



 caesarstone®

Caesarstone ESG Report 2023



Caesarstone ESG Report

2023



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From our CEO



As we reflect on another year of transformation and progress at Caesarstone, I am filled with appreciation for the work carried out by our teams as well as optimism about our ability to further drive ESG goals in our future. The past year has been marked by significant milestones, not only in our operational strategies but also in our commitment to sustainability and corporate responsibility.

In 2023, we embarked on a strategic reorganization that fundamentally reshaped our production footprint, aligning our operations more closely with our long-term vision. This transition included partnering with strategic production business partners, a pivotal step in our journey. It allows us to focus more intensively on innovation, operational excellence, and sustainability, ensuring that we continue to deliver premium, high-quality surfaces requiring us, in the long run, to reinvent our ESG goals.

Our commitment to sustainability remains unwavering, and our achievements over the past year reflect this dedication. We made substantial progress in meeting our ESG goals, including a 40% decrease in Lost Time Injury Rates (LTIR) compared to 2020, transitioning our Bar Lev facility to natural gas, and reaching an impressive 99% wastewater recovery and reuse across all production sites. Additionally, we proudly introduced our groundbreaking Caesarstone Mineral™ low-crystalline silica surfaces, a significant step towards safer and more sustainable products.

Our commitment to sustainability remains unwavering, and our achievements over the past year reflect this dedication.



These accomplishments are not just about meeting today's standards but about setting new benchmarks for tomorrow. As we move forward, our focus will be on deepening our ESG responsibility throughout the supply chain, fostering a culture of innovation, and upholding the highest standards of environmental and social governance. Together with our dedicated employees and partners, we are confident in our ability to drive meaningful change and continue leading our industry towards a more sustainable future.

I am proud of the strides we have made and remain committed to our ongoing mission of creating surfaces that not only inspire but also contribute to a healthier planet.

Thank you for your continued trust and support as we build a sustainable future, together.

Yos Shiran
CEO

About Us



Who we are

With a leadership legacy of over 35 years, we proudly stand 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 lives of families in over 50 countries.

We are committed to ever-evolve towards a sustainable world.



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

Our ongoing commitment to our customers and business partners sustainability and safety motivated significant strides in research and development. We are evolving our engineered stone to create the next generation of surfaces. This strategic shift has expanded our product portfolio to include a range of unique blends that support our long-term growth and sustainability strategy. We are committed to ever-evolve towards a sustainable world.

In 2023, we initiated a global restructuring plan, followed by the closure of our Richmond Hill facility in December 2023. These actions, driven by the need for operational efficiency, are part of our new global strategy and helped us to intensify our focus on our operational excellence.

As a trusted leader in the industry, we are taking the next steps to create new methods and standards to achieve our business and sustainability vision. We are focused on product innovation, environmental performance, ensuring end-to-end safety throughout the entire product lifecycle, and fostering a culture of governance aimed at meeting the highest business standards. All of these goals are accomplished through our community of employees and partners who believe in the human capacity to create something new and extraordinary.

Our history

Caesarstone started in 1987 in Kibbutz Sdot Yam, located on the shores of the Mediterranean Sea near the city of Caesarea in Israel. Out of a terrazzo tile factory at the kibbutz, and following R&D, Caesarstone was established to be among the pioneers of quartz surfaces manufacturing.

In 2005, our second facility was established in the Bar-Lev Industrial Park in Israel. We began establishing subsidiaries around the world to better serve our customers, in places such as Australia, Canada, US, Singapore, and the UK. Caesarstone is listed for trade on the Nasdaq since 2013. During 2015 we began operating our Richmond-Hill, GA facility to better serve the US market. This facility ceased to operate during 2023.



1987 | Sdot Yam, first production line



2005 | Bar Lev

1987

Establishment of Caesarstone at Sdot Yam

1998

Caesarstone available in North America, Australia

2005

Opening of second production facility in Bar Lev, Israel

1990

International distribution

2001

Second production line

2008

Caesarstone Australia established

2010

Caesarstone Canada established

2012

Caesarstone shares listed on NASDAQ: CSTE

2020

Lioli Ceramica and Omicron Granite and Tile acquired

2011

Caesarstone United States established

2017

Caesarstone United Kingdom established

How our products are made

Quartz and Mineral surfaces

Minerals are transformed into breakthrough countertops using our unique engineering knowhow, craftsmanship and care.

Our surfaces sustained the test of time and their demonstrated quality often comes with a lifetime warranty. We leverage the outstanding qualities of nature's raw materials, transforming them into what we believe is ideal surfaces for residential and commercial spaces, chosen by countless architects and designers worldwide.

The manufacturing process of our surfaces products typically involves blending mineral blends with polyester and coloring pigments. This blend uses specific and unique machinery acquired primarily from Breton, the leading supplier of surfaces manufacturing equipment, together with our proprietary manufacturing enhancements, this mixture is compacted into slabs by a vacuum and vibration process. The slabs are then moved to a curing kiln where the cross-linking of the polyester is completed. Lastly, the slabs are gauged, calibrated, and polished to enhance shine.

Porcelain surfaces

Caesarstone Porcelain marks a leap in technology, functionality, and design, in the porcelain surfaces industry.

Utilizing our leadership and deep understanding in the surfaces industry, we acquired Lioli factory in India, expanding our capabilities to Porcelain. Caesarstone porcelain premium worktops are designed with state-of-the-art technology to provide maximum durability, hardness, and stain resistance.

The manufacturing process begins with grounding and mixing the natural raw materials we use (clay and other minerals). The mixture is compressed and dried, and then goes through innovative digital printing process, in which we implement our unique design pattern on the panel. The panel undergoes a controlled burning process at high temperature, ensuring its strength and durability. To complete the process, each slab is gauged, calibrated and then polished to a perfect finish in a wide range of colors and designs.

Mission and strategy

Our mission is to be the *leading choice* for surfaces all around the world.

To that end, our strategy relies on creating premium diverse surfaces offering, in either our mineral, quartz and porcelain collections, utilizing our R&D capabilities to develop a superior value proposition, leveraging our strong brand recognition, global footprint and ESG position.

In recent years, we underwent a strategic reorganization of our production footprint: transitioning a growing portion of our in-house production to Strategic Production Business Partners (SPBPs) based mostly in Asia. This transformation will also impact our ESG activities for years to come as we incorporate such SPBPs into our goals and plans.

