

**Caesarstone
ESG progress report
2021-2022**



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FROM THE CEO



Dear Stakeholders,

We are proud to share our ESG Progress Report for 2021-2022. Our business has grown and evolved since our first ESG Report in 2020, and so has our ESG program. We have established specific ESG goals and commitments and have already achieved significant strides towards meeting these targets. We have successfully integrated Lioli and Omicron into our business operations, expanding our presence in India and the US. As we continue to make progress in our multi-faceted growth strategy to become a leading premium, multi-material countertop company, we have experienced revenue growth and the expansion of our ESG efforts. This further demonstrates that sustainability is a natural extension of our core business values, realized through continuous innovation of our products and processes, and our focus on the entire value chain.

In the environmental arena, we are focusing on five main areas: increasing the use of recycled

content materials, expanding our renewable energy sources, reducing our carbon footprint, reducing our water usage and general waste. In the past year, we introduced two new product lines with increased recycled content and worked on our first Environmental Product Declaration. We are working towards 100% renewable energy at production sites in Israel and India, and have committed to reducing our carbon footprint by 20% by 2025. We have already achieved zero water discharge at two of our facilities, and remain committed to 100% water recycled at all sites by 2024. We are also exploring methods to meet our goal of 100% recycling at all sites by 2030, for zero landfill waste. In addition, we are starting to work with our OEM partners to consider their ESG processes and performance.

We are deeply committed to the health and wellbeing of our employees, suppliers, and customers, and safety is a top priority for us across the value chain. We have a new EHS management system in place to better track and manage our safety performance, and our continued emphasis on safety has led to a 14% decrease in long-term injury rates for 2021 vs. 2020, with an additional 6% decrease in 2022. We are committed to keeping the Caesarstone journey safe from end-to-end, from working with our suppliers to supporting

safe fabrication practices. We are proud of our efforts to lead safety standards for the stone fabrication industry with our Master of Stone program, through which we've provided professional training sessions to over 750 fabricator shops globally. To that end, we also announced our commitment to reduce silica content across our entire product portfolio.

As always, we strive to meet our partners and customers where they are, and have invested significant resources in developing innovative digital tools to help people discover the best Caesarstone countertop for their needs. CS Connects delivers a complete online experience, connecting customers, retailers, and installers to enable a smooth purchase and installation experience. We have also developed an enhanced digital platform to support the customer experience when they visit showrooms in Australia.

All of these efforts are supported by our robust corporate governance structure and extensive compliance and risk management programs, which ensure our business growth and strategy, as well as fair competition practices are aligned with our values.

As this report goes to publication, Israel is going through a challenging and heartbreaking time. We are inspired and empowered to witness

the efforts in Israel and around the world to support people impacted by the war. We at Caesarstone are embracing the families in the south of Israel and joining the national efforts to rebuild their communities: We have donated 2,000 kitchen surfaces for the affected homes. We trust that these combines efforts of the business sector will contribute to our national healing.

The accomplishments highlighted in this report could only be achieved through the hard work of our employees around the world. I salute their dedication, and invite you to embark on our journey of sustainability and innovation together.

Yos Shiran
CEO



5211 NobleGrey



ABOUT US

We bring the earth
into the home



caesarstone®

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*

Our Reach

+50

countries

New Product Lines

2

launched in 2022

Production Sites

3

in Israel, US and India**

Models

+100

quartz, mineral and porcelain

Global Presence

7

countries with direct sales channels

Revenue

\$691M

revenues in fiscal 2022

YoY Growth

7.3%

revenue increase between 2021 and 2022

* as of end 2022
 ** as of May 2023. Since then we also closed our US facility.

For full financial information, see the 2022 Caesarstone Annual Report.

ESG HIGHLIGHTS

40%

of our Mineral portfolio will contain up to 40% recycled materials by the end of 2023

0

water discharge in 2 production sites

7%

reduction in energy consumption since 2020

14%

increase in recycled waste from 2021 to 2022

12%

reduction in our carbon footprint since 2018

19%

drop in Long Term Injury Rate (LTIR) from 2020 to 2022

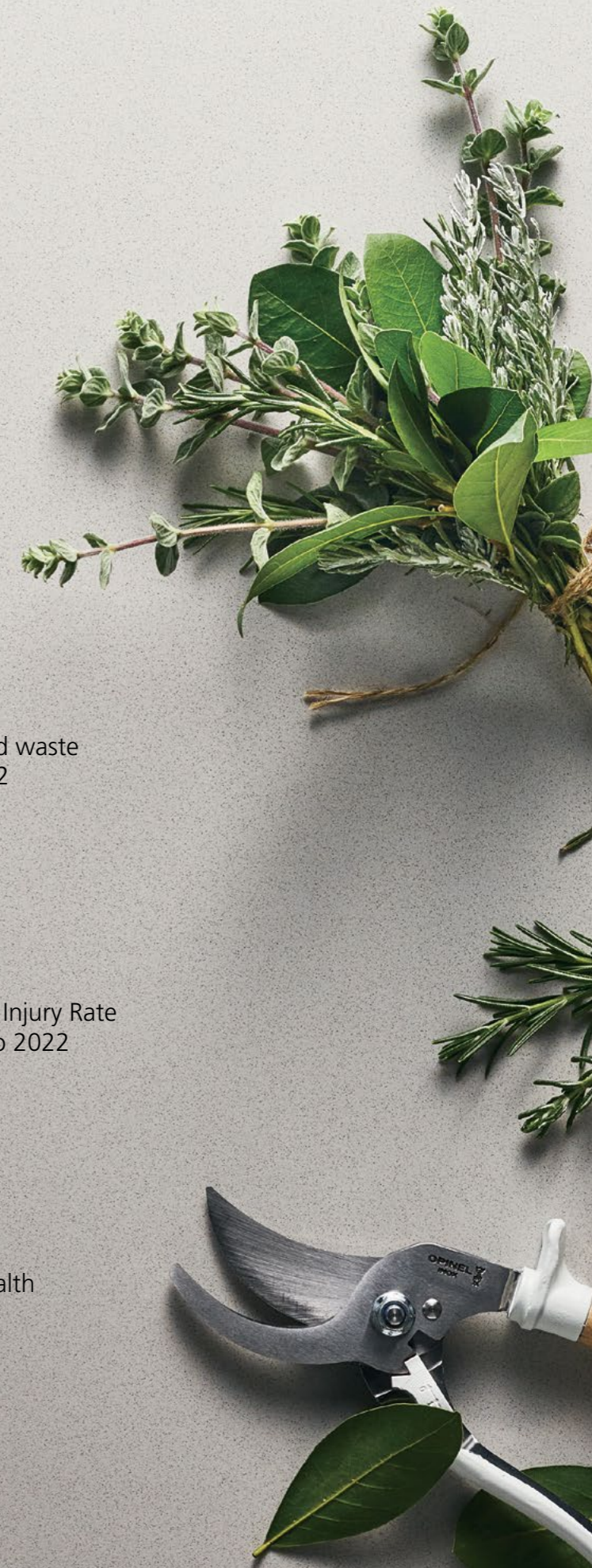
+4,400

fabricators in 12 countries certified through Master of Stone

0

work-related ill health incidents in 2022

* All comparisons are normalized to per ton of product



WHO WE ARE

With a legacy of leadership for over 35 years, we stand proudly as pioneers in our industry. For the past three decades, we have crafted countertops for millions of homes worldwide, and we consider it a privilege to be part of the daily life of families in over 50 countries.

Yet, much has changed since we were established in 1987. Kitchens have transformed, and there is a deepened awareness and concern for the natural environment, material resources, and climate change. As a trusted authority in the industry, we continue to lead the way in embracing these changes through our customer-centric approach.

As part of our ongoing commitment to sustainability and the safety of our customers and business partners, we have made significant strides in research and development, driving the evolution of engineered stone to create the next generation of surfaces.

We have undertaken a strategic shift to expand our product portfolio to include a range of innovative materials and surfaces that support our long-term growth and sustainable strategy. We have implemented a series of initiatives, innovations, and commitments to address the demands of an ever-evolving, sustainable world.

In 2023, we initiated a global restructuring plan, which included the closure of the Sdot Yam production facility in Israel, our oldest manufacturing site. Later followed by the closure of our Richmond Hill facility on December 2023. This was done due to operational efficiency and environmental impact reasons.

These actions helped us to further focus on our ESG goals and operational excellence.

As a trusted leader in the industry, we are taking the next steps to create new methods and standards to accomplish our business and sustainability vision. We are focused on product innovation, environmental performance,

striving for end-to-end safety throughout the entire product lifecycle, and creating a culture of governance that aims to meet the highest business standards. All of this is accomplished through our community of employees and partners who believe in the human capacity to create something new and extraordinary.



NEW PRODUCT LINES

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 daily life for people around the world. As part of our ongoing commitment to sustainability and meeting the needs of our customers, we have made significant strides in research and development, driving the evolution of the next generation of surfaces with the introduction of two new product lines in 2022.

