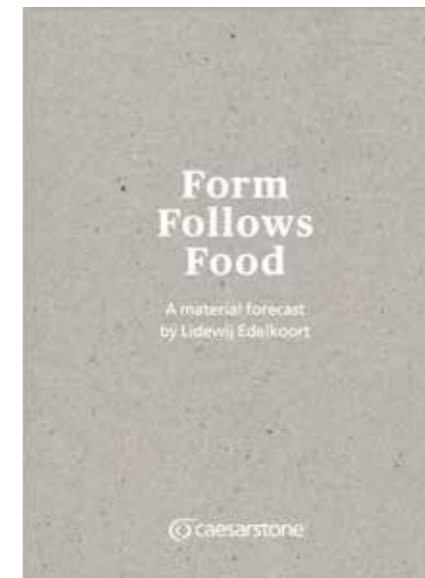
Caesarstone collaborates with the mM library, which is now linked to Material Bank to enable industry professionals to more easily prioritize sustainability in the specification and sampling process.

Caesarstone Trends Books

In 2018, we published **Caesarstone Kitchen Trends**, which looks at the latest trends that shape the design scene. The book explores kitchen and tech innovations, and how kitchens have become the central hub of the home. From lifestyle and cultural trends through surface treatments and finishes, four stories take the reader on a journey to better understand current aesthetics.



Our most recent trends book, **Form Follows Food**, was released in 2019 in partnership with Li Edelkoort, the world renowned trend forecaster. The book explores three design trend directions, along with profiles of contemporary designers whose work is connected with food.



ANNEX

We measure ourselves,
continuously



ABOUT THIS REPORT

This report covers the business operations and entities of Caesarstone as described above for the period of 2019-2020. We plan to include information on additional topics and business activities in future ESG reports, to be published bi-annually.

We would like to thank many people who contributed to our inaugural ESG report. The process was intense and collaborative, and offered us the opportunity to share our various experiences and aspirations regarding sustainability throughout the organization. We would like to thank our senior management teams in Israel, North America, UK, and Australia for their input and guidance, and the many managers and employees across the world who contributed their time and effort, as well as the information and data contained in the report.

Thank you to our external partners for their support and guidance throughout the process of creating this report, including EY, Portnov Mishan, and Tzipora Lubarr.

For additional information about this report, please contact:

Yoav Tzidon

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SASB TABLE

TABLE 1. SUSTAINABILITY DISCLOSURE TOPICS & ACCOUNTING METRICS

Topic	Accounting metric	Category	Unit of measure	Code	Response
Energy Management in Manufacturing	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	CG-BF-130a.1	GRI 302
Management of Chemicals in Products	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	Discussion and Analysis	n/a	CG-BF-250a.1	GRI 306
	Percentage of eligible products meeting volatile organic compound (VOC) emissions and content standards	Quantitative	Percentage (%) by revenue	CG-BF-250a.2	Not applicable
Product Lifecycle Environmental Impacts	Description of efforts to manage product lifecycle impacts and meet demand for sustainable products	Discussion and Analysis	n/a	CG-BF-410a.1	-
	(1) Weight of end-of-life material recovered, (2) percentage of recovered materials recycled	Quantitative	Metric tons (t), Percentage (%) by weight	CG-BF-410a.2	Not applicable
Wood Supply Chain Management	(1) Total weight of wood fiber materials purchased, (2) percentage from third-party certified forestlands, (3) percentage by standard, and (4) percentage certified to other wood fiber standards, (5) percentage by standard	Quantitative	Metric tons (t), Percentage (%) by weight	CG-BF-430a.1	None

TABLE 2. ACTIVITY METRICS

Topic	Category	Unit of measure	Code	Response
Annual production	Quantitative	See note	CG-BF-000.A	GRI 305
Area of manufacturing facilities	Quantitative	Square meters (m ²)	CG-BF-000.B	152,000 sqm

