



LIFE IN STONE

Caesarstone
ESG Report 2020
Executive Summary

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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

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.

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, starting in 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.

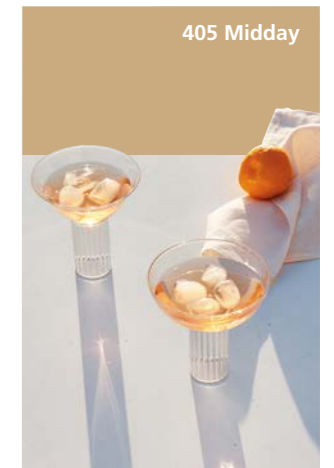
Caesarstone products offer superior aesthetic appeal and functionality through a distinct variety of colors, styles, textures, and finishes. Our strong commitment to service has fostered growing customer loyalty in over 50 countries. Our position in the global market has been achieved through continuous 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 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.



Caesarstone Collections

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



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/>

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.

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



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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 it operates. 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.

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.

In Israel, we adopted resource-efficiency measures for our auxiliary materials in 2016 and we continue 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 used.

↓ 50%
reduction
of certain materials used

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.

OUR GOAL
↓ 10%
decrease
by 2025
in energy consumption

Air

We are committed to the health of our employees and to populations living near our production facilities, and to the health of our global environment. We seek to conform with all regulations regarding emissions and regularly track and measure emissions from our production facilities. We have targets and threshold values for pollutants across our facilities, with a focus on styrene and silica, and we conduct environmental and stack monitoring

of our facilities. Activities include online monitoring of emissions and monthly meetings to track the progress of our energy reduction projects. As climate change and its impacts become increasingly relevant on a global scale, we are committed to tracking and reducing our greenhouse gas emissions.

OUR GOAL
↓ 5%
decrease
by 2025
in global GHG emissions (Scope 1,2)

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 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.

In 2021, we will begin to track our hazardous and non-hazardous waste. This will help us reach our waste reduction targets.

OUR GOAL
↓ 2% overall
waste
reduction
of hazardous and non-hazardous waste

Water

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.

Our approach to water management is reduce, reuse, recycle.

Caesarstone facilities in Israel and the US recycle approximately 95% of the water used in the production process. 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.

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

SAFE



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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.

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.

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.

All three production facilities have attained ISO certification in ISO 14001:2015 Environmental Management and ISO 45001:2018 Occupational Health & Safety

EHS Projects at Our Facilities

As a measure of our commitment to health and safety, in 2019 we established the Nuphar & Lotus programs which see 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.

40 projects

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

MASTERTM OF STONE

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



AIRBORNE DUST
MONITORING



REDUCING RESPIRABLE
CRYSTALLINE SILICA



PERSONAL PROTECTIVE
EQUIPMENT



CLEANING, MAINTENANCE
& HYGIENE



OTHER
PROCEDURES

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.

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



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)

Occupational Health & Safety

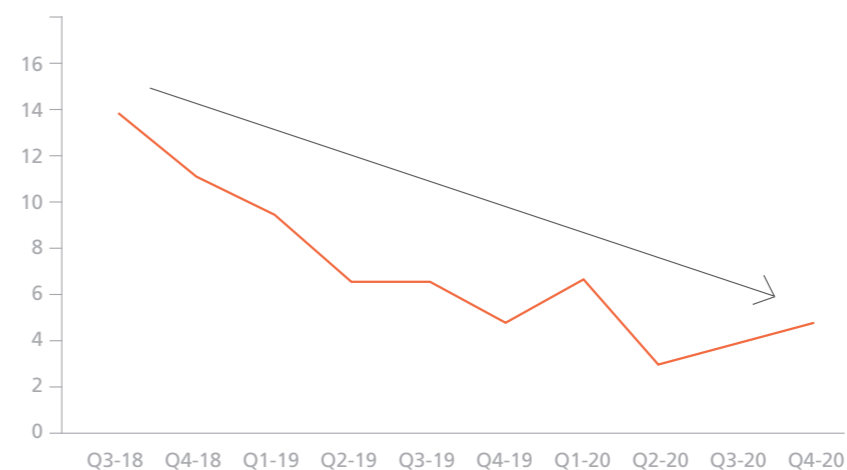
Health and safety are a top management priority, and EHS KPIs and targets are reviewed regularly at monthly management meetings and are reported to and overseen by the Board of Directors in quarterly meetings. The Caesarstone EHS team manages all issues related to occupational health and safety, and 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.