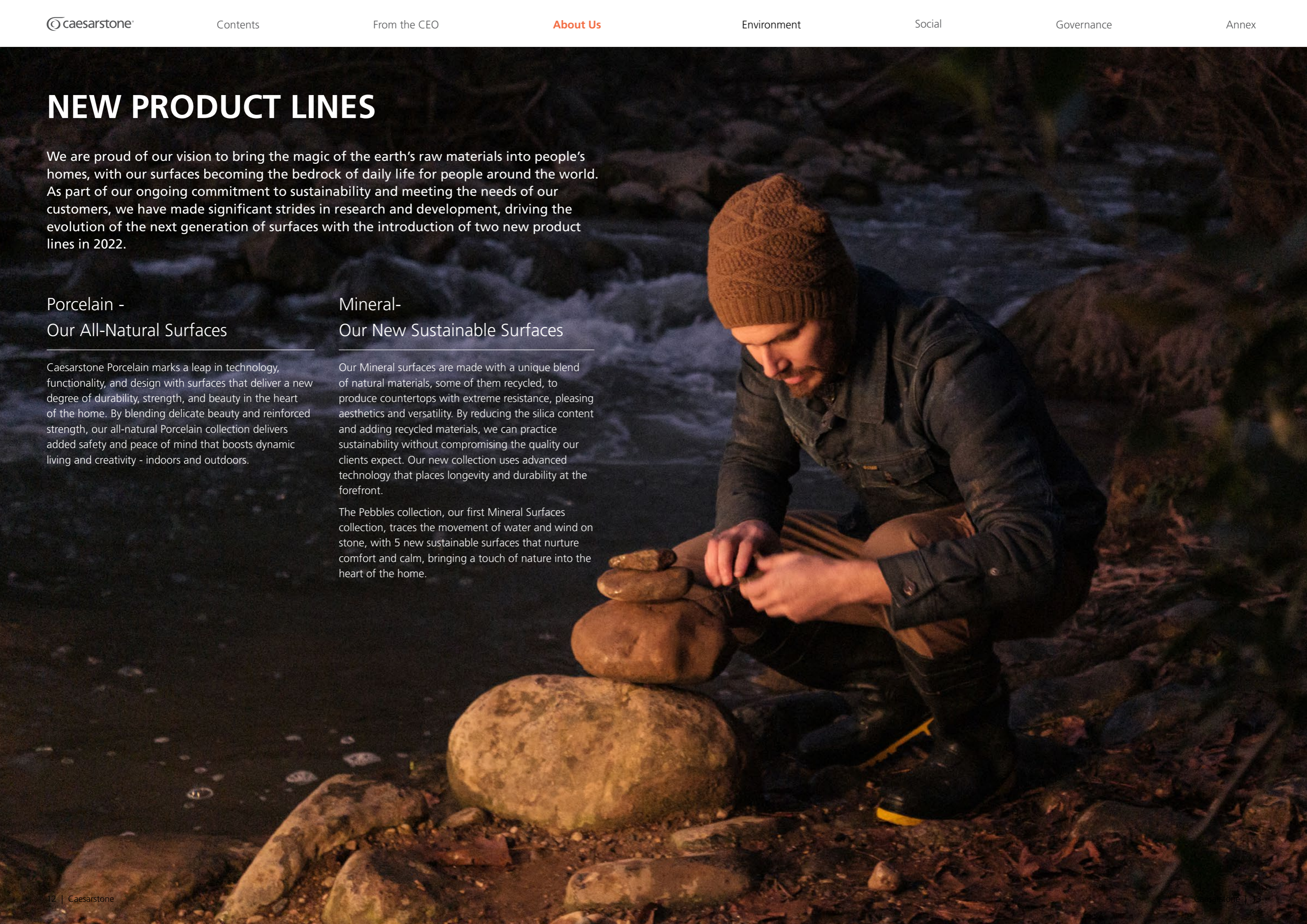
Porcelain - Our All-Natural Surfaces

Caesarstone Porcelain marks a leap in technology, functionality, and design with surfaces that deliver a new degree of durability, strength, and beauty in the heart of the home. By blending delicate beauty and reinforced strength, our all-natural Porcelain collection delivers added safety and peace of mind that boosts dynamic living and creativity - indoors and outdoors.

Mineral- Our New Sustainable Surfaces

Our Mineral surfaces are made with a unique blend of natural materials, some of them recycled, to produce countertops with extreme resistance, pleasing aesthetics and versatility. By reducing the silica content and adding recycled materials, we can practice sustainability without compromising the quality our clients expect. Our new collection uses advanced technology that places longevity and durability at the forefront.

The Pebbles collection, our first Mineral Surfaces collection, traces the movement of water and wind on stone, with 5 new sustainable surfaces that nurture comfort and calm, bringing a touch of nature into the heart of the home.



OUR GLOBAL PRESENCE

12,638

Fabricators who cut & install our slabs

60,799

Architects & Designers

32,759

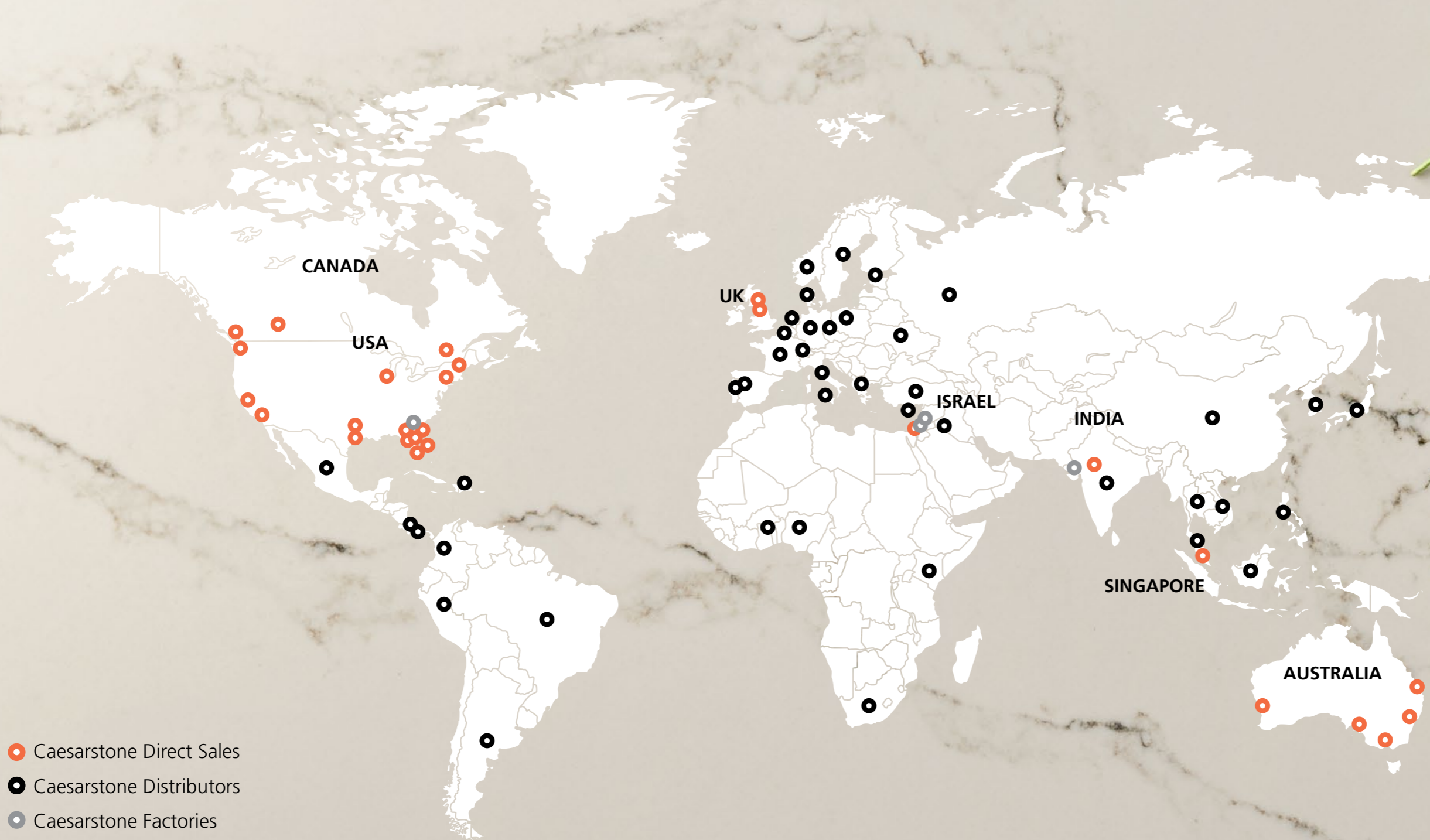
Kitchen & Bath Stores

23,622

Contractors & Builders

783

Stone Suppliers & Distributors



- Caesarstone Direct Sales
- Caesarstone Distributors
- Caesarstone Factories



OUR ESG VISION

At Caesarstone, sustainability is a natural extension of our core business values . We are committed to sustainability through continuous innovation of our products and processes, and we focus on the entire value chain. Our efforts are grounded in the principles of **safety, health, and environmentally responsible** business practices and operations.

Our sustainability goals are centered around these areas:

Products

Developing environmentally friendly, low-silica products with increased use of recycled materials and a lifetime warranty in all our major markets.

Production

Implementing an environmentally responsible production process, including reducing our carbon footprint, reducing water use, and minimizing waste.

Health & Safety

Integrating an industry leading Health & Safety system to keep our employees and industry partners safe, throughout the product lifecycle.

Social Responsibility

Acting in a responsible manner, and having a positive impact on our employees, suppliers, customers, fabricators, and the communities in which we operate.



ENVIRONMENT

We are committed to reducing our environmental impact



caesarstone

OUR COMMITMENT

We are committed to protecting and sustaining the environment, and we strive to conduct our business in a manner that reduces our impact on the planet and ecosystems where we operate. We are committed to resource efficiency across our production processes, with a focus on materials use, energy, water, and waste.

We are committed to:

- Increasing the use of recycled materials in our products
- Expanding the use of renewable energy sources
- Reducing our carbon footprint
- Reducing our water usage
- Reducing our waste

We're working on accomplishing these goals through a multi-disciplinary effort that draws on the talent and dedication of all of us together.



MATERIALS

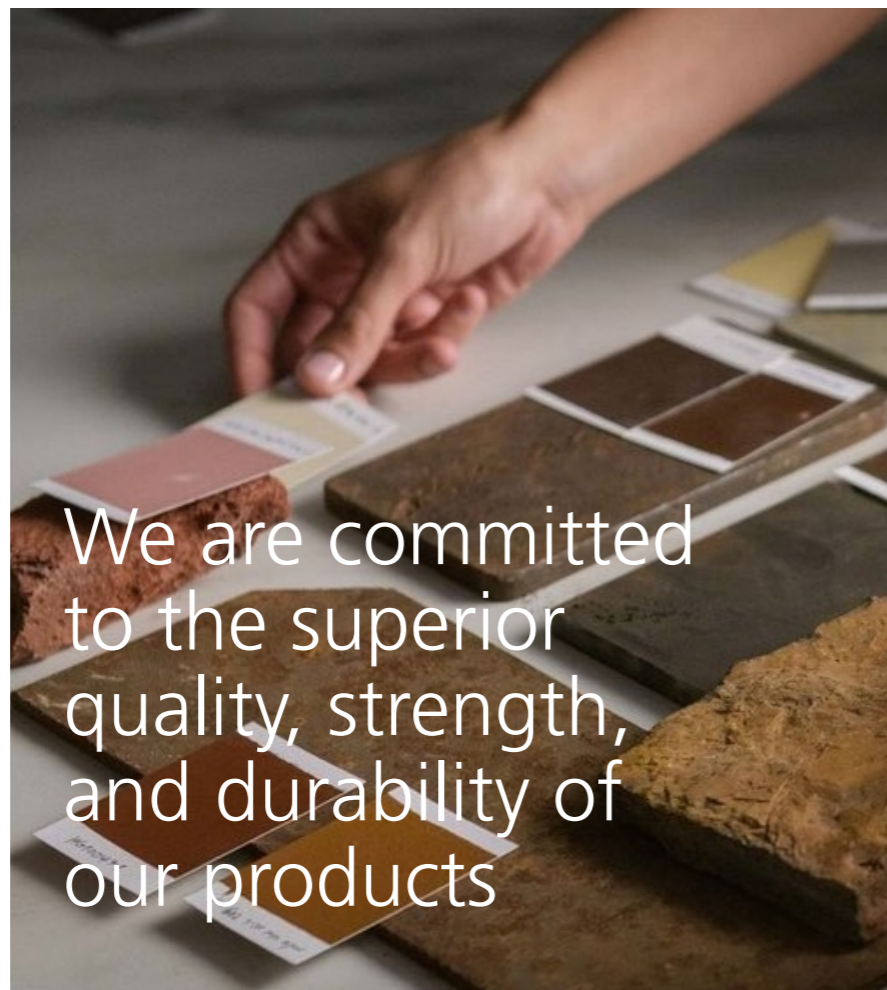
Our Goal

To increase the recycled material content in our products.