GRI REPORTING INDEX

GRI Indicator	Description	Disclosure Source	Section(s)	Page(s)	Omissions
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GENERAL STANDARD DISCLOSURE

Organization Profile

102-1	Name of the Organization	Annual Report	Item 4, A. History and Development of the Company	37	
102-2	Description of the organization's activities; primary brands, products, and services, including an explanation of any products or services that are banned in certain markets	Annual Report/ ESG report	Item 4, B. Business Overview	38,39,40	
102-3	Location of organization's headquarters	Annual Report	Item 4, A. History and Development of the Company	37	
102-4	Location of operations: Number of countries where the organization operates, and names of countries where it has significant operations and/ or that are relevant to the topics covered in the report	Annual Report	Item 4, D. Property, Plants and Equipment	49	
102-5	Nature of ownership and legal form	Annual Report	Item 4, C. Organizational Structure	49,50,51	
102-6	Markets served, including geographic breakdown, sectors served, and types of customers/beneficiaries	Annual Report	Item 4, B. Business Overview	38,39, 40,41	
		ESG Report	Our Global Presence	32	
102-7	Scale of the reporting organization	Annual Report	Item 5, A. Operating Results	51-55	
			Item 6, D. Employees	96	
			Item 3, A. Selected Financial Data	1-4	
		ESG Report	What We Do	16	

GRI Indicator	Description	Disclosure Source	Section(s)	Page(s)	Omissions
102-8	Total number of employees by employment contract (permanent and temporary) by region; Total number of employees by employment type (full-time and part-time) by gender; Whether a significant portion of the organization's activities are performed by workers who are not employees; Any significant variations in the numbers reported above (such as seasonal variations)	ESG Report	Our Employees	94	
102-9	Describe the organization's supply chain	ESG Report	Supply Chain Management	88	
102-10	Significant changes regarding the organization's size, structure, ownership, or its supply chain	ESG Report	What We Do	16	
102-12	List externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	ESG Report	Collaborations & Partnerships	38	
102-13	Memberships in industry or other associations, and national or international advocacy organizations	ESG Report	Collaborations & Partnerships	38	
Strategy					
102-14	Statement from the most senior decision-maker of the organization	ESG Report	CEO letter	6	
102-15	Description of key impacts, risks, and opportunities	Annual Report	Item 3, D. Risk factors	4	

GRI Indicator	Description	Disclosure Source	Section(s)	Page(s)	Omissions
Ethics and Integrity					
102-16	Describe the organization's values, principles, standards and norms of behavior	ESG Report	Our Values	18	
Governance					
102-18	Report the governance structure of the organization, including committees of the highest governance body and committees responsible for decision-making on economic, environmental and social impacts.	Annual Report	ITEM 6: A. Directors & Senior Management	73-77	
		ESG Report	Corporate Governance	34	
102-20	Executive-level responsibility for economic, environmental and social topics	ESG Report	Corporate Governance	35	
102-21	Consulting stakeholders on economic, environmental, and social topics	ESG Report	Corporate Governance	35	
102-22	Composition of the highest governance body and its committees	Annual Report	ITEM 6: A. Directors & Senior Management	73-77	
102-23	Chair of the highest governance body	Annual Report	ITEM 6: A. Directors & Senior Management	73-77	
102-24	Nominating and selecting the highest governance body	Annual Report	ITEM 6: A. Directors & Senior Management	81-84	
102-25	Conflicts of interest	Annual Report	ITEM 3, D. Risk Factors	24	
			ITEM 6: A. Directors & Senior Management	81-84	
102-26	Role of the highest governance body in setting purpose, values and strategy	Annual Report	ITEM 6: C. Board Practices	81	
102-27	Collective knowledge of highest governance body	Annual Report	ITEM 6: C. Board Practices	81	
102-28	Evaluating the highest governance body's performance	Annual Report	ITEM 6: C. Board Practices	81	