Business highlights

Our Employees

1680 full time employees

Our Reach

+50 countries

Our Production Sites

2 production sites

Engineered stone site (Israel)
Porcelain site (India)

Our Models

75 Engineered Stone
37 Porcelain

Our Global Presence

6 countries with direct sales channels

Israel, USA, Canada, Australia, UK, Singapore and Sweden with third party distributors in over 40 countries

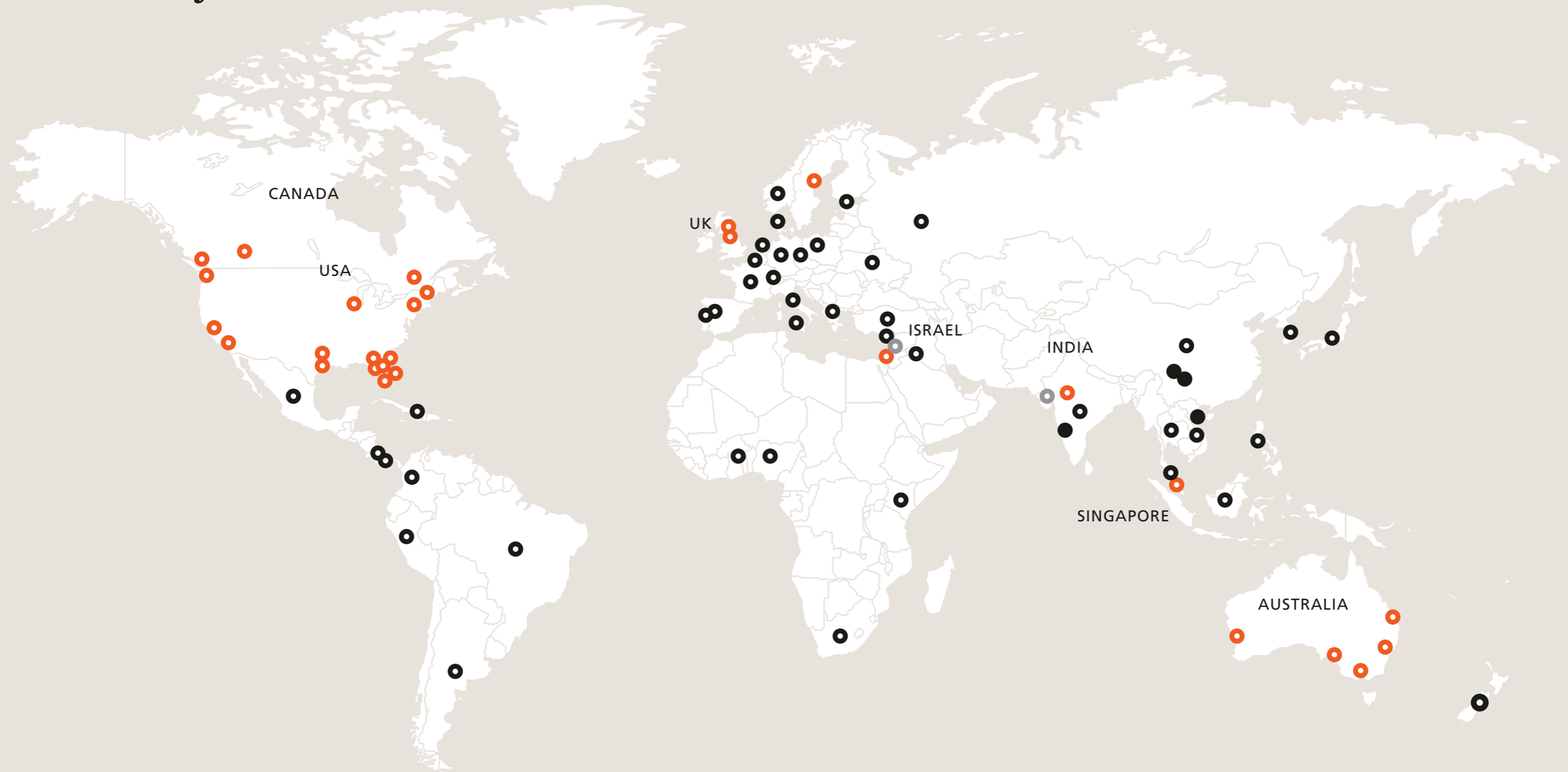
Revenue in 2023

\$565.2M

For full financial information, see our annual report



Our global business community



- Caesarstone Direct Sales
- Caesarstone Distributors
- Caesarstone Factories
- Strategic Manufacturing Partners : Multiply sites

12,638
Fabricators who fabricate & install our surfaces

60,799
Architects & Designers

32,759
Kitchen & Bath Stores

23,622
Contractors & Builders Stone

783
Stone suppliers and Distributors

ESG highlights for 2023



Product innovation & Sustainability Achievements

49

new low crystalline silica models

5

EDP certified models. 67 additional models expected in 2024

Environmental Achievements

0

waste to landfill at Lioli

99%

wastewater recovery and reuse

100%

electric forklifts in Bar Lev, reducing fossil fuel usage

Social Achievements

40%

decrease in LTIR compared to 2020

4600+

fabricators participating in our health and safety program; Master of Stone

ESG management in Caesarstone

We are committed to establishing, pursuing, and meeting sustainability goals through continuous dedication and innovation. Our efforts are based on principles of safe, healthy, and environmentally responsible products, and operations.

We are currently focusing on meeting our ESG goals, on the continued development of products that include a higher percentage of recycled materials reducing the environmental impact, promoting health and safety across our value chain and specifically SPBPs, and acting in a responsible manner.

At Caesarstone, ESG goals are integrated in all relevant units, each responsible for topics pertinent to its operations. The holistic integration of ESG management is overseen by a board committee, where Executive-level responsibility for ESG is shared among the CFO, General Counsel, VP of Operations, and VP of HR, all of whom report directly to the CEO. Consolidation of corporate efforts and project management is led by a dedicated ESG manager, who is part of the operations department. Senior management consults with relevant internal and external stakeholders regarding ESG topics, receives relevant input, and acts to implement it in our operations as we strive to meet our stakeholders' expectations.