Our Commitments

- 40% of our Mineral portfolio will contain **up to 40% recycled** materials by end of 2023
- Our mineral portfolio will contain up to **50% recycled materials** by 2025

The quality and composition of the materials that we use is of critical importance to us. We invest significant resources in research and product development to support our commitment to use quality materials that enable us to create products that are high quality, safe, and meet the highest standards of performance. We aim to create durable, low-maintenance products that support healthier environments and better use of material resources. Our surfaces require minimal maintenance, significantly reducing the need for sealants, cleaning materials, or detergents. All Caesarstone quartz surfaces comply with GREENGUARD certification, which verifies that Caesarstone products meet the most stringent indoor air emission standards. They are also long-lasting, with a lifetime product warranty in our major markets.



We are committed to the superior quality, strength, and durability of our products

Main Materials Used by Weight

	2020	2021	2022	YoY change material/product	
				2021 vs. 2020	2022 vs. 2020
Product produced (tons)	165,428	184,050	185,943		
Minerals (tons)	193,666	192,452	190,275	-11%	-13%
Resin (tons)	25,124	25,150	23,250	-10%	-18%
Pigments and premix (tons)	7,410	7,886	7,058	-4%	-15%

The basis of many of our products is silica minerals, with different sizes and percentages of silica incorporated, according to the different models. Resin is used to hold the minerals together, and different polyester additives are added to the mixture, along with pigments and premix that provide unique colors and textures. Acetone is used as a cleaning agent in the production lines, and nylon is used as packaging material for the slabs.



↓ 13% decrease
in minerals used per ton of product from 2020 to 2022

↓ 18% decrease
in resins used per ton of product from 2020 to 2022

We make more products with less raw materials, thus lowering our environmental impact

Increasing the Use of Recycled Materials

As part of our ongoing commitment to sustainability and through advanced research and development, we have increased the use of recycled materials in our products.

By the end of 2023, 20 of our quartz and mineral colors will include up to approximately 40% recycled content. This includes the popular Jet black (42% recycled content) and Cosmo white (40% recycled content).

To support the increased use of recycled materials, we are collaborating with local suppliers in Israel and exploring various types and combinations of such materials. In addition, we are working to develop a new product line that will incorporate a significant percentage of scrap slabs from our production facilities.

For our porcelain products, we have implemented a 'green waste' reuse process, in which we reuse

the waste of the first stage of our production process as raw materials. some of our porcelain products contain up to 20% of recycled material.



Our R&D drives the evolution of engineered stones to create the next generation of surfaces

EPDs

Environmental Product Declarations (EPDs) are publicly available product reports based on the international life cycle assessment (LCA) methodology. An EPD includes the environmental impacts associated with all stages of the life cycle of a specific product – from raw material extraction to manufacturing and distribution, and disposal of the product after its use.

The first EPD for a Caesarstone product was released in the fall of 2023, with additional EPDs to follow. This will be an important milestone in our commitment to transparency and will aid us in further identifying and analyzing our environmental impacts across the entire product lifecycle. It will also help guide us to areas in which we can implement additional efficient and environmentally responsible practices and help customers who wish to make choices with reduced environmental impacts.

New Mineral Surfaces

We are proud to introduce our new Caesarstone Mineral™ surfaces with low silica content, the first step in transforming our entire portfolio into low-silica. This new technology was introduced in 2022 with the launch of 5 low silica colors in our Pebbles Collection.

Our new mineral surfaces technology combines unique minerals, such as feldspar, with

recycled materials to create a synergistic effect that brings forward the best characteristics of each material. This lets us increase the recycled content of some of our products, including up to 40% of recycled material, and lower the crystalline silica content to less than 40% and in some cases, even as low as 10%.



Harnessing a unique blend of natural minerals

ENERGY & GREENHOUSE GAS EMISSIONS

We consider energy efficiency measures and renewable energy sources as critical components in our efforts to reduce our impact on climate change. We carefully monitor the energy consumption in our factories and offices around the world, and set goals and work plans to meet our energy reduction and carbon footprint commitments, with energy KPIs tracked on a monthly basis.

Our Goal

To reduce our energy consumption

Our Commitments

- Reduce our energy use by 10% by 2025 (compared to 2018)
- Replace **100% of lighting** at all our production sites with new LED devices, by 2025
- Replace 100% of propane forklifts in North America with electrical forklifts by 2026

We continue our efforts to reduce our energy consumption in our facilities around the world. We have achieved notable results, and **have reduced our energy consumption by 7%, well on our way to achieving our goal of 10% reduction by 2025.**

We carefully track our energy consumption, including electricity and fuel use, at every site. In Israel, we are required by law to conduct an energy survey at our production facility every 4.5 years. The survey includes an examination of our energy use, with recommendations for energy savings. The most recent energy survey was conducted in 2020, and we have implemented several energy saving measures that were suggested in it, including switching to natural gas at Bar Lev, replacing lighting with LED bulbs, and preventing leaks in the compressed air system, through regular maintenance. The next energy survey is planned for 2024 and will help us further meet our energy reduction goals.



Energy Consumption

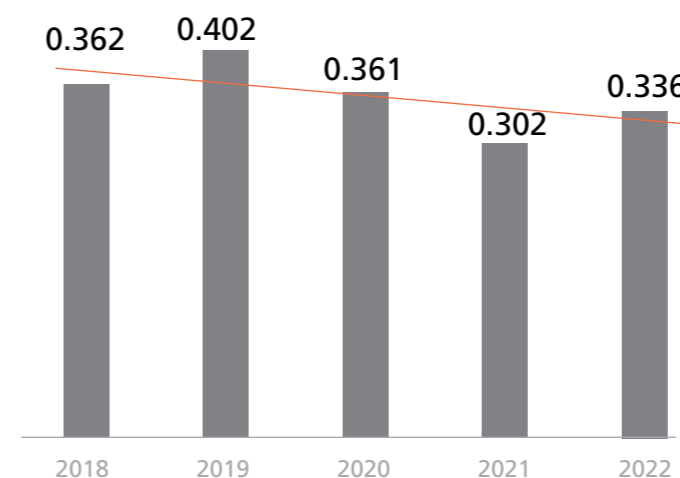
	2020	2021	2022	YoY change material/product	
				2021 vs. 2020	2022 vs. 2020
Product produced (ton)	165,428	184,050	185,943		
Electricity consumption (MWh)	59,743	55,664	62,439	-16% ¹	-7% ¹
LPG consumption (ton)	850	1,040	1,204	10% ²	26% ²
Fuel consumption- forklifts (ton)	297	315	256	-5% ³	-23% ³

Note: The data is normalized per ton of product

We achieved several reductions in energy use as a direct result of conservation and efficiency initiatives.

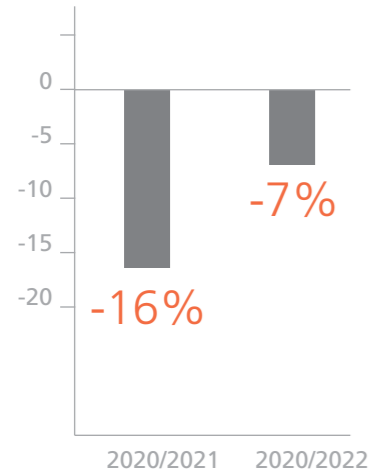
1. The **dramatic decrease** between 2020 and 2021 in normalized energy consumption is thanks to the replacement of a processing line in the Bar Lev facility with newer and more efficient machines. The rise between 2021 and 2022 was due to the stoppage of production on weekends, while maintenance work was carried out.
2. Operational changes in the production methods and production hours during COVID-19 caused an increase in gas consumption
3. The **decrease in fuel consumption** is thanks to improvements in the mechanical management and regulation of forklifts such as fuel consumption control and timely maintenance.

MWh Consumed per ton of product

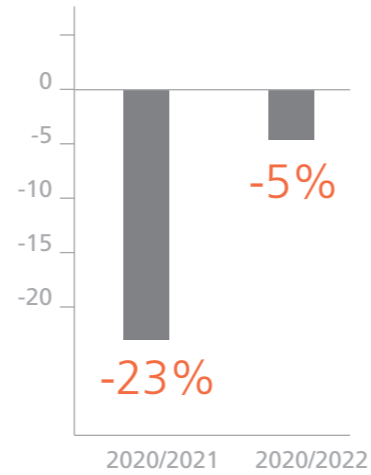


↓ **7%**
reduction
in energy consumed per ton of product from 2018 to 2022

Change in MWh Consumed per ton of product*



Fuel Consumption per ton of product



*Caesarstone sites, not including Lioli

Starting in 2021, we began to collect environmental data for the Lioli facility, and we are currently tracking the facility's energy info and material use.

Lioli Energy Consumption

	2021	2022	MWh per ton of product 2022 vs. 2021
Product produced (tons)	35,779	39,384	
Electricity consumption (MWh)	9,443	8,046	-23%
LPG - Propane	3,130	3,535	3%
Coal	6,877	7,134	-6%
Diesel/heating oil		55,056	



We have implemented a range of **energy efficiency measures** across our production facilities to reduce our energy consumption.

BAR LEV FACILITY

- Replaced 100% of diesel forklifts with electric forklifts
- Replaced 10% of lighting with new LED devices

We recently completed the laying of infrastructure at the Bar Lev site to enable its transition to natural gas. With this infrastructure in place, one facility at this site is already powered by natural gas, and we are working on converting the rest of site's facilities to natural gas.

RICHMOND HILLS FACILITY

- Replaced 5% of propane forklifts with electric forklifts
- Replaced 46% of lighting with new LED devices at

DISTRIBUTION CENTERS IN NORTH AMERICA

- Replaced of 20% of propane forklifts with electric ones

LIOLI FACILITY

- Use of transparent ceiling throughout the facility to take advantage of natural light during the day and save energy
- Installed a new heat recovery system to evaporate LPG by using waste heat from the kiln
- Installed electricity meters for improved data and usage tracking

Note: In 2023, we closed the Caesarstone production facility in Sdot Yam, Israel, which was our first manufacturing site. Later followed by the closure of our Richmond Hills facility. This was done due to operational efficiency and environmental impact reasons. Further information will be provided in the 2024 ESG report.