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

Lost Time Injuries

(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.

HUMAN TOUCH



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 prohibit forced and compulsory labor, child labor, and human trafficking. 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.

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.

Diversity & Equal Opportunity

Caesarstone values the diversity of backgrounds, skills, and abilities that a global workforce brings to its 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.

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

Non-discrimination

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

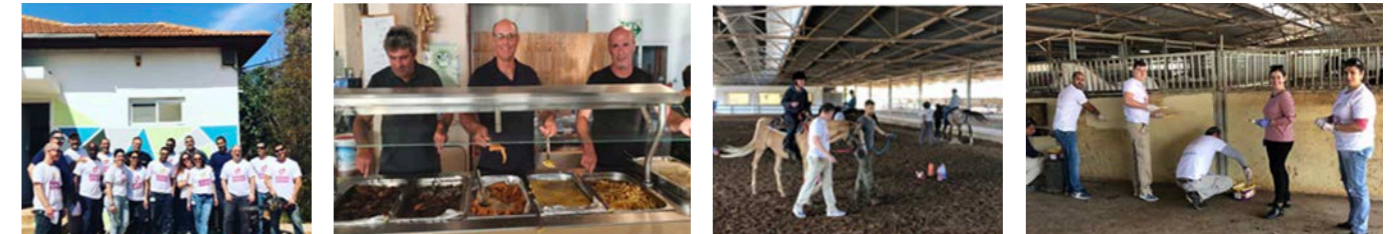
We do not discriminate based on characteristics that are protected by applicable law and treat all employees fairly without regard to age, race, nationality, origin, religion, gender, color, place of residence, condition of pregnancy, fertility treatments, marital status, parental status, disability, 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.

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.

Local Communities

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.



Our Commitment

- 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

We have a long history of supporting local community initiatives, with an emphasis on helping youth at risk. Our community activities in Israel include supporting a youth hostel for youth at risk in Pardes Hannah, including volunteer activities for our employees, and supporting 'Lend a Hand to the Special Child', a national nonprofit organization that supports youth with special needs in Israel. In Australia, we are a major supporter of Camp Quality, an organization dedicated to improving the quality of life for young cancer patients and their families.

HEART OF THE HOME



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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.

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.

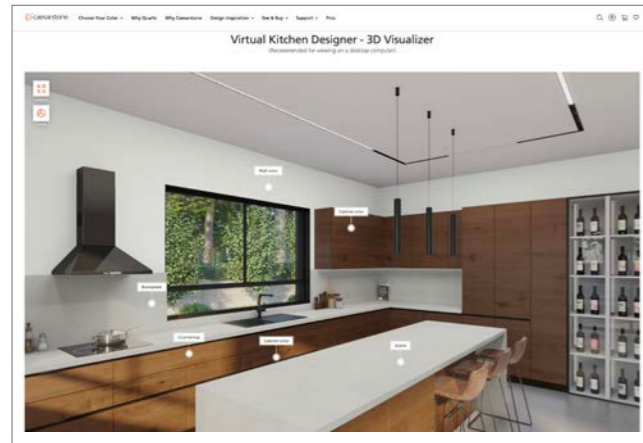
We take our inspiration from the environment & nature around us

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

Digital Transformation

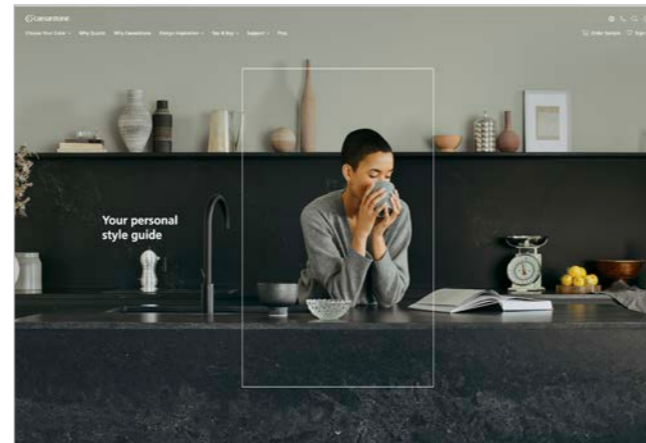
We are committed to meeting our partners and customers where they are and providing an easy-to-use, engaging, valuable digital experience. We aim to be a

trusted companion for consumers, leading them through their journey of renovating their spaces - from inspiration to post-installation.