ESG is also overseen by the Board itself, which receives continuous updates on certain ESG-related topics, such as Occupational Health and Safety (OHS). Specific ESG topics being reviewed by the board as needed.

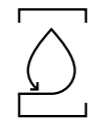
At each of our manufacturing sites, and in the majority of our distribution subsidiaries, we appointed an Environmental Health and Safety (EHS) manager whose primary role is to monitor environmental performance and compliance. Their key duties include ensuring that all processes are aligned with our targets, monitoring adherence to local environmental regulations, maintaining KPIs, and effectively communicating with senior management to report progress or request additional support when necessary. These environmental managers regularly communicate with our global ESG manager to maintain alignment on sustainability goals and practices across the company.

As part of our commitment to sustainability, we have established environmental goals within our operations to facilitate our progress and improvement.



Sustainability goals & their current status

With the strategic reorganization of our production footprint, we are now in the process of reevaluating our sustainability goals and adapting our goals and plans to this footprint. We expect this process to be completed by the end of this year (2024), which will enable to present a new updated and adapted list of goals in our next report.



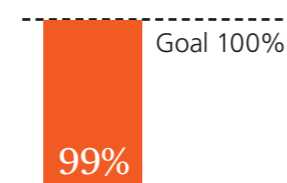
Water

Goal

100% wastewater recycled at all production sites by 2024.

Status by end of 2023

99% recycled wastewater in all production sites. ¹



¹ 1% of water discharge is attributed to a 10% discharge rate at the RH facility. A target of 0% discharge is expected to be achieved by 2024.



Waste

Goal

100% reuse or recycling, for zero waste to landfill at all production sites by 2030.

Status by end of 2023

24% reuse or recycling.



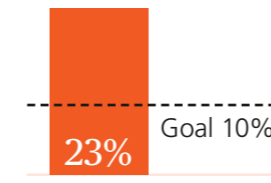
Energy

Goal

Reduce our energy use by 10% by 2025 (compared to 2018).

Status by end of 2023

Reduced by 23% in absolute numbers



Goal

100% electricity from renewable energy sources at the Bar Lev facility by 2026.

Status by end of 2023

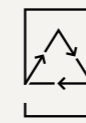
Transition to 100% renewable electricity consumption is scheduled to commence in November 2025.

Goal

100% electricity from renewable energy sources at the Lioli facility by 2030.

Status by end of 2023

N/A



Sustainable Products & Raw Materials

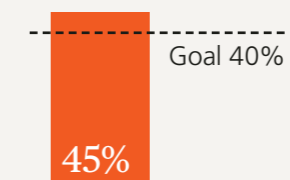
Goal

2023: 40% of our Mineral portfolio will contain up to 40% recycled materials.

2025: Our mineral portfolio will contain between 14% - 50% recycled material.

Status by end of 2023

45% of the mineral portfolio contains between 14% - 50% recycled material.

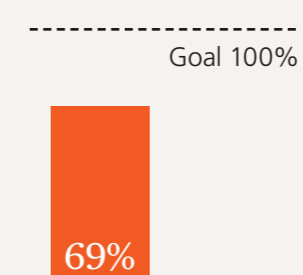


Goal

Transform our entire portfolio to low crystalline silica (40% or less) by 2026.

Status by end of 2023

Transformed 69% of our portfolio to low crystalline silica (40% or less).



GHG Emissions

Goal

Decrease our carbon footprint by 20% by 2025 (compared to 2018)

Status by end of 2023

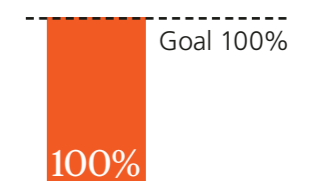
An increase, due to expansion of the data sources included.

Goal

Implement a carbon reduction plan at each facility

Status by end of 2023

Carbon reduction initiatives have been designed and implemented at each manufacturing site





Promoting sustainability in our industry

As leaders in our industry, Caesarstone works with leading sustainability-related organizations and initiatives in the green building sector.



United States Green Building Council (USGBC):

The USGBC is a non-profit organization committed to promoting sustainability in building design, construction, and operation. The USGBC is best known for developing the Leadership in Energy and Environmental Design (LEED) certification program, which has become a globally recognized standard for green building.



Material Bank:

Material Bank is the largest sample provider for architectural and design projects in North America. Through its sample reuse system, it reduces the number of samples needed, used, and produced. Each manufacturer provides a limited number of samples per SKU. When an Architect or Designer orders a sample box of multiple product samples, the Material Bank delivers the samples in one box without plastic wrap, Styrofoam or packaging.



The mindful MATERIALS (mM):

The mindful MATERIALS (mM) library is a free platform that is the leading building industry resource for aggregated health and sustainability product data. It is used by thousands of architecture and design professionals as a trusted source of product transparency and optimization information. Caesarstone collaborates with the mM library, which is now linked to Material Bank to enable industry professionals to prioritize sustainability more easily in the specification and sampling process.



Green Star:

Green Star is an internationally recognized sustainability rating system developed by the Green Building Council of Australia (GBCA) in 2003. It assesses the environmental impact of buildings and communities across their lifecycle, from design and construction to operation and maintenance.



About this report and material topics

About this report

This report covers the sustainability-related activities of Caesarstone and its subsidiaries during 2023.

The report was written in accordance with the SASB (Sustainable Accounting Standards Board) disclosure standard for the Building Products & Furnishings industry. All the data in the report relates to the calendar year 2023, unless stated otherwise. Changes to previously published data are noted.

In this report, we have expanded the scope of our ESG activities disclosure, incorporating additional quantitative data from more subsidiaries. In some of the new metrics, included in this report for the first time, we were also able to provide 2022 data as well. We expect that the scope of our sustainability reporting, and data quality, will continue to improve.

For additional information about this report and our sustainability activities, please contact:

Gili Harpaz, Global ESG manager, Caesarstone
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Material topics and our identification process

Sustainability is a broad issue that encompasses hundreds of different topics. To provide our stakeholders with the most relevant information and to ensure that the data is clear and accessible, we chose to focus in this report on the topics most material to our stakeholders.

To identify these material topics, we analyzed our business considering various viewpoints and incorporating feedback from our stakeholders. We also looked at relevant expectations including those of clients, industry organizations, business partners, regulators and investors. Additionally, we reviewed reporting standards, regulations, and conducted an industry benchmark. This process helped us identify the area's most relevant to our stakeholders and our industry.