Renewable Energy

Our Goal

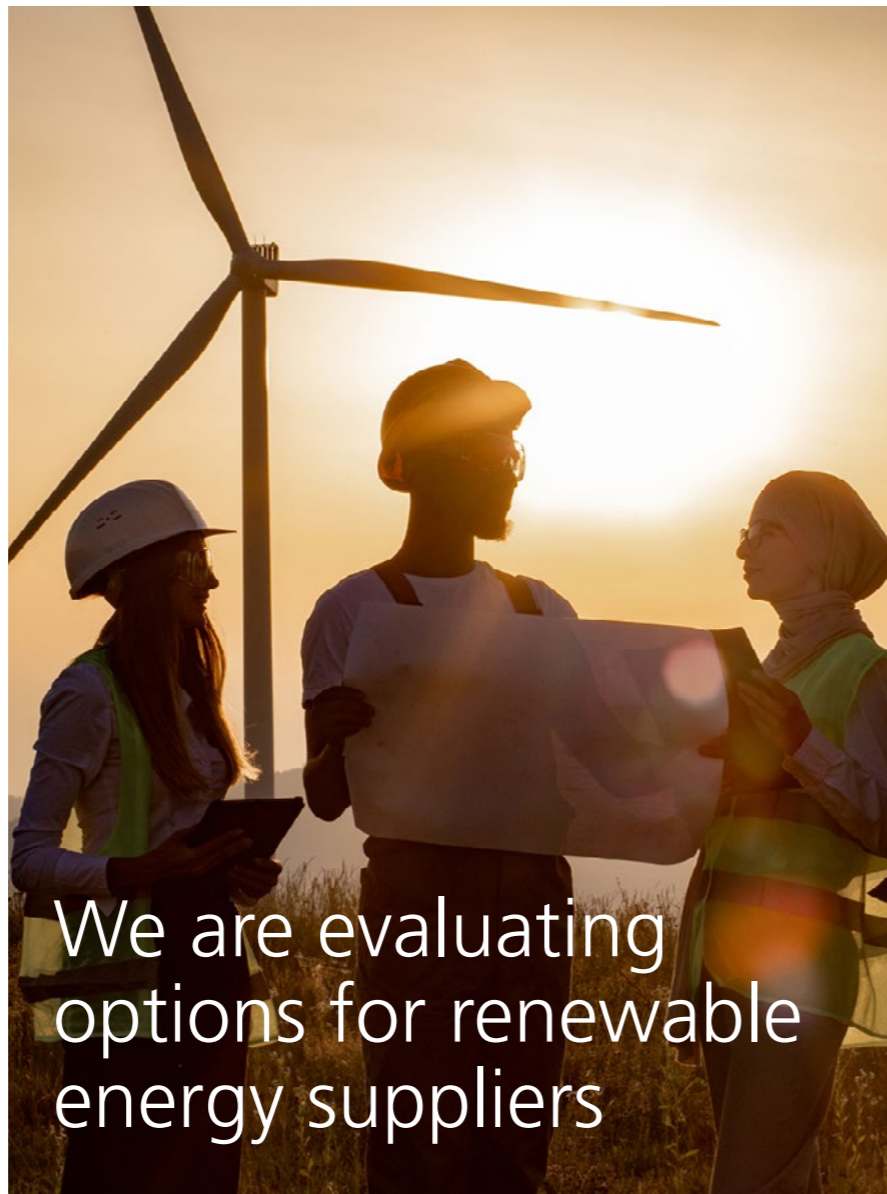
To introduce the use of renewable energy

Our Commitments

- **100% renewable energy** at the Bar Lev facility by 2026
- **100% renewable energy** at the Lioli facility by 2030

We are currently evaluating options to work with electricity suppliers who use renewable energy sources.

We are actively investigating ways to transition our energy use to renewable energy sources at our production facilities. As the impact of climate change is experienced around the world, we believe this is the right step for us to take as a responsible company committed to minimizing our environmental impact. In addition, market factors exist to support this transition, including increased expectations by customers and employees to implement renewable energy usage, and requirements by some of our key business partners to outline our energy transition plan.



We are evaluating options for renewable energy suppliers

Greenhouse Gas Emissions

Our Goal

To decrease our carbon footprint

Our Commitment

- Decrease our carbon footprint by **20% by 2025** (compared to the 2018 baseline)
- Implement a carbon reduction plan at each facility

We are committed to reducing our greenhouse gas (GHG) emissions that affect climate change from our business operations. Since our first ESG report where we only reported Scope 1 & 2 emissions, we have expanded our monitoring and data collection capabilities to also include a scope 3 emissions aspect for all our production sites.

The majority of our **Scope 1**, or direct emissions, come from the operation of our production facilities, mainly from the diesel-powered vehicles, as well as the liquified petroleum gas (LPG) used to operate the RTO facility.

Our **Scope 2**, or indirect emissions, are a result of the electricity we

consume at our production facilities and offices. **Scope 3** emissions come from a company's value chain, and in this report we started to calculate one aspect of Scope 3 - emissions from the disposal and treatment of waste generated in our facilities. We expect to calculate more scope 3 aspects in our next report.

Our Greenhouse Gas Emissions

GHG in Tons Co ₂ e	2020	2021	2022
Scope 1	5,384	5,319	5,721
Scope 2	30,165	27,680	29,335
Scope 3*		2,915	2,642
Total 1+2	35,549	32,999	35,056
Product produced (tons)	165,428	184,050	185,943

* Scope 3 emissions resulting from waste treatment emissions

We also track our GHG emissions intensity, based on Scope 1 & 2 emissions per ton of product to better reflect our environmental impact and take into account changes in our production levels.

GHG Emissions/ Tons Produced

GHG in Tons Co ₂ e	Co ₂ ton Emissions/ton produced			YoY change in normalized GHG	
	2020	2021	2022	2021 vs. 2020	2022 vs. 2020
Scope 1	0.033	0.029	0.031	-11%	-5%
Scope 2	0.182	0.150	0.158	-18%	-13%
Scope 3	Not measured	0.016	0.014		
Total 1+2	0.215	0.179	0.189	-17%	-12%

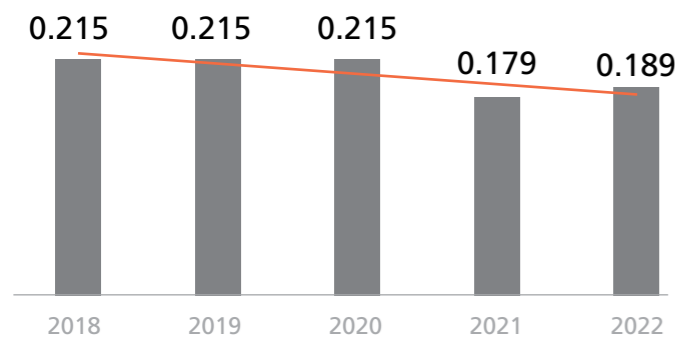
This is a new calculation method compared to the previous report, where we calculated every ton of CO₂ emission produced against square meters of product produced. We realized that normalizing per ton is a more accurate method since our finished slabs vary in height, so each square meter of slab can have a very different amount of materials and so can be responsible for a different amount of greenhouse gases.

To reach our goals, we have identified specific projects to reduce our emissions, and conduct monthly meetings to monitor these projects. Monitoring includes tracking of GHG emissions, as well as occupational health monitoring with thresholds set for specific pollutants, such as styrene and silica. This is in line with our commitment to the health and safety of people and the environment.

We have a range of initiatives in place to help reduce our carbon footprint, including improving the efficiency of our equipment, further reducing our energy usage, and expanding our transition to renewable energy sources. These activities, as well as our energy consumption reduction initiatives, have helped us to significantly reduce our Scope 1 and 2 emissions since 2018, our baseline year. We are also considering several carbon offsetting initiatives.

GHG Emissions (Scope 1 & 2), 2018-2022

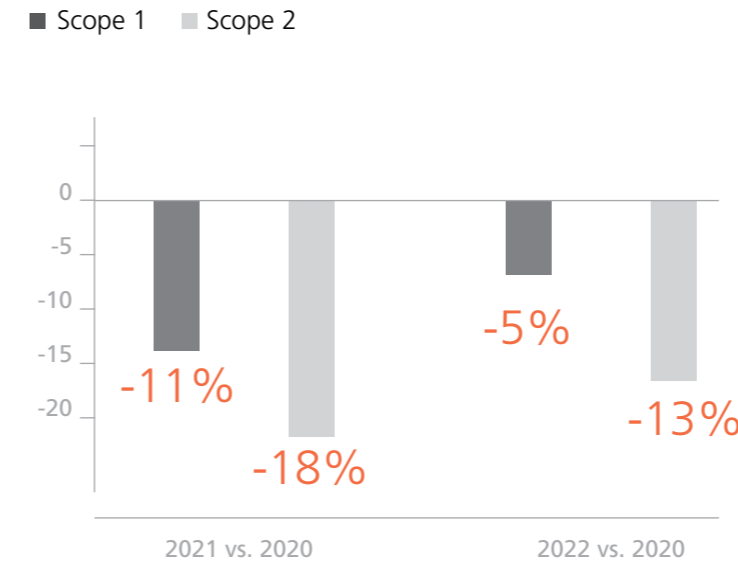
(Co₂e per ton of product)



↓ 12% decrease

in our carbon footprint (Scope 1, 2) from 2018 to 2022, well on our way to our target of 20% reduction by 2025

GHG Emissions at Caesarstone Sites (Scope 1 & 2) for 2021 and 2022 vs. 2020



↓ 5% decrease

in Scope 1 emissions per ton of product from 2020 to 2022

↓ 13% decrease

in Scope 2 emissions per ton of product from 2020 to 2022

Additional carbon reduction initiatives include:

- Collaborating with our main raw materials suppliers, primarily located in Turkey, to reduce their carbon footprint by 2024.
- Increasing the number of our suppliers to **enable closer proximity to raw material sources and markets**, thereby reducing our carbon footprint associated with transportation of goods, by end of 2024.

Air Pollutants

We monitor air pollutants as defined by local environmental regulation, meet the legal threshold and strive to go beyond compliance for these emissions, with internal targets across our facilities. We monitor air quality both outside our facilities and at our stacks, including online monitoring of emissions, and have monthly meetings to review all our emission reduction projects.

We invested significantly in reducing emissions of concern using Regenerative Thermal Oxidizers (RTO) and other machinery. An RTO is a combustion device that controls volatile organic compounds, hazardous air pollutants (HAPs), and odors, by converting the emissions into CO₂ and H₂O through the use of heat before exhausting them to the atmosphere. We also

utilize RCOs (Regenerative Catalytic Oxidizers), dust filters, scrubbers, and other treatment methods and tools. Emission reduction projects are coordinated with local and national authorities, as well as nearby communities.

We have implemented a range of initiatives to reduce air emissions, including:

- Sealing off production areas, which prevents diffuse emissions
- Installing pressure gauges in dust filters
- Installation an additional RTO in the Bar Lev facility
- Operation of a mobile monitoring cart that continuously checks and reports on emissions

WATER

Water is an essential part of the creation of our products, as it ensures a smooth, safe production process. It is used mainly in the polishing department, where it helps reduce the amount of dust and particulate matter emitted to the atmosphere.

Our Goal

Zero water discharge

Our Commitments

→ **100% water recycled** at all production sites by 2024

Our entire water supply comes from the local municipal water supply which comes from the local aquifer wells and from desalinated sea water.

All of our production sites have an extensive water recycling system in place in the polishing areas, which treats the water for reuse in the polishing process. This helps avoid the use of 'fresh' water from local municipal water systems and significantly reduces our water discharge, resulting not only in significant water savings, but also in water costs.

Water Consumption

	2020	2021	2022	YoY change water/product	
				2021 vs. 2020	2022 vs. 2020
Product produced (ton)	165,428	184,050	185,943		
Water consumption (m³)	65,171*	77,255	75,126	3%	-4%

* This number is different than the one in our previous report due to a correction in measurement.

We have implemented a range of measures to meet our water recycling goals. We track water consumption on a monthly basis and have ongoing maintenance in place for our water recycling systems. In 2021-2022, we improved our water consumption measuring in the Bar Lev by installing water meters.