GRI Indicator	Description	Disclosure Source	Section(s)	Page(s)	Omissions
102-29	Identifying and managing economic, environmental, and social impacts	ESG Report	Corporate Governance	35	
102-30	Effectiveness of risk management processes	Annual Report	ITEM 3, D. Risk Factors	24	
102-31	Review of economic, environmental, and social topics	ESG Report	Corporate Governance	34	
102-32	Highest governance body's role in sustainability reporting	ESG Report	Corporate Governance	35	
102-33	Communicating critical concerns	ESG Report	Corporate Governance	34	
102-34	Nature and total number of critical concerns	ESG Report	Corporate Governance	34	
102-35	Remuneration policies	Annual Report	ITEM 6: B. Compensation of Officers & Directors ITEM 6 C. Board Practices – Compensation Committee	88	
102-36	Process for determining remuneration	Annual Report	ITEM 6: B. Compensation of Officers & Directors ITEM 6 C. Board Practices – Compensation Committee	88	
102-37	Stakeholders' involvement in remuneration	Annual Report	ITEM 6: B. Compensation of Officers & Directors ITEM 6 C. Board Practices – Compensation Committee	77 88	
Stakeholder Engagement					
102-40	List of stakeholder groups engaged by the organization	ESG Report	Corporate Governance	36	
102-41	Collective bargaining agreements	ESG Report	Our Employees	94	

GRI Indicator	Description	Disclosure Source	Section(s)	Page(s)	Omissions
102-42	Basis for identification and selection of stakeholders with whom to engage	ESG Report	Corporate Governance	36	
102-43	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	ESG Report	Corporate Governance	36	
102-44	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	ESG Report	Corporate Governance	36	omission of 102-44 ii. due to lack of data to be collected and reported in the next ESG report
Reporting Practice					
102-46	Process for defining report content and topic boundaries; explain how the organization has implemented the Reporting Principles for defining report content	ESG Report	About This Report	134	
102-47	List the material topics identified in the process for defining report content	ESG Report	ESG Materiality Analysis	44	
102-48	Restatements of information	ESG Report	About This Report	134	
102-49	Changes in reporting	ESG Report	About This Report	134	
102-50	Reporting period	ESG Report	About This Report	134	
102-51	Date of most recent report	ESG Report	About This Report	134	
102-52	Reporting cycle (annual, biennial, etc.)	ESG Report	About This Report	134	
102-53	Contact point for questions regarding the report or its contents	ESG Report	About This Report	134	
102-54	Report the "in accordance" option	ESG Report	About This Report	134	
102-55	The GRI content index	ESG Report	About This Report	137	

GRI Indicator	Description	Disclosure Source	Section(s)	Page(s)	Omissions
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SPECIFIC STANDARD DISCLOSURES

Economic

201: Economic Performance

201-1	Direct economic value generated and distributed Financial implications and other risks and opportunities due to climate change	Annual Report	Item 5, A. Operating Results	58	
201-2	Defined benefit plan obligations and other retirement plans	Annual Report	Item 3, D. Risk Factors	35	
201-3	Financial assistance received from the government	ESG Report	Diversity & Equal Opportunity	104	
201-4	Financial assistance received from the government	ESG Report	Diversity & Equal Opportunity	103	

203: Indirect Economic Impacts

203-2	Significant indirect economic impacts, including the extent of impacts	ESG Report	Indirect Economic Impacts	108	
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205: Anti-Corruption

205-1	Operations assessed for risks related to corruption	ESG Report	Corporate Governance	35	
205-2	Communication and training about anti-corruption policies and procedures	ESG Report	Corporate Governance	35	
205-3	Confirmed incidents of corruption and actions taken	ESG Report	Corporate Governance	35	

GRI Indicator	Description	Disclosure Source	Section(s)	Page(s)	Omissions
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206: Anti-Competitive Behavior

206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	ESG Report	Corporate Governance	35	
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207: Tax