This process helped us identify the areas most relevant to our stakeholders and our industry:



Environment

- Climate Impact
- Air Emissions
- Water Management
- Waste Management
- Raw Materials



Social

- Employee Wellbeing & Personal Development
- Diversity & Inclusion
- Occupational Health & Safety
- Philanthropy & Community Relationship



Governance

- Corporate Governance
- Business Ethics & Compliance
- Customer Satisfaction
- Supply Chain Management
- Products and Services Quality

Product Innovation & Sustainability





Inspiring sustainable industry through product innovation

As a trusted leader in our industry, we relentlessly pursue excellence, pushing the boundaries of innovation to deliver the most advanced and sustainable products, expertly developed and crafted by our R&D team.

In April 2024, we launched our inaugural crystalline silica-free models in Australia, showcasing our pioneering spirit and state-of-the-art product innovation. By incorporating recycled materials into our future collections, we are not only upholding our high-quality standards but also achieving remarkable environmental and economic advantages. This approach allows us to dramatically reduce the environmental impact of raw material extraction, reinforcing our role as a sustainability trailblazer.

The journey towards sustainability is dynamic, driven by emerging challenges, ongoing uncertainties, regulatory advancements, and research breakthroughs. We are unwavering in our commitment to not only keep pace with these developments but to lead the way, working in close partnership with our stakeholders to ensure that our product portfolio consistently meets and exceeds market demands. Therefore, we ensure that our sustainability considerations are holistically intertwined in our R&D initiatives, guiding our product innovation.

This dedication is vividly demonstrated in our groundbreaking Caesarstone Mineral™ low-crystalline silica surfaces, an innovative collection that significantly reduces crystalline silica content throughout our portfolio. These revolutionary products are now being introduced in an increasing number of markets worldwide, further solidifying our leadership in sustainable innovation. The Caesarstone Mineral™ collection is a testament to our commitment, featuring a substantial portion of its mineral content from recycled materials.

Social impact

While still requiring all dust control measures to be implemented, reducing the content of crystalline silica in our product is contributing to a healthier working environment through out the value chain.

Environmental impact

Replacing Quartz with a mineral blend, that includes recycled material, reduces the environmental footprint of our products and promotes circular economy.

Our future goals

We are committed to transforming our entire portfolio to low crystalline silica (40% or less) by 2026.

Our mineral collection will include between 14% - 50% recycled material by 2025.



Enhancing trust with sustainability certifications

As a global trusted partner in our industry, we aspire to meet global quality and sustainability best practice.

To ensure that our products meet customers' expectations and leading global standards, we work to achieve leading certifications. These certifications are the testimony of the sustainability achievements of our products.

We maintain a range of industry leading certifications, each demonstrating our commitment to different quality and sustainability issues. Obtaining these important certifications is driven by our desire to give our clients the assurance they need regarding the quality, safety, performance and environmental impact of our products.

One of 2023's major sustainability projects was achieving EPD certifications for first five representative models. We expect to complete certification for 67 additional models by the end of 2024.

Product certifications

Certified on our *entire portfolio*; Porcelain, Quartz and Mineral

Certified on our *Quartz and Mineral portfolio*



Greenguard

GREENGUARD certification verifies that our products meet the most stringent indoor air emission standards



NSF51

The International Health and Safety Foundation sanitary standard ensures our working surfaces are safe for use in all food environments.



Greenguard Gold

GREENGUARD GOLD certification signifies a product has met rigorous chemical emissions standards, ensuring it contributes to healthier indoor environments by limiting pollutants.



Red List Declaration

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



European Food Contact Materials Regulations

Compliance with two EU regulations regarding Food Contact Materials (FCMs) - Regulation (EC) No 1935/2004 and Regulation (EC) No 2023/ 2006 on Good Manufacturing Practices.



Declare

The Declare label is a transparency label for the Building Materials industry, lists all ingredients, ensuring our products are free from chemicals that may potentially harm consumers.

All Quartz and Mineral models manufactured in Israel.



HPD

Health Product Declaration Open Standard requires full disclosure of potential chemicals of concern.



EPD

An Environmental Product Declaration is a report that evaluates the environmental impacts of a product, based on a detailed Life Cycle Assessment (LCA).

7% of our Quartz and Mineral portfolio. We are working on certifying 67 additional models.



SCS certification for recycled content

Certification ensuring there is a recycled content in the product, at an amount meeting a minimal threshold.

13% of our Quartz and Mineral portfolio

EPD and LCA analysis

EPD is a publicly available product report based on environmental life cycle assessment (LCA), which verifies the calculations of the environmental impacts associated with all stages of the life cycle of a specific product or model.

Increasing the number of EPD certified models marks a considerable milestone in our sustainability journey. The certified quantitative impact assessment enhances the trust of stakeholders in our products and inspires us to take bold actions to improve our products' environmental performance. The LCA addresses 16 different environmental impact categories such as climate change, toxicity, land use and acidification, each contributing a different weighted score to the total impact of the product. By providing different weights to each category, this method creates a broader overall perspective on the product's entire impact while assessing the impact of each category at each of the lifecycle stages.

The results of the LCA indicated that Climate Change factors (carbon footprint) and Resource Use are the primary contributors to our products' environmental impact, responsible for 25% and 22% of their impact, respectively. We believe our decarbonization efforts combined with changes to our raw material mix will reduce the impact in these categories.