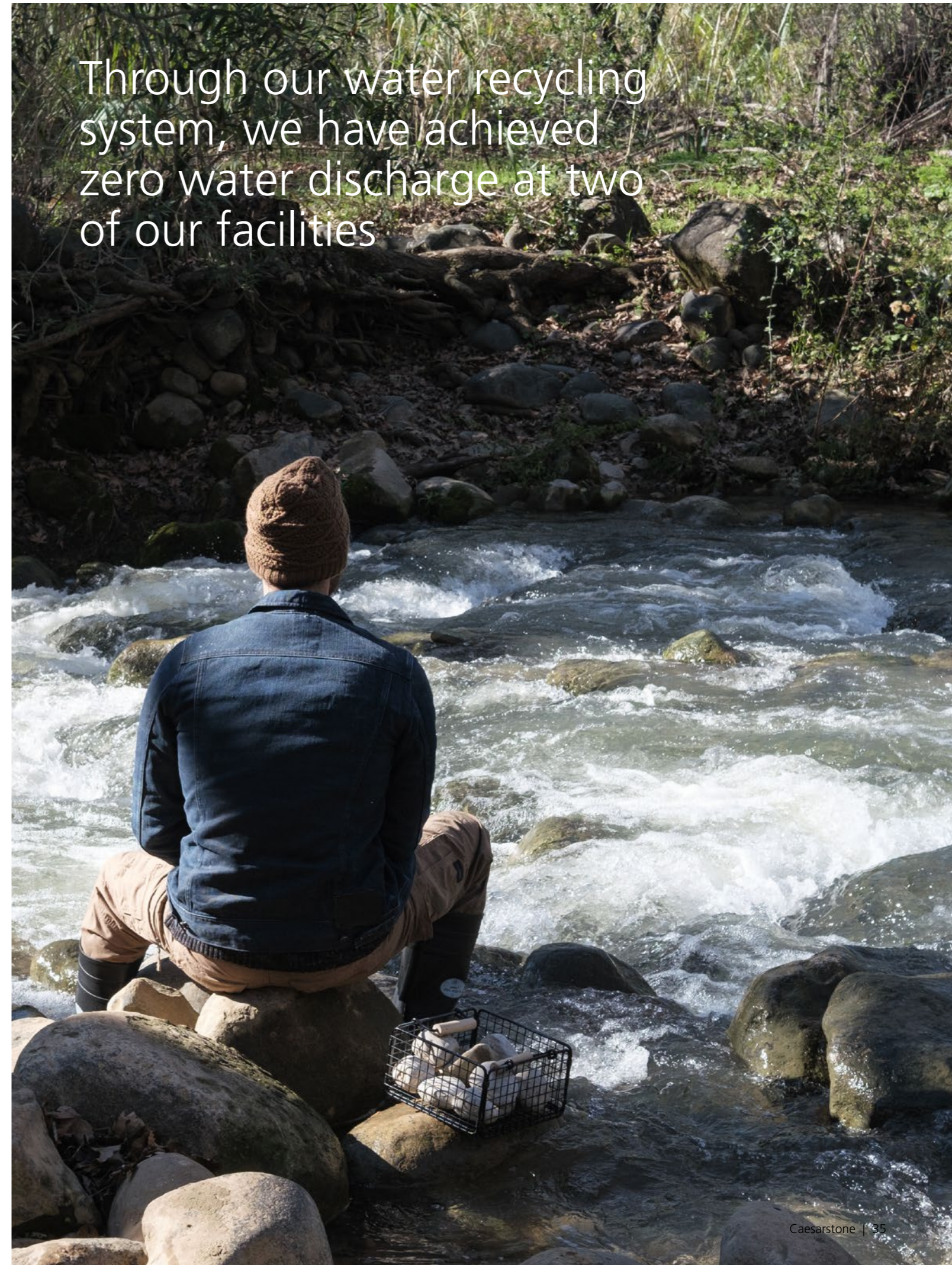
At the Bar Lev and Sdot Yam facilities in Israel and the Lioli facility in India, we have already achieved **zero water discharge** by improving and maximizing the efficiency of our water recycling system for the polishing department. In 2021, we analyzed

and maximized our water use efficiency in Israel and implemented a variety of measures. These include:

- Decreased the amount of tap water used for slabs cleaning and switched to using treated water from our water treatment facility
- Stopped cleaning our facilities with tap water and switched to treated water
- Changed our water spray system to be more efficient and less water consuming

- Maximized our water treatment facility to generate a greater volume of cleaner water
- We began to treat our water at an onsite facility, instead of sending it to an external treatment plant

We have a work plan in place to go from 90% to 100% recycled water at Richmond Hill, and to achieve zero water discharge there, as well. Currently, all wastewater from Richmond Hill is discharged according to local regulatory requirements.



WASTE

We continue our efforts to reduce, reuse and recycle our waste. We deal with both hazardous and non-hazardous waste at our production facilities and comply with all local and national regulations regarding proper waste disposal. We continuously evaluate new recycling and circular economy options both at our operations facilities and our corporate offices.

Our Goal

To reduce our regular waste

Our Commitments

100% reuse or recycling, and zero landfill waste at all production sites by 2030

In 2021, we began tracking non-hazardous waste amounts, including packaging nylon sheets, wooden pallets, and old metal equipment.

We also started measuring our recycling of empty packaging of both hazardous and non-hazardous waste, and the Acetone used in the production process at our Richmond Hills facility.

Waste Produced

	2021	2022	Change in waste per ton produced 2022 vs. 2021
Product produced (ton)	184,050	185,943	
Hazardous Waste			
Recycled (tons)	173	199	14%
Landfill (tons)	237	167	-30%
Total	410	366	-12%
Non - Hazardous Waste			
Recycled (tons)	815	717	-13%
Landfill (tons)	130,629	119,001	-10%
Total	131,444	119,718	-10%
Total waste	131,854	120,084	-10%



Through our waste reduction efforts, we have achieved:

↑ **14%**
increase

in recycling of hazardous waste per ton of product from 2021 to 2022

↓ **10%**
decrease

in waste per ton of product produced from 2021 to 2022

Sludge Reuse Initiative

Most of our waste is sludge, which is a byproduct of the polish process, currently disposed of as industrial waste, as it contains silica. We continue to investigate opportunities for the reuse of sludge that is efficient, economic, and sustainable. We are looking at options to reuse sludge internally at our production facilities, as well as

externally through partnerships with other companies and organizations.

We have developed a unique process of drying and screening the solid sludge for reuse as raw materials internally, thus applying our commitment to circular economy. We expect to have process trials by the end of 2023.

EHS AT OUR FACILITIES

We believe every person has the right to a safe and healthy work environment, and we have a comprehensive Environmental, Health, and Safety (EHS) program in place to ensure we are implementing best practices across our facilities and operations. We consider compliance with applicable EHS laws, regulations, and standards as fundamental to our operations, and a cornerstone of our business performance.

The EHS guidelines and policies we have developed support us in our path of continuous improvement, and we approach our EHS program as a long-term endeavor and investment that aligns with our corporate values and strategy for sustained growth. In 2021, we introduced a new system, Intellex, which allows us to better track and manage our EHS performance across global locations, including manufacturing and warehouse facilities, in a centralized manner. The system presents an extensive dashboard that is updated online as incidents or "good catches" are reported, and tracks how quickly they are addressed so as to ensure that it's done in a timely manner.

The EHS program is overseen by the Global EHSQ Director, who reports directly to the VP of Operations, and the EHS team includes a Safety Officer, Safety Leader, and EHS Coordinator, who work with employees across the company to implement day-to-day EHS and quality activities .

The EHS system covers 4 key modules, including:

- **Incident reports** – data on injuries, environmental incidents, property damage, near misses, etc.
- **Good catches** – a report on any hazard with the potential to cause damage or injury, e.g., not wearing a helmet or the correct protective gear
- **Inspections & Internal audits**
- **Occupational health tests**

In 2021-2022, there were 13,082 good catches, all of which were properly addressed to prevent any damage or injury. In addition, we conducted 877 inspections and internal audits related to EHS activities.



↓ 14% decrease

in long-term injury rate from 2020 to 2021, and a further 6% decrease from 2021 to 2022

Work-Related Injuries

	Work Related Injuries			comparative LTIR	
	2020	2021	2022	2020/2021	2020/2022
Fatality	0	0	0		
Long term injuries (LTI)*	15	13	18		
Work Hours	3,095,475	3,099,642	4,608,240		
LTIR**	0.96***	0.83	0.78	-14%	-19%

* Incidents that caused an employee to miss at least one day of work.

** This figure calculates the number of injuries compared to the number of hours worked according to the OSHA formula.

*** This number has been recalculated from the previous report due to a calculation error.

Zero

work-related ill health incidents in 2022

Work-Related Ill Health

	2020	2021	2022
Fatality	0	0	0
Number of Recordable incidents	3	2	0
Rate of recordable work-related ill health	0.19*	0.12	0
Work Hours	3,095,475	3,099,642	4,608,240

* This number has been recalculated from the previous report due to a calculation error.

New Safety Tracking and Reporting System

In our previous ESG report, safety data was tracked manually. With the new EHS management system in place, we saw a significant increase in the reporting of incidents – including good catches, near misses, and events. While the total number of reports increased since 2020, the new system supports our efforts to increase transparency and improve data tracking, with the aim to better

manage our EHS performance and properly address any incidents and implement remediations. We consider the new system an important step in our journey of continuous improvement, one that supports our efforts to build a strong EHS culture with standardized policies and reporting mechanisms.

Environmental and health initiatives

include tracking environmental KPIs for resources efficiency, silica emissions reduction through the use suction and scrubbers, styrene emissions reduction through installing conveyor covers and online monitoring, hazardous material management system, to meet the additional terms in our business license concerning hazardous materials.

EHS Training

To support a strong culture of safety, we conduct a wide variety of safety awareness and training sessions throughout the year. These include regular EHS training, communication with employees regarding safety incidents and near misses, and an annual ‘Safety Day’ dedicated to safety training and awareness activities. In addition, we have established a Safety Trustees Team, instituted a safety champions course, conduct monthly global safety meetings with management teams, and hold monthly and quarterly regional safety meetings. We also use ‘safety smart’ language throughout the company to support a unified approach to EHS.

In 2021-2022, there were zero incidents of non-compliance with environmental laws and regulations which required monetary fines, non-monetary sanctions, or mechanisms to resolve disputes.

Our quality program oversees our product certification, our certification for suppliers, lab tests, quality control, and quality standards and investigations. All of our facilities are certified ISO 45001 & 14001.



EHS IN THE VALUE CHAIN

Supply Chain Management



We work with a wide range of partners and suppliers across the globe and seek to ensure they provide us with quality materials, that they have quality management procedures and certifications, and that they enforce their own EHS policy. The raw materials suppliers we work with quarry the natural raw materials used in our products and provide them to us in shredded form. It is therefore crucial for us that suppliers comply with environmental regulations, especially as they relate to minimizing excess dust harmful to people's health. This extends to suppliers' packaging methods, which can help to avoid spills and unnecessary release of dust into the environment during transportation. All of our suppliers pass strict EHS and quality evaluations before we begin working with them.

In 2022, we began the process of collecting ESG data from our suppliers, in addition to EHS performance information.