207-1	Approach to tax	ESG Report	Taxes	40	
207-2	Tax governance, control, and risk management	ESG Report	Taxes	40	
207-4	Country-by-country reporting	Annual Report	Item 10.E: Taxation	115	

Environmental

301: Materials

301-1	Materials used by weight or volume	ESG Report	Materials	58	
301-2	Recycled input materials used	ESG Report	Materials	59	

302: Energy

302-1	Energy consumption within the organization	ESG Report	Energy	60-61	
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Information for 302-1b is omitted as it is not applicable - Caesarstone does not consume energy from renewable sources.
The organization does not report information for parameters 302-1c ii-iv as the information is unavailable – Caesarstone does consume energy for heating, cooling, or steam.
Information for 302-1d is omitted as it is not applicable as Caesarstone does not produce energy resources.

302-4	Reduction of energy consumption	ESG Report	DATA MISSING - PENDING	61-62	
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GRI Indicator	Description	Disclosure Source	Section(s)	Page(s)	Omissions
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303: Water

303-1	Interactions with water as a shared resource	ESG Report	Water	65	
303-2	Management of water discharge-related impacts	ESG Report	Water	65	
303-3	Water withdrawal	ESG Report	Water	66	

Information for 303-c is omitted as it is not applicable

305: Emissions

305-1	Direct (Scope 1) GHG emissions	ESG Report	Air	62-64	Caesarstone omitted 305-1c because it is not applicable, i.e. it was not included in our Scope 1 calculations as our activities do not involve the use of biomass and therefore there are no biogenic emissions.
305-2	Energy indirect (Scope 2) greenhouse gas emissions	ESG Report	Air	62-64	
305-4	GHG emissions intensity	ESG Report	Air	64	

306: Waste

306-3	Waste generated	ESG Report	Waste	67-69	Caesarstone omitted Non-hazardous waste in 306-3a, will be added to the next ESG report.
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307: Environmental Compliance

307-1	Non-compliance with environmental laws and regulation	ESG Report	Environmental Compliance	71	
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GRI Indicator	Description	Disclosure Source	Section(s)	Page(s)	Omissions
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308: Supplier Environmental Assessment

308-1	New suppliers that were screened using environmental criteria	ESG Report	Supply Chain Management	89	
308-2	Negative environmental impacts in the supply chain and actions taken	ESG Report	Supply Chain Management	89	

Social

401: Employment

401-1	New employee hires and employee turnover	ESG report	Diversity & Equal Opportunity	103	
401-3	Parental leave	ESG report	Diversity & Equal Opportunity	104	

402: Labor/Management Relations

402-1	Minimum notice periods regarding operational changes	ESG report	Employee Communication	99	
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403: Occupational Health & Safety

403-1	Occupational health and safety management system	ESG Report	Occupational Health and Safety	83-84	
403-2	Hazard identification, risk assessment, and incident investigation	ESG Report	Occupational Health and Safety	84	
403-3	Occupational health services	ESG Report	Occupational Health and Safety	84	
403-4	Worker participation, consultation, and communication on occupational health and safety	ESG Report	Occupational Health and Safety	84	
403-5	Worker training on occupational health and safety	ESG Report	Occupational Health and Safety	84	
403-6	Promotion of worker health	ESG Report	Occupational Health and Safety	86	

GRI Indicator	Description	Disclosure Source	Section(s)	Page(s)	Omissions
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	ESG Report	Occupational Health and Safety	86	
403-8	Workers covered by an occupational health and safety management system	ESG Report	Occupational Health and Safety	86	
<div style="border: 1px solid black; padding: 5px; display: inline-block;"> For 403-8a,c Data is not fully available, to be collected and reported in the next ESG report </div>					
403-9	Work-related injuries	ESG Report	Occupational Health and Safety	86	
403-10	Work-related ill health	ESG Report	Occupational Health and Safety	87	