The lifecycle phases identified with the highest contribution to the total impact were:

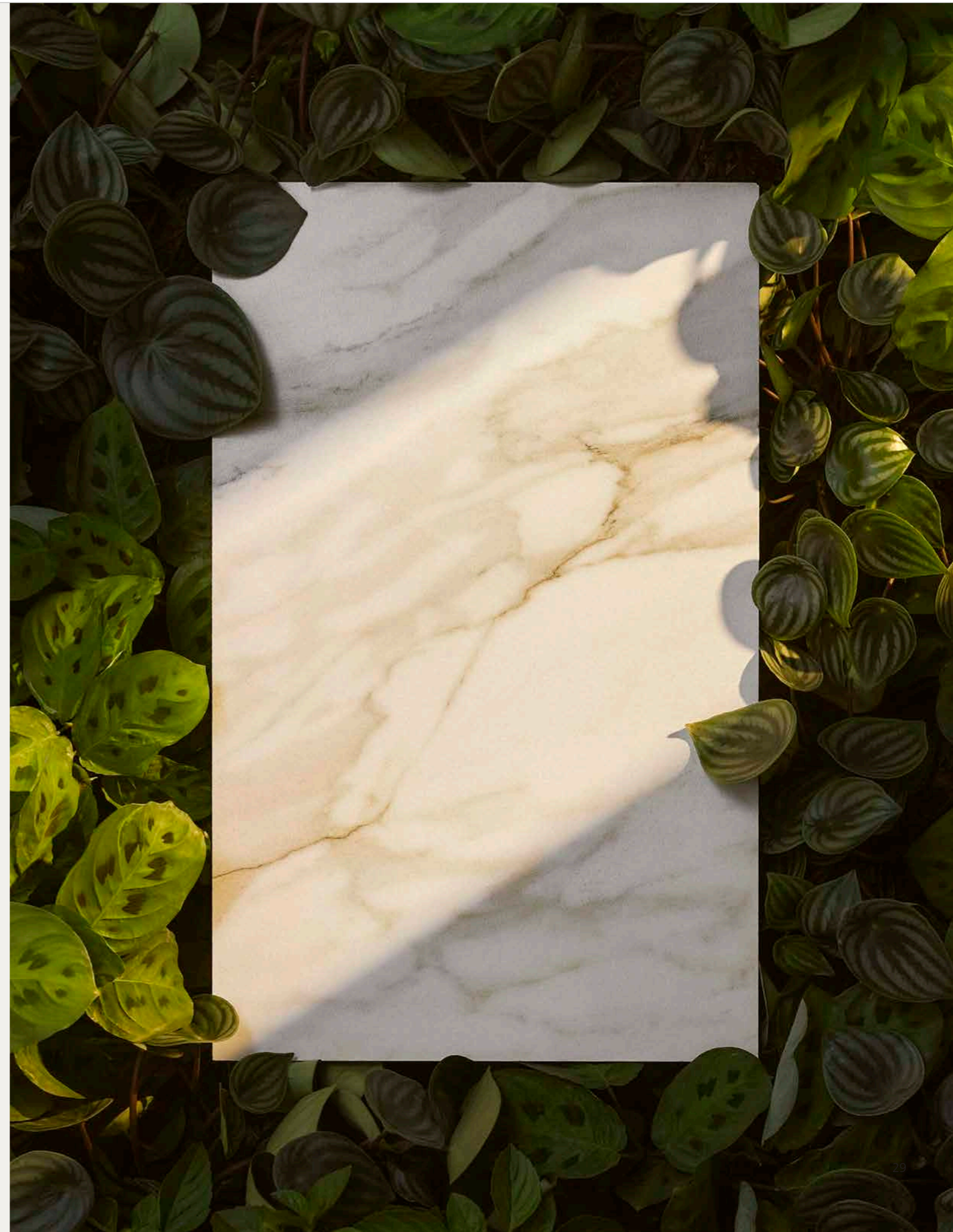
Raw material production

Raw material production and specifically styrene, was identified as the most impactful material responsible for approximately 33% of its total impact. Monitoring and reducing styrene usage in our product portfolio is an ongoing project, and we are consistently seeking innovative approaches to decrease its use. As part of this project, we collaborate closely with raw material suppliers and explore methods aimed at reducing carbon footprint in our raw materials production.

Transportation

Transportation of our products to our customers around the globe has been identified as the second most impactful phase of our operations responsible for 20% of the products' impact. Given this, we believe that the strategic reorganization of our production footprint will reduce this impact by bringing production and consumers closer together and decreasing overall marine shipping lengths.

Our EPD reports and further information on the LCA of our products are available on our [website](#)





Sustainable raw materials usage

Our passion is crafting durable, high quality uniquely designed products that foster creativity and invite people to connect with each other. Quality and composition are of critical importance to us, and we invest significant resources in R&D to support these ends. We aim to create durable, low-maintenance products that support healthier environments and better use of material resources.

Currently, 45% of the mineral collection contains between 14%-50% recycled materials and 31% of all our entire portfolio containing at least 40% recycled material.

Our surfaces require minimal maintenance, significantly reducing the need for sealants, cleaning materials, or detergents. They are also long lasting, with a lifetime product warranty in the majority of our markets.



We focus on incorporating more recycled materials in our products, thereby reducing their environmental impact. This year we significantly increased the number of models that contain between 14%-50% recycled material. Currently, 45% of the mineral collection contains between 14%-50% recycled materials and 31% of all our entire portfolio containing at least 40% recycled material. Among these models, seven have achieved SCS certification for their recycled content, and we are actively working on obtaining SCS certification for additional products.

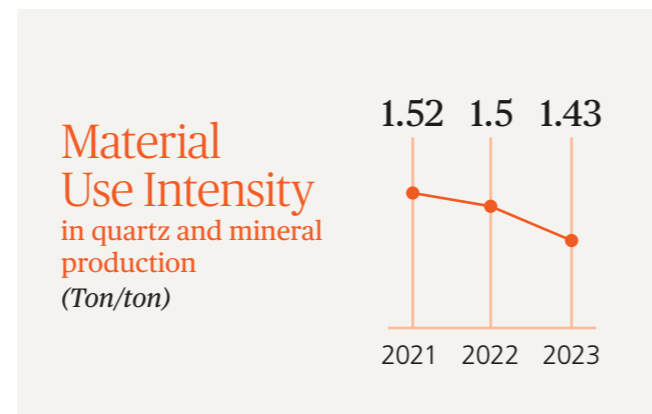
As for our porcelain products, we reuse waste generated in our initial stages, closing the loop internally. Some of our porcelain slabs may contain up to 20% recycled materials.

In this report, we categorized the disclosure of raw material consumption into Quartz and Mineral surfaces and Porcelain, since they require different raw materials. The Quartz and Mineral products contain minerals (including quartz), held together by resin, polyester additives, pigments and premix that provide unique colors and textures. Porcelain surfaces are produced from powders like clay, with decorative colors and textures printed onto them.