We perform an annual evaluation, with scores calculated according to the following criteria:

- Quality of raw materials (70% of score)
- Continuous improvement re. environment and safety, packaging, and shipping (20% of score)
- Documentation re. EHS management, in accordance with ISO procedures (10% of score)

In addition to the supplier evaluation, we perform periodic

on-site audits at supplier locations, including visits to our major sand suppliers once a year. We also work closely with our OEM suppliers to ensure their materials and business processes meet our company standards. This includes weekly quality calls and monthly meetings to discuss relevant topics, such as supply and quality issues, improvement plans, and any training needs. In 2023, we plan to begin working with them closely to monitor and review their ESG management processes and performance.

Promoting Safe Use of Our Products

We adhere to all requirements related to product service information and labeling. Product labels include material properties, as well as health and safety guidelines for best practices for working with our product. Labels also include a QR code that links to our PRO site for more detailed information on product characteristics, risks, and safety measures.

We have launched new product labels that incorporate the language and messaging developed in the Master of Stone program. These new labels will eventually replace all labels affixed to the slabs delivered to fabricators, and reflect the importance we put on creating transparent, authentic marketing materials.

There were no claims made against warnings provided during the reporting period.



MASTER™ OF STONE

Caesarstone believes in and seeks to establish a safe working environment for everyone operating in our industry. Just as we are dedicated to ensuring safe and healthy working conditions for our employees, we are also committed to assisting our fabrication partners around the world operate in a safe and healthy manner. As such, we are proud to lead the safety standards for the stone fabrication industry through our extensive, unique **Master of Stone program**.

The program was launched in the US in 2020. Since then, we have expanded the program across many countries, including Canada, Australia, Israel, UK, South Africa, Belgium, China, and others. Master of Stone's goal is to promote a professional, safer working environment for fabricators worldwide, one that is free of hazardous respirable crystalline dust dangers.

The training program was designed to help fabricators worldwide change their perception, attitudes, and behavioral patterns in implementing safety measures during the processing of stone surfaces. The program provides fabricators with knowledge about health and safety, and professional guidelines for working Caesarstone surfaces. It addresses issues of health and safety in the workplace, with a special emphasis on creating a space free of the dangers of potentially hazardous respirable crystalline silica dust – a cause of some occupational diseases.

The Master of Stone program is free and available to anyone in the industry who wants to enhance their professional and safety knowledge. It consists of several components, including an extensive

website with professional content and an online Training Center available in 12 languages, on both mobile devices and desktops. Content includes tutorial videos, articles, brochures, and field training information. At the conclusion of the program, participants earn a certificate of completion, indicating they have successfully completed the Caesarstone Health & Safety training program. In addition to online training, we also conduct in-person health and safety educational seminars for professionals in the field.

Master of Stone is the first evidence-based training program shown to enhance occupational

safety for fabricators. Its effectiveness was validated by an academic study conducted by health psychology researchers from leading Israeli universities, which analyzed participants in Australia, US, Canada and Israel. The study showed that fabricators who completed Master of Stone Health & Safety training demonstrated higher usage of safety measures to mitigate the risks of occupational diseases. It was found that this higher implementation of safety measures was achieved thanks to (1) higher self-efficacy, (2) stronger perceived benefits, and (3) lower psychological barriers.



Engagement

We continue our efforts to raise awareness of Master of Stone and increase program engagement.

The program was recognized by SafeWork Victoria, the Australian state's workplace health and safety regulator, as a suitable training for fabricators applying for an engineered stone license. As part of our activities with **ASTA** (Agglomerated Stone Manufacturers Association), we work with other regulators around the world to encourage enforcement and licensing of fabricators. In addition, we have ongoing collaborations to promote proper health and safety practices across the industry, including working with **NEPSI** (the European Network for Silica), **ISFA** (the International Surface Fabricators Association) and **ASTA**

At Caesarstone, we are committed to working towards a 100% safe fabrication process to prevent any harmful effects of silica dust. We will continue to work with international regulators and associations to lead safety standards for the stone fabrication industry, and we have working plans in place for 2024-2026 for the Master of Stone certification to become a threshold requirement for all fabricators and distributors that work with us.

Over 4,400 fabricators certified in 12 countries

6 websites for the US, Canada, Australia, UK, Israel and Global locations

Training Center available in 12 languages

Over 1,100 views of online health & safety videos

Over 750 professional educational health & safety seminars



SOCIAL

Creativity, Craftsmanship and Wellbeing



caesarstone®

OUR COMMITMENT

At Caesarstone, we put people first in our journey of craftsmanship, creativity, and the development of our products. We treat each other with fairness and respect, and we embrace diverse perspectives. We work to provide our employees with opportunities for professional and personal growth and strive to provide these types of opportunities in the communities in which we work. 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 in which we work.



EMPLOYEES

Our employees are the heart of our organization, and we are committed to providing them with the support and benefits they need to thrive. As a global, growing organization, we are committed to engaging with employees in a regular, transparent manner and we encourage feedback and open communication. We are committed to having employees from diverse backgrounds, creating an equal opportunities for all and a work environment that is free from discrimination.



Employees 2021-2022

	2021			2022		
	Women	Men	Total	Women	Men	Total
Full-time	572	1,530	2,102	540	1,420	1,960
Part-time	17	6	23	12	7	19
Total	589	1,536	2,125	552	1,427	1,979
Proportion of Full-Time out of total	26%	73%	99%	26%	73%	99%
Proportion of Part-time out of total	1%	0%	1%	1%	0%	1%
%FT, by gender	97%	99%		98%	100%	
%PT, by gender	3%	1%		2%	0%	

We have a clear anti-discrimination policy, as stated in the Caesarstone Code of Conduct, and we do not discriminate based on characteristics that are protected by applicable law. 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 addition, we periodically review any potential gender pay gaps for our employees in Israel. This is done based on relevant peer groups and positions. While some groups showed gaps (7% +/- 2%), these were mostly related to expense reimbursement, such as travel, with the relevant policy applicable to all employees. In addition, women comprised 40% of the 20% most senior employees in Israel.

99%
of employees are full time,
permanent employees

Growing Our Company

Since our first ESG report, we expanded our company through a joint venture with Lioli Ceramica in India and the acquisition of Omicron Granite and Tile in the US. The integration of these businesses and their employees required significant investment and effort to provide the necessary support and training to help new employees to feel fully part of the Caesarstone team.



Lioli

As part of our global growth acceleration plan, in October 2020, Caesarstone announced the majority stake acquisition of Lioli Ceramica, a producer of cutting-edge porcelain countertop slabs based in India. The acquisition enables us to have a significant presence in the global porcelain category, one of the fast-growing categories in the countertop market.

The acquisition was conducted as a joint venture, and we are working on implementation of the integration process. This involves the introduction of new roles to align with the Caesarstone approach and management

standards, including a Finance VP and EHS Manager, as well as hiring of management positions for R&D, plant manager, IT, sales, etc. It also includes the introduction of critical HR processes, such as performance management and senior involvement in compensation management. Employees also gained additional benefits, such as a vacation policy and company paid health insurance and we are in a continuous process of improving our monitoring of Lioli's employees' rights. We continue our efforts to improve corporate governance and controls within the company.



Omicron

As part of our North American growth acceleration plan, in January 2021, Caesarstone acquired Omicron Granite and Tile based in Florida, US. Omicron is a market leading supplier of stone and manufactured stone surfaces in the US, with 17 locations in the Southeast and Ohio Valley regions. The acquisition increased our presence and distribution network in the US, with the aim of better serving our local customers. With the acquisition, approximately 190 Omicron employees were integrated into Caesarstone USA. This involved transferring employment terms and conditions, including payroll, benefits, and worker's compensation, to Caesarstone.

Following this integration, Omicron employees gained several improvements in benefits. These included eligibility for 401K retirement plans and a range of

employer paid benefits, such as Basic Life and AD&D, Short-term Disability, Base Long-Term Disability, and an Employee Assistance Program (EAP). In addition, their monthly medical contribution decreased and their EE Dental plans were upgraded.

As part of the integration plan, in 2022, Omicron managers were trained in Caesarstone processes and procedures. A total of 21 managers participated in a New Manager workshop that included a range of topics, such as Caesarstone values and behavior, the company's Code of Conduct, recruitment processes, onboarding, performance management, compensation process, EHS processes, and more. In addition, a total of 170 Omicron employees were trained in the Caesarstone Code of Conduct. Omicron employees are now fully integrated into the Caesarstone HR system and processes.

TRAINING & DEVELOPMENT

At Caesarstone, learning is part of our day-to-day culture. We have a diverse training and development program with a wide range of topics, including professional training and certifications for positions at our production facilities, and skills training such as communication, negotiations, sales, and management skills.

As we declared in our previous report, in 2022, we launched our global Learning Management System (LMS) which enables us to distribute, manage, and track our training and learning program, and encourages self-learning. The learning system allows us to provide our diverse and global employee force with digital

training on topics such as safety, cybersecurity, sexual harassment, and our privacy policy, as well as to offer online professional training sessions. Thanks to the system, we are now able to report our training investment for 2022 and will be able to improve this measurement going forward.

Training Hours 2022

	by Gender			by Employee Category		
	Women	Men	Total	Managers	Non-managers	Total
Total training hours	1,490	2,475	3,965	642	3,323	3,965
Average number of training hours per employee	1.7	2.7	2.0			



New Employee Onboarding

In 2022, we launched an online digital onboarding platform that puts in place a structured, global onboarding process. The process includes an introduction to the Caesarstone vision, products and culture; helping new employees meet their team and learn details about their role expectations; as

well as regulatory training and a personalized training plan designed to support their success in their job.

The onboarding process is organized in a digital platform, providing an advanced tool for employees and managers, delivering a personalized, meaningful experience, and

allowing us to track the progress of the employee in a systematic way.

In 2022, 20% of new employees received onboarding through the new platform, and we expect this to grow to 70% in 2023

Employment Turnover

	Age Group	2021				2022			
		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	35	26	9%	27%	25	33	7%	38%
	Ages 30-50	113	105			90	129		
	Over Age 50	40	27			29	45		
Total (Women)		188	158			144	207		
Men	Under Age 30	246	212	29%	35%	254	250	27%	48%
	Ages 30-50	311	257			246	324		
	Over Age 50	65	73			57	106		
Total (Men)		622	542			557	680		
By Age Group	Under Age 30	281	238	38%	33%	279	283	34%	43%
	Ages 30-50	424	362			336	453		
	Over Age 50	105	100			86	151		
Total (all ages)		810	700			701	887		

These employee turnover figures are the result of several factors. In 2021, we were highly affected by COVID 19. There was high turnover due to phenomena that occurred across the labor market, including employees who chose not to return to work after paid

unemployment; high demand in the marketplace due to companies that laid off workers during COVID 19 and then offered above-market wages to attract new employees; and significant salary demand increases. This was accompanied by post-COVID phenomena, where

employees did not return to the labor market and candidate asked for flexible arrangements. The 2022 data mainly reflects changes at the Richmond plant due to changes in its levels of operations.

Supporting our employees family and health needs

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

benefits. In addition, we support working parents by allowing them to work flexible work hours and providing extra assistance as needed.

Parental Leave 2021-2022

	2021			2022		
	Women	Men	Total	Women	Men	Total
Number of employees that were eligible for parental leave	25	36	61	20	26	46
Number of employees that took parental leave	25	4	29	19	2	21
Number of employees that were due to return from parental leave during the year	23	3	26	20	2	22
Number of employees that returned from parental leave during the year	18	2	20	16	2	18
Number of employees returning from parental leave in the previous year and were still employed at least 12 months thereafter	12	3	15	21	2	23
Return to work rate	78%	67%	77%	80%	100%	86%
Retention rate				117%**	100%	105%

* We do not show the retention rate for 2021 since this number relies on the 2020 figures which were calculated differently.