Interactive Visualize

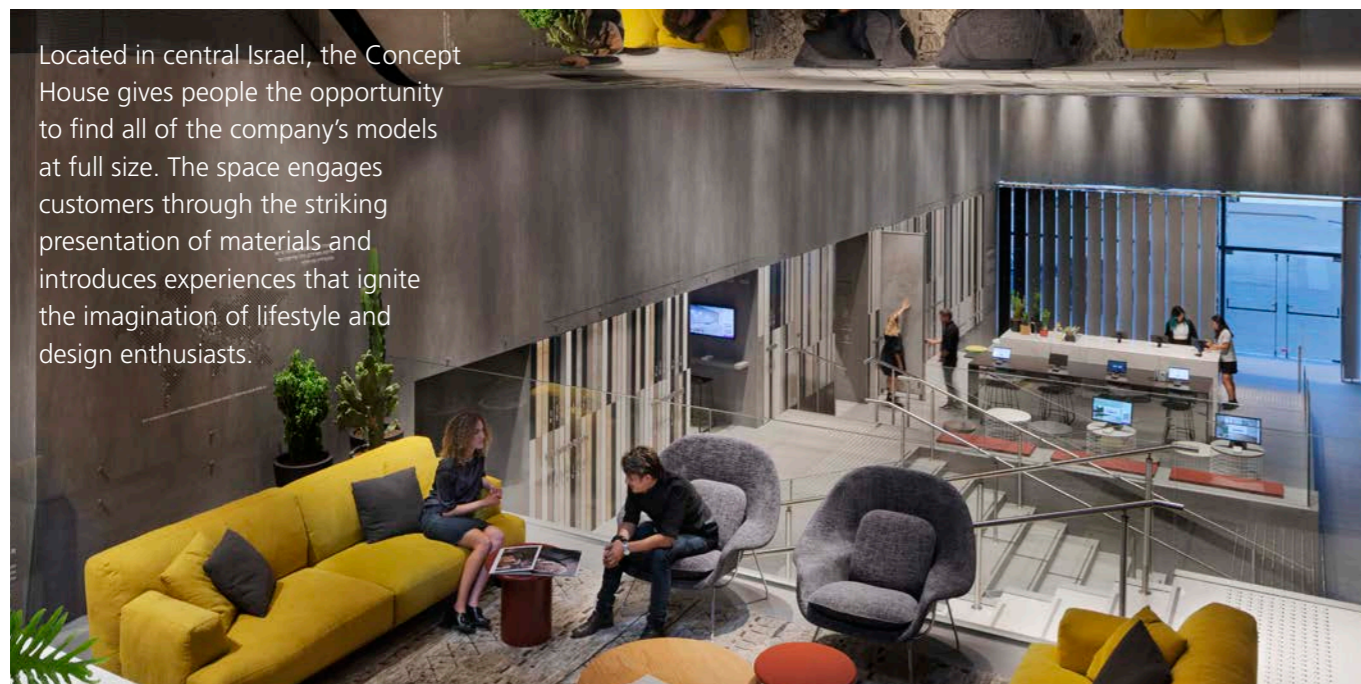
See your countertop set in 3D, and picture your space taking shape.



Personal Style Guide

Discover the interior design style that best reflects your taste.

The Concept House



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

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. We also partner with leading organizations to support sustainability initiatives in our industry.

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.



Supporting Sustainable Practices for the Architect & Design Community

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.

For the full Caesarstone ESG Report 2020, please visit: <https://www.caesarstone.co.il/>

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.

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