Main materials used in production by weight

Quartz and Mineral production

Material	2021	2022	2023
Minerals (in tons)	192,452	190,275	107,350
Pigments and Premix (in tons)	7,886	7,058	4,004
Polyester Additives (in tons)	Not measured	Not measured	1,289
Recycled Glass (in tons)	Not measured	Not measured	2,663
Resin (in tons)	25,150	23,250	13,975
Product Produced (in tons)	148,271	146,559	90,505
Material Use Intensity (Ton/ton)	1.52	1.5	1.43



Porcelain production

Material	2022	2023
Clay and powder (in tons)	58,368	43,542
Pigments (in tons)	257	131
Ink (in tons)	30	21
Product Produced (in tons)	39,384	29,406
Material use intensity (Ton/ton)	1.49	1.78



Packaging

Our packaging is designed to ensure that the slabs remain undamaged and intact while transported. The slabs are protected by plastic and are shipped and stored in either metal frames or wooden pallets. Cardboard is primarily used for internal transport to our distribution centers. To increase awareness of our packages' recycling, we are labeling them with the appropriate recycling information.

Non-recycled packaging materials

Material	Amount in 2023
Plastics	138 tons
Nylon	209 km ²
Timber	103,526 tons
Steel	1,103 tons

Recycled packaging materials

Material	Amount in 2023
Cardboard	1 ton
Timber	40 tons

Our Quality Management System (QMS)



Our success relies on our customers' satisfaction. We are committed to achieving and exceeding high quality standards and are dedicated to delivering a supreme product.

Certified under ISO9001 standard, our QMS (quality management system) dictates the operational processes and measures we take to ensure that product quality is maintained.

The five key pillars at the heart of our quality policy:

Customers

We are committed to constantly improving our customer satisfaction, identifying our customers' needs and providing them with a fitting response. As a KPI we monitor our customer complaints to ensure we are meeting their expectations effectively.

Employees

We seek to create a nurturing and empowering working environment, ensuring the professional development of our employees. We provide our workforce with the necessary training, tools, and resources.

Work environment

We are dedicated to creating a safe, clean, and organized work environment. This ongoing effort ensures that our employees can perform their duties efficiently and safely.

Innovation and ongoing improvement

We are consistently seeking and exploring new methods and technologies to exceed our clients' expectations. We conduct regular internal audits, ISO audits, and partner audits (performed by a client) to identify areas for improvement, and we invest significant resources in closing gaps when identified.

Suppliers

We place high importance on our suppliers and their products quality. Our goal is to maintain long-term relationships with our suppliers, providing them with guidance as needed. We conduct supplier evaluations, measuring their quality, adherence to schedules, and communication effectiveness to ensure they meet our standards and contribute positively to our supply chain.

Sustainable Supply Chain



Our passion for making a positive impact throughout our value chain drives us to invest in increasing the maturity level of our suppliers and business partners related to sustainability.

We work with a wide range of partners and suppliers and seek to ensure they provide us with quality materials, while meeting our established environmental and social standards. Understanding that our suppliers and strategic business partners play a major role in our value chain, we carefully select and manage relationships with our SPBPs, building on our ESG goals and expectations. Regular evaluations are now being conducted at our SPBPs to establish goals and monitor their execution.

In the last few years, we have expanded our partnerships with our SPBs as part of our strategic organizational restructuring. A great deal of efforts were focused on ensuring that these SPBs meet high ESG standards, maintaining uniformity and quality across our supply chain. Our process is composed of two stages – vendor selection and supporting vendors to improve their ESG performance.

Sustainable supply chain

Incorporating ESG considerations within partner selection

ESG is one aspect considered when selecting strategic business partners, and these considerations are incorporated within our vendor selection process.

The process begins with a comprehensive questionnaire that every potential vendor is required to complete. This helps us make informed decisions when selecting strategic business partners and ensure they align with our environmental, social and regulations standards.

The questionnaire covers various ESG related topics and requirements including:

- Health & safety**
Defined health and safety policies, procedures and certifications
- Environment**
Following local regulations and implementing environmental improvement strategies.
- Compliance**
Meeting required regulatory and statutory standards.
- Workforce management**
Ensuring adequate working conditions, maintaining a strict policy against child labor, and complying with wage and working hours regulations.
- Quality & certifications**
Align with Caesarstone quality standards and certifications. For example, conducting quality inspections, performing internal audits, and addressing customer issues.

Sustainable supply chain

Improving strategic business partners ESG performance

After engaging with a supplier, we work with each supplier to ensure they meet the required standards and support their continuous improvement.

To ensure the ongoing improvement, we have implemented several initiatives:

Managing relationships

A full-time strategic business partner manager in Israel is tasked with managing our relationships and ensuring compliance.

Audits

Regular audits at the major business partners' sites are conducted to ensure our standards are being maintained.

Assistance

We assist the strategic business partners in adopting any essential standards or processes in case they are required and ensure they possess all necessary certifications.

In 2024, we performed social and environmental audits on all our major business partners according to the global SMETA standard

to further evaluate and enhance their sustainability practices. Furthermore, we are currently developing a business plan to align the strategic business partners' operation and performance with our goals.

Environment



Managing our environmental impact

To support our sustainability objectives, we have implemented a comprehensive set of environmental protocols and procedures, as part of our holistic EHS (Environment, health and safety) management system addressing the environmental impacts of our operations.

Our Global EHSQ Director is responsible for aligning our actions with the policies and objectives outlined in our EHS management system, and for revising the protocols as necessary, in line with our operational strategy and growth. This role ensures that our environmental protection procedures and operating systems meet stakeholder expectations, comply with regulations that goes beyond compliance, and align with ISO 14001 standards. To further ensure adherence to our environmentally related processes, we have appointed a dedicated local EHS manager at each of our manufacturing sites. These managers are responsible for maintaining continued environmental compliance.



We employed the following processes to achieve our sustainability goals:

Performance measurement

We track and report our monthly environmental performance using Key Performance Indicators (KPIs), focusing on critical areas such as energy usage, water consumption, and waste management.

Projects & initiatives

Based on the mapping of our key environmental impacts and the KPIs we set, we develop a comprehensive list of environmental projects and initiatives which are promoted across the organization.

Monthly review meetings

We hold monthly status meetings to assess the environmental performance of our Bar Lev facility, ensuring it meets our high standards of sustainability and environmental responsibility.