** This number exceeds 100% because of the addition of the parental leave numbers from our Lioli site in India, where there was no parental leave data for 2021

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.

Keeping Our Employees throughout COVID

During the COVID-19 pandemic, we were able to maintain workplace continuity and ensure our employees kept their positions during the uncertain economic slowdown. As a result, in 2021-2022 we received an employee retention grant from the government in Israel for a total of 900,000 NIS.

Performance Reviews

We consider ongoing dialogue between managers and employees on performance as a critical tool both to drive performance and encourage personal growth and development. During 2021-2022, we invested resources and training

to help managers develop their skills to improve the quality of feedback they provide. In 2022, we instituted performance reviews at Lioli, and 26 managers received an annual performance process.

89%*

of employees received regular performance and career development reviews in 2022

*Does not include Lioli employees

Performance Review

	2021					
	By gender			By employee category		
	Men	Women	Total	Managers	Non-managers	Total
Employees who received regular performance and career development reviews	980	486	1,466	191	1,275	1,466
Percentage	64%	83%	69%			
	2022					
	By gender			By employee category		
	Men	Women	Total	Managers	Non-managers	Total
Employees who received regular performance and career development reviews	1,175	573	1,748	304	1,444	1,748
Percentage	82%	104%**	88%			

* Performance review is given to employees after more than 3 months at Caesarstone

** This ratio is higher than 100% since it includes employee who received reviews during the year but were no longer employed on 31/12/22, the date on which employee number is counted.

↑ 15% increase

The number of employees who receive regular feedback rose by 15% in 2022 compared to 2021 and included 80% of our workforce.

IN THE COMMUNITY

We continue our programs and activities to support the communities in which we operate.

In Israel, this includes donations to support various nonprofit organizations that focus on youth education and development. These include organizations that provide a home for youth at risk, educational programs for high school students in the geographic periphery, and skills development for youth through learning how to sur. We also donate to organizations that provide food security to families in need during the holiday season. In Australia, we continue to support Camp Quality, which is dedicated to improving quality of life for young cancer patients and their families.

Lend a Hand to Children with Special Needs

We continue to support the nonprofit organization 'Yad LaYeled HaMeyuchad' in Israel, which operates a variety of educational and therapeutic projects for children with special needs to help them realize their individual potential and integrate in healthy way with the community.

Kibbutz Sdot Yam Higher Education Fund

We support a higher education fund for the youth of Kibbutz Sdot Yam, in recognition of our founding as a factory at the kibbutz. We have provided full funding for university for dozens of students who study a wide range of topics related to Caesarstone's business operations, including engineering, design, business administration, law, and other specialties.

Camp Quality in Australia

We are 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.

Economic impact on the community

Our production facilities in Israel, India, and the US provide a significant number of jobs to the surrounding local communities. In addition, many local service providers also benefit from the activity at our facilities. Specifically, our Bar Lev facility is located in a rural area in northern Israel and so is entitled to a lower corporate tax rate according to Israeli law, in recognition of its positive economic impact on the local community.

Providing Support During the 2023 War

As the work on this report was being completed in October 2023, a war broke out in Israel. We were inspired and empowered to witness the spirit of volunteerism and dedication by people across the country and the world. We quickly decided to embrace the families in the south of Israel and join the national rehabilitation efforts for those communities. We donated 2,000 kitchen surfaces for the rebuilding of affected homes.

We believe the rehabilitation of those communities is an integral part of our national healing.

We also donated medical and other equipment to the security forces and their families. In addition, we support our Israeli employees and are holding weekly meetings with our employees to allow open discussion and updates.



GOVERNANCE

We ensure our values are expressed in our business



caesarstone®



OUR COMMITMENT

As a publicly traded company on the NASDAQ, Caesarstone prioritizes proper corporate governance, with clearly defined roles for our management, Board of Directors, and shareholders. We maintain a robust corporate governance structure to conduct our business, with extensive risk management strategies and practices in place.



Diversity and Independence of the Board

The Caesarstone Board of Directors meets 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%). The Board has four standing committees: Audit, Nominating & Corporate Governance, Compensation, and Strategy.

Members of the Board possess a diverse range of professional skills and experience, including financial expertise, management experience, consulting, and industry knowledge. The company implements a comprehensive enforcement program that encompasses, among others, a code of ethics, whistleblower protection, and strict policies and procedures for anti-bribery & corruption, transactions

with interested parties, and insider trading. These procedures are regularly updated and approved by the Audit committee, and employees and managers undergo periodic training to ensure compliance.

Code of Conduct & Compliance

To ensure our values are properly aligned with our business growth and strategy, in 2020 we updated the Caesarstone Code of Conduct and the Whistleblower policy. The Code of Conduct includes information regarding the company's core values, the Code's purpose, and expectations for personal responsibility to compliance. It is available to all employees through the internal myCS app. The Whistleblower policy includes detailed information

on procedures for dealing with complaints, as well as protection for reporting any incidents. Contact details are provided to report any suspected violations of the Code of Conduct. Channels of communication include the customer service phone line, email contact, and online contact through the company website. In 2021 and 2022, 179 employees received training on the Code of Conduct.

In 2021 and 2022, there were few minor instances of non-compliance with laws and regulations. These led to fines that totalled approximately \$11,000, with no violations that led to criminal proceedings. The company imposes upon itself strict rules related to fair and competitive behavior, to comply with and go beyond the law, as described in our Code of Ethics.

ESG Management

Executive level responsibility for ESG is shared among the VP HR, VP Operations, General Counsel, and CFO, who each report directly to the CEO. Senior management consults with relevant internal and external stakeholders regarding ESG topics, and information is shared with the Board of Directors, as appropriate. Specific ESG topics are reviewed with the Board of Directors as needed, including

reduction of the health risks associated with our production. The board of directors also approves each ESG report.

In addition, we have a quarterly extended leadership forum to review quarter business performance, including ESG issues, that includes Q&A and general discussion. Approximately 70 managers participate in this forum.

ESG Risk Management

Senior management at Caesarstone is actively involved in identifying and managing risk across the company, including risks related to ESG areas. A risk assessment is conducted every several years, with a three-year internal plan developed to address relevant issues, which is presented to the Board of Directors. In 2020, we started a new product introduction (NPI) process, which includes end-to-end management of new products – from R&D through production and marketing.

initiatives or objectives do not meet the standards set by our investors, shareholders, lawmakers, listing exchanges or other constituencies, or if we are unable to achieve an acceptable ESG or sustainability rating. A low ESG or sustainability rating by a third-party rating service could also result in the exclusion of our ordinary shares from consideration by certain investors. We recognize that a failure to meet ESG expectations or standards or a failure to effectively pursue our ESG goals could adversely affect our business, results of operations, financial condition, or stock price.

As indicated in the 2022 Annual Financial Report and in our official reporting to the SEC, we recognize that Environmental, Social and Governance (ESG) and sustainability reporting is becoming more broadly expected by investors, shareholders and other third parties. We acknowledge that we may face reputational damage in the event our corporate responsibility

We regularly communicate our general risk management, including ESG risk management, in our financial reports, and we hold regular discussions with investors, and conduct meetings as requested.

Stakeholder Engagement

We value our stakeholders and strive for open, transparent communication. Our key stakeholders include employees, suppliers, fabricators, consumers, retailers, architects & designers, investors & shareholders, regulatory authorities, and more. We regularly engage with our stakeholders through a variety of methods and encourage feedback and open dialogue. Highlights of stakeholder engagement activities are below.

Cooperating with Industry Associations

Caesarstone is an active and leading member of AStA World-wide – the engineered stone manufacturers’ association. AStA’s vision is for an industry whose end-to-end operations are done with the necessary care to ensure no person is harmed during their work activities. AStA and its members take measures aimed to promote safe fabrication practices, including requiring labeling & warnings, Material Safety Data Sheets, good practice guides, instructional videos and raising this issue in various conventions and with relevant stakeholders and regulators. As part of that, AStA launched health & safety activities, such as “Handle Stones with Care”, providing educational guidelines and best practices to protect workers from exposure to RCS. AStA also participates in the NEPSI (European

Network on Silica) project to provide Good Practice Guides for the stone industry and promote safety compliance.

In addition, Caesarstone supports and promotes fabricator health and safety by engaging with various trade associations, such as ISFA (International Surface Fabricators Association) in the US, WFF (Worktop Fabricators Federation) in the UK, AESAG (Australian Engineered Stone Advisory Group) in Australia, and KIA (Kibbutz Industries Association) in Israel. In select instances, Caesarstone subsidizes some educational activities and provides members with training through our Master of Stone program free of charge.

Working with Public Authorities and Regulators

We continuously monitor and engage with in all regulatory and governmental activities in markets in which we operate. We promote safe work practices and legislation in coordination with the Israeli Ministry of Labor, and we work with the Australian SafeWork program and other government programs. In addition, we cooperate with the Israeli Ministry of Environmental Protection through its on-site audits, inspections, etc.

Providing ESG Information to Retailers and Customers

Just as we request our suppliers to provide us with information regarding their EHS and ESG performance, so too are we sometimes asked by select retail partners and customers to provide information regarding our own EHS performance and ESG program. We comply with all requests, and where appropriate, provide detailed information regarding our ESG goals, KPIs, activities done, and future work plans. Furthermore, we have been asked by one of our main customers to supply information about our suppliers’ ESG standards and performance, and we have done so .

INNOVATION

We invest significant resources in research and development, and our multidisciplinary R&D department is well known in the industry as market leaders and trendsetters. Many current projects are devoted to new product development and process improvements, in support of our sustainability vision and goals.

Recent R&D initiatives include:

Reducing crystalline silica content

Investigating various minerals and synthetic and recycled materials to support our goal to transition 100% of our products to low silica by 2026. We have set an interim goal of developing 48 low-silica models by the end of 2023.

Increasing recycled content

Researching recycled glass and other materials, including the combination of recycled materials, to support our goal of 15-40% recycled content for 15 models by the end of 2023.

End-of-life product reuse

Investigating end-of-life recycling options for our products, with the aim of offering economical, efficient solutions for customers. We continue to look into methods, including shredding slabs for reuse as raw material.

Investigating bio-based resins

Examining biological resin technologies, which may be integrated in the future as a possible alternative to traditional resins.