404: Training & Education

404-3	Percentage of employees receiving regular performance and career development reviews	ESG Report	Diversity & Inclusion	105	
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405: Diversity & Equal Opportunity

405-1	Diversity of governance bodies and employees	ESG Report	Diversity & Equal Opportunity	102	
405-2	Ratio of basic salary and remuneration of women to men	ESG Report	Diversity & Equal Opportunity	102	

406: Non-discrimination

406-1	Total number of incidents of discrimination and corrective actions taken	ESG Report	Diversity & Equal Opportunity	103	
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408: Child Labor

408-1	Operations and suppliers identified as having significant risk for incidents of child labor	ESG Report	Human Rights	93	
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GRI Indicator	Description	Disclosure Source	Section(s)	Page(s)	Omissions
409: Forced or Compulsory Labor					
409-1	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor	ESG Report	Human Rights	93	
412: Human Rights Assessments					
412-2	Employee training on human rights policies or procedures	ESG Report	Human Rights	93	
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	ESG Report	Human Rights	93	
413: Local Communities					
413-1	Operations with local community engagement, impact assessments, and development programs	ESG Report	Local Communities	109	
413-2	Operations with significant actual and potential negative impacts on local communities	ESG Report	Local Communities	109	
414: Supplier Social Assessment					
414-2	Negative social impacts in the supply chain and actions taken	ESG Report	Supply Chain Management	89	
417: Marketing and Labeling					
417-1	Requirements for product and service information and labeling	ESG Report	Sharing Our Message	83	
417-2	Incidents of non-compliance concerning product and service information and labeling	ESG Report	Sharing Our Message	83	

GRI Indicator	Description	Disclosure Source	Section(s)	Page(s)	Omissions
418: Customer Privacy					
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	ESG Report	Corporate Governance	36	

IMPORTANT LEGAL INFORMATION

FORWARD-LOOKING STATEMENTS

This report contains certain forward-looking statements with respect to Caesarstone’s sustainability goals and its plans, intentions, expectations, assumptions, goals and beliefs regarding its business. These statements include all matters that are not historical fact and may be identified by the use of words such as “believes”, “expects”, “will”, “targets,” “goals,” “KPI” or similar expressions, including variations and the negatives thereof or comparable terminology. These forward-looking statements include, among other things, statements about expectations in connection with the Company’s environmental, social and governance (“ESG”) initiatives, including the targets and goals set forth in this report.

Caesarstone (the “Company”) cautions that its forward-looking statements are subject to risks and uncertainties that could cause actual results to differ from those expressed in, or implied or projected by, the forward-looking information and statements in this report. Important factors that could cause actual results to differ from those anticipated in these forward-looking statements include, among other things: the extent of the Company’s ability to meet its ESG goals and targets and the specified KPIs set forth in this report, including with respect to the reduction in water usage and electricity consumption; the extent of the Company’s ability to meet the Company’s waste and water management targets; the extent of the Company’s ability to maintain a healthy and safe environment for the Company’s employees; management of GHG and silica emissions; the degree of the Company’s ability to develop, produce and deliver high quality and safe products; the Company’s ability to effectively manage changes in its production and supply chain; the extent of the Company’s ability to build-out and expand into certain markets; the Company’s ability to effectively manage its relationship with suppliers; and those additional factors referred to under “Risk Factors” in Item 3.D of the Company’s Annual Report on Form 20-F for the year ended December 31, 2020, filed with the U.S. Securities and Exchange Commission, or the SEC, on March 22, 2021, as supplemented from time to time. In light of these and other risks, uncertainties and assumptions, the forward-looking events described in this report may not occur. The forward-looking

statements speak only as of the date of this report. The Company undertakes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to the Company or to persons acting on its behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this report.

FISCAL 2020 REPORT

Except where noted, the information covered in this report highlights the Company’s ESG performance and initiatives for fiscal year 2020. 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 or others may refer to as “material,” to reflect the issues or priorities of Caesarstone, 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.

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