We are committed to on-going monitoring and assessing our procedures to maintain environmental compliance.

In 2023, we had zero incidents of non-compliance with environmental laws and regulations requiring monetary fines, non-monetary sanctions, or dispute resolution mechanisms.

Our environmental procedures are fully aligned with the ISO 14001 certification, ensuring that our environmental management adheres to internationally recognized standards. This alignment helps us systematically improve our environmental performance and compliance.



Energy & greenhouse gas emissions

Energy consumption and GHG emissions are among the most substantial environmental impacts of our operations.

We carefully monitor energy consumption in our factories and offices worldwide, setting goals and work plans to meet our energy reduction and carbon footprint commitments, with energy KPIs tracked monthly. All our efforts in this field exceed compliance level and requirements.

In 2023, we achieved a major milestone in energy management by initiating the transition of our quartz manufacturing operations in Bar Lev facility from LPG, an oil-based energy source, to natural gas.



Key projects and achievements in 2023:

Transition to natural gas

In 2023, we achieved a major milestone in energy management by initiating the transition of our quartz manufacturing operations in Bar Lev facility from LPG, an oil-based energy source, to natural gas. This transition, guided by insights from our 2020 energy survey, represents a significant stride in our environmental initiatives, and will be completed by the end of 2024.

Electric forklift fleet

We continue to make progress in replacing our diesel-based forklift fleet with electric units, to further reduce our energy consumption and GHG emissions. As of June 2024, we have replaced 100% of the forklifts in Bar Lev facility and 21% of the forklifts in North America, amounting to 33% of our entire fleet.

Shortening our supply chain

Due to our transition to working with strategic business partners based in Asia, we were able to dramatically shorten our transportation routes to the APAC region, and mostly to Australia and New Zealand in which we have significant presence.

Energy consumption by sources

Type of energy	Unit	Energy consumption in manufacturing sites			Total Corporate Energy Consumption
		2018	2022	2023	2023
Electricity Consumption	MWh	71,123	70,485	52,029	54,717
Natural Gas	m ³	Not detected	Not detected	374	196,955
Diesel Fuel	Liter	361,023	297,674	211,828	851,219
Gasoline	Gallons	Not detected	Not detected	0	488,331
LPG	Ton	1,081	1,204	1,301	4,184
Coal	Ton	N/A	7,134	5,309	5,309
Total Energy	Gj	270,874	475,058	351,627	455,633
Product Produced	Ton	196,472	185,943	119,911	119,911
Electricity Intensity	MWh/Ton	0.36	0.38	0.43	0.46
Energy Intensity	Gj/Ton	1.38	2.55	2.93	3.80

The increasing intensity over the years is mostly attributed to improving our measurement and data collection capabilities, including additional energy sources and sites each year.

In addition, incorporating the Lioli data from 2022 onwards increases the overall intensity and we aim to improve energy efficiency in that site.

GHG emissions

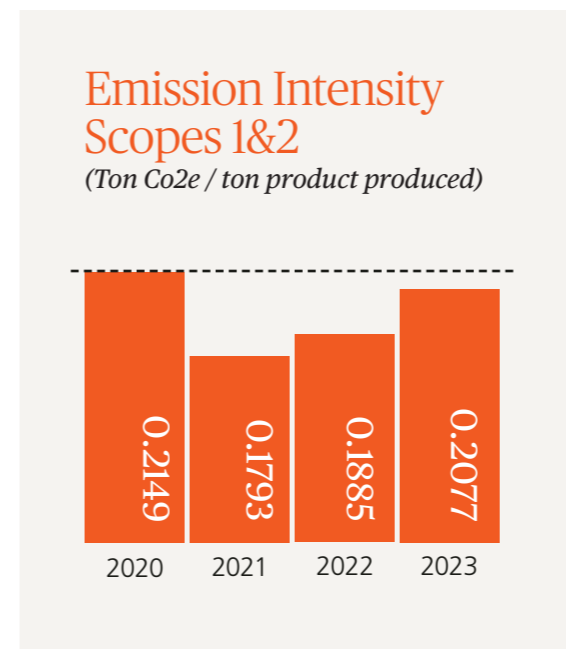
Most of our Scope 1, or direct emissions, are primarily from liquified petroleum gas (LPG) used to operate the RTO (Regenerative Thermal Oxidizer) in our facility and coal used in our porcelain facility.

As described above, we continuously work to reduce our emissions by electrification and transitioning to less carbon-intensive energy sources.

This year, for the first time, our carbon footprint is based on the full global data of our operations, and not only of our production sites operations. Incorporating many additional sites from different countries to the calculation led to a higher operational footprint. This year, we have also expanded our Scope 3 emissions calculations to include emissions from the consumption of our critical raw materials, in addition to those from waste as reported last year. This broader inclusion has resulted in a significant increase in our reported Scope 3 emissions.

GHG in Tons Co2e	Unit	Carbon footprint of Quartz manufacturing sites				Total corporate carbon footprint
		2020	2021	2022	2023	2023
Scope 1	Ton Co2e	5,384	5,319	5,721	4979	32,337
Scope 2	Ton Co2e	30,165	27,680	29,335	19,923	27,300
Scope 3	Ton Co2e	Not measured	2,915	2,642	52,587	52,587
Total 1+2	Ton Co2e	35,549	32,999	35,056	24,902	59,637
Product produced	Ton	165,428	184,050	185,943	119,911	119,911
Emission Intensity (Scopes 1&2)	Ton Co2e/ Ton Product produced	0.2149	0.1793	0.1885	0.2077	0.4973
Emission Intensity (All scopes)	Ton Co2e/ Ton Product produced	Scope 3 was not measured	0.1951	0.2027	0.6462	0.9359 ²

The increasing intensity over the years is attributed mostly to improving our measurement and data collection capabilities, including additional energy sources and sites each year. In addition, incorporating the Lioli energy data from 2023 (under the corporate carbon footprint) increases, in particular, the scope 1 intensity, and we aim to improve energy efficiency in that site.



Other air emissions

In our manufacturing facilities in Israel, we monitor air pollutants as defined by local environmental regulations, ensuring we meet legal thresholds and strive to go beyond compliance with internal reduction targets across our facilities. Our monitoring systems allow us to track pollutants, both inside and outside our facilities.