COLLABORATIONS & PARTNERSHIPS

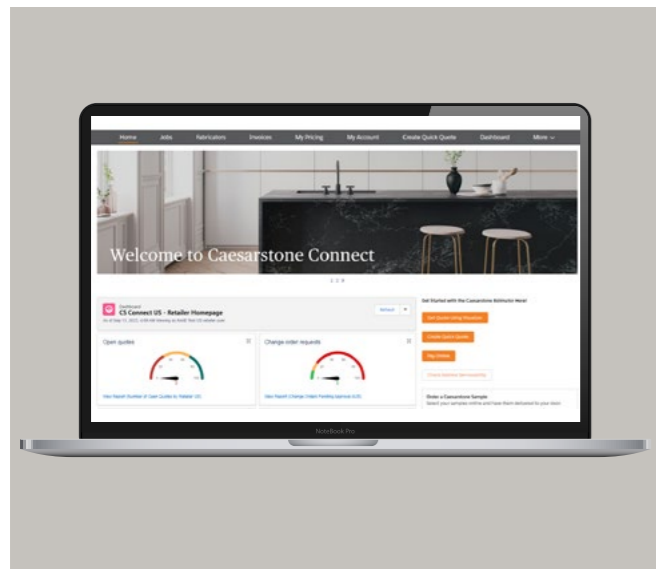
We are committed to meeting our partners and consumers where they are and providing an easy-to-use, engaging, valuable digital experience. We aim to be a trusted companion for consumers, leading them through their journey of renovating their spaces - from inspiration to post-installation.

Recent highlights include the launch of new brand websites in Israel, UK, and Australia and New Zealand. This included the introduction of porcelain products on our websites, including a catalog, the option to order samples, a visualizer, and

relevant care and maintenance information to help educate the customer and assist them in choosing the product that fully meets their needs. In Australia, to support the customer experience at the

showroom, we launched an enhanced digital platform with mobile capabilities that engages with the customer before, during, and after their in-person visits.

Other initiatives include:



CS Connect

An online system that we set up for retailers to provide a complete response to customers, from ordering to installation. The system connects retailers, installers, and customers to enable a comprehensive, smooth experience for the purchase and installation of Caesarstone countertops.



Pro Center

A 'one stop shop' for our business partners, enabling easy access and value-added professional business tools and information. The online portal includes information for fabricators, architects & designers, and retailers.



Caesarstone Studio

A dedicated website that offers design and architect professionals with practical tools and features to inspire their work. The site includes the ability to explore countless design possibilities and to search for materials, colors, and collections. It also includes a library of 3D files, certification info, and spec sheets.

ANNEX



ABOUT THIS REPORT

This report covers the business operations and entities of Caesarstone as described above for the period of 2021-2022. It is a progress report on our ESG activities since the publication of our inaugural ESG report that covered 2019-2020 and mostly updates on the status of topics reported in the last report. It includes information according to the GRI and SASB standards as detailed below. We plan to include further information about our ESG and business activities and expand out reporting scope in our next comprehensive ESG report, which will cover data and activities for 2023 and is due to be published in 2024.

We would like to thank our senior management teams in Israel, North America, UK, and Australia for their input and guidance in putting together this report, and the many managers and employees across the world who contributed their talent, creativity, and dedication in furthering our sustainability vision.

For additional information about this report, please contact:

Natalie Lerer
Legal Counsel, Caesarstone

Natalie.Lerer@caesarstone.com

SASB Reporting Index

TABLE 1. SUSTAINABILITY DISCLOSURE TOPICS & ACCOUNTING METRICS

Topic Metric	Accounting	Category	Unit of Measure	Page
Energy Management in Manufacturing	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	27
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	67, 24
	Percentage of eligible products meeting volatile organic compound (VOC) emissions and content standards	Quantitative	Percentage (%) by revenue	Omitted
Product Lifecycle Environmental Impacts	Description of efforts to manage product lifecycle impacts and meet demand for sustainable products	Discussion and Analysis		24
	(1) Weight of end-of-life material recovered, (2) percentage of recovered materials recycled	Quantitative	Metric tons (t), Percentage (%) by weight	No recovered materials
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	Not applicable

TABLE 2. ACTIVITY METRICS

Topic Metric	Accounting	Category	Unit of Measure	Page
Annual production	Quantitative	tons	185,943	GRI 305
Area of manufacturing facilities	Quantitative	Sqm	139,000	152,000 sqm

GRI Reporting Index

GRI Sector Standard Ref. No	Disclosure	Disclosure Source	Page
General disclosures			
GRI 2: General Disclosures 2021			
2-1	Organizational details	ESG report Annual report	72
2-2	Entities included in the organization's sustainability reporting	ESG report	72
2-3	Reporting period, frequency and contact point	ESG report	72
2-4	Restatements of information	ESG Report	34, 39
2-6	2-6 Activities, value chain and other business relationships	Annual report	38-45
		ESG report	14-15
2-7	Employees	ESG report	51
2-8	Workers who are not employees	0	
2-9	Governance structure and composition	Annual report ESG report	75-81 64
2-10	Nomination and selection of the highest governance body	Annual report	90
2-11	Chair of the highest governance body	Annual report	87
2-12	Role of the highest governance body in overseeing the management of impacts	ESG report	65
2-13	Delegation of responsibility for managing impacts	ESG report	65
2-14	Role of the highest governance body in sustainability reporting	ESG Report	65
2-15	Conflicts of interest	Annual report	86-87
2-16	Communication of critical concerns	Annual report	84
2-19	Remuneration policies	Annual report	80
2-20	Process to determine remuneration	Annual report	80-84
2-22	Statement on sustainable development strategy	ESG report	16
2-23	Policy commitments	Annual report Code of Conduct	126 All
2-24	Embedding policy commitments	Code of Conduct	All
2-25	Processes to remediate negative impacts	ESG report	66
2-26	Mechanisms for seeking advice and raising concerns	ESG report	64
2-27	Compliance with laws and regulations	ESG report	64

GRI Sector Standard Ref. No	Disclosure	Disclosure Source	Page
2-28	Membership associations	ESG report	
2-29	Approach to stakeholder engagement	ESG Report for 2020-2021	36, 94
2-30	Collective bargaining agreements	No employees are covered under collective bargaining agreements	
GRI 3: Material Topics 2021			
3-1	Process to determine material topics	ESG Report for 2020-2021	44-45
3-2	List of material topics	ESG Report for 2020-2021	44-45
GRI 201: Economic Performance 2016			
201-1	Direct economic value generated and distributed	Annual report 2022	54-67
201-2	Financial implications and other risks and opportunities due to climate change	Not addressed	
201-3	Defined benefit plan obligations and other retirement plans	ESG report	56
201-4	Financial assistance received from government	ESG report	56
MARKET PRESENCE			
Indirect economic impacts			
GRI 203: Indirect Economic Impacts 2016			
203-2	Significant indirect economic impacts	ESG report	58
Anti-corruption			
GRI 205: Anti-corruption 2016			
205-1	Operations assessed for risks related to corruption	ESG Report for 2020-2021	35
205-2	Communication and training about anti-corruption policies and procedures	ESG report	64
205-3	Confirmed incidents of corruption and actions taken	ESG report	64
Anti-competitive behavior			
GRI 206: Anti-competitive Behavior 2016			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	none	

GRI Sector Standard Ref. No	Disclosure	Disclosure Source	Page
Tax			
GRI 207: Tax 2019			
207-1	Approach to tax	ESG Report for 2020-2021	40
207-2	Tax governance, control, and risk management	ESG Report for 2020-2021	40
207-4	Country-by-country reporting	Annual report 2022	59, 115
Materials			
GRI 301: Materials 2016			
301-1	Materials used by weight or volume	ESG Report	23
301-2	Recycled input materials used	ESG Report	22-25, 67
Energy			
GRI 302: Energy 2016			
302-1	Energy consumption within the organization		27
302-3	Energy intensity		27
302-4	Reduction of energy consumption		27
Water and effluents			
GRI 303: Water and Effluents 2018			
303-1	Interactions with water as a shared resource	ESG Report	34
303-2	Management of water discharge-related impacts	ESG Report	34
303-3	Water withdrawal	ESG Report	34
303-4	Water discharge	ESG Report	34
303-5	Water consumption	ESG Report	34
Emissions			
GRI 305: Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	ESG Report	31
305-2	Energy indirect (Scope 2) GHG emissions	ESG Report	31
305-3	Other indirect (Scope 3) GHG emissions	ESG Report	31
305-4	GHG emissions intensity	ESG Report	32
305-5	Reduction of GHG emissions	ESG Report	32-33

GRI Sector Standard Ref. No	Disclosure	Disclosure Source	Page
Waste			
GRI 306: Waste 2020			
306-3	Waste generated	ESG Report	36-37
306-4	Waste diverted from disposal	ESG Report	36-37
Employment			
GRI 401: Employment 2016			
401-1	New employee hires and employee turnover	ESG Report	55
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	none	-
401-3	Parental leave	ESG Report	56
Labor/management relations			
GRI 402: Labor/Management Relations 2016			
402-1	Minimum notice periods regarding operational changes	ESG Report for 2020-2021	99
Occupational health and safety			
GRI 403: Occupational Health and Safety 2018			
403-1	Occupational health and safety management system	ESG Report	38
403-2	Hazard identification, risk assessment, and incident investigation	ESG Report	38
403-3	Occupational health services	ESG Report	38
403-4	Worker participation, consultation, and communication on occupational health and safety	ESG Report for 2020-2021	84
403-5	Worker training on occupational health and safety	ESG Report	40
403-6	Promotion of worker health	-	-
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	ESG Report	42-45
403-8	Workers covered by an occupational health and safety management system	All works are covered by the EHS management system	
403-9	Work-related injuries	ESG Report	39
403-10	Work-related ill health	ESG Report	39

GRI Sector Standard Ref. No	Disclosure	Disclosure Source	Page
Training and education			
GRI 404: Training and Education 2016			
404-1	Average hours of training per year per employee	ESG Report	54
404-3	Percentage of employees receiving regular performance and career development reviews	ESG Report	57
Diversity and equal opportunity			
GRI 405: Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	Annual report 2022 ESG Report	76-79 55
405-2	Ratio of basic salary and remuneration of women to men	ESG Report	51
Non-discrimination			
GRI 406: Non-discrimination 2016			
406-1	Incidents of discrimination and corrective actions taken	ESG Report	64
Child labor			
GRI 408: Child Labor 2016			
408-1	Operations and suppliers at significant risk for incidents of child labor	ESG Report for 2020-2021	93
Forced or compulsory labor			
GRI 409: Forced or Compulsory Labor 2016			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	ESG Report for 2020-2021	93
Supplier social assessment			
GRI 414: Supplier Social Assessment 2016			
414-1	New suppliers that were screened using social criteria	ESG Report	42
Public policy			
GRI 415: Public Policy 2016			
415-1	Political contributions We did not contribute to any political parties or candidates	We did not contribute to any political parties or candidates	-

GRI Sector Standard Ref. No	Disclosure	Disclosure Source	Page
CUSTOMER HEALTH AND SAFETY			
Marketing and labeling			
GRI 417: Marketing and Labeling 2016			
417-1	Requirements for product and service information and labeling	ESG Report	43
417-2	Incidents of non-compliance concerning product and service information and labeling	ESG Report	43
417-3	Incidents of non-compliance concerning marketing communications	None	-
Customer privacy			
GRI 418: Customer Privacy 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	There were no such complaints in the reporting period.	-

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 management targets; the extent of

the Company's ability to maintain a healthy and safe environment for its 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, 2022, filed with the U.S. Securities and Exchange Commission, or the SEC, on March 15th, 2023, 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 the calendar years 2021-2022. 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. This report may contain links to or information from other Internet sites. Such links and information are not endorsements of any products or services in such sites, and no information in such site has been endorsed or approved by Caesarstone.





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