We invest significant resources in implementing measures to monitor and reduce the amount of air pollutants emitted throughout our manufacturing processes. This year, we have implemented several initiatives at our Bar Lev facility, including:

Installation of a new RTO

We installed a Regenerative Thermal Oxidizer (RTO), a combustion device that controls and converts VOC (volatile organic compounds), hazardous air pollutants (HAPs), and odors into CO2 and water using heat. Additionally, we Sealed off production areas to prevent diffuse emissions.

Dust collection system improvements

We improved the dust collection system in our Silos and replaced the dust collector system in the sand pit.

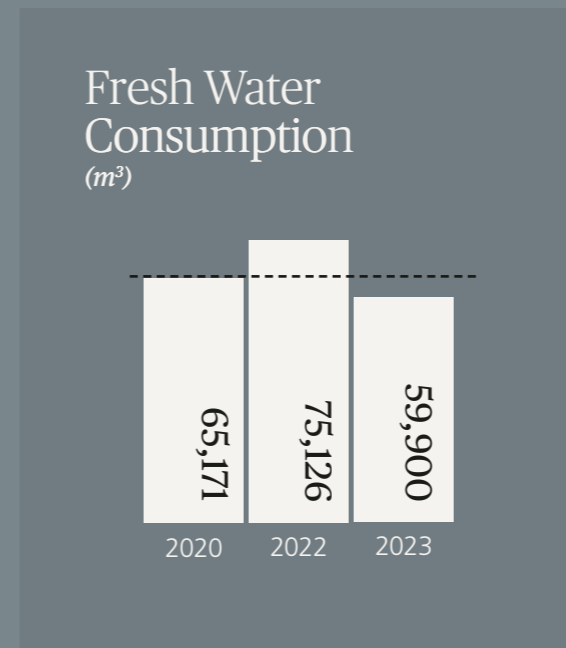
44 2 The increase in intensity is attributed to the material expansion of the scope 3 categories incorporated in the calculation.

Water

Water is an essential part of our products' creation, 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 into the atmosphere.

All 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 system allows reuse of the water used for polishing and significantly reduces water discharge. Our entire water supply comes from the local municipal water infrastructure, which sources from local aquifer wells and desalinated sea water.

All 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

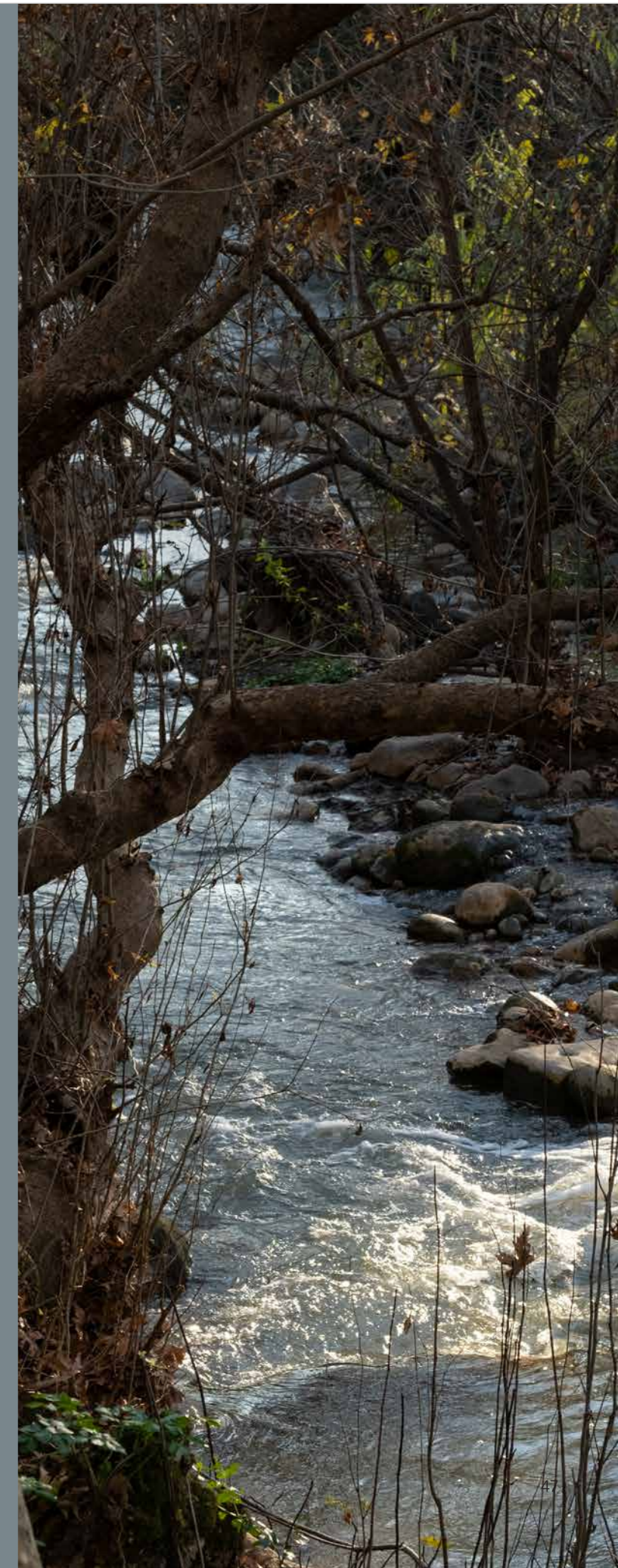


Water consumption

Material	2020	2022	2023
Fresh Water Consumption (in m³)	65,171	75,126	59,900
Product produced (in tons)	165,428	185,943	119,911
Water Intensity (in m³/ton)	0.39	0.4	0.5

At the Bar Lev and Sdot Yam facilities in Israel, as well as the Lioli facility in India, we have already achieved zero water discharge by improving and maximizing the efficiency of our water recycling system in the polishing department. The only facility with industrial water discharge is Richmond Hill, which has a 10% discharge rate, amounting to less than 1% of the total water consumption in all our operations. It should be noted that the RH facility ceased operations in 2023, and we anticipate achieving complete water recovery by 2024.

At the Bar Lev and Sdot Yam facilities in Israel, as well as the Lioli facility in India, we have already achieved *zero water discharge*.



Waste

We continue our efforts to reduce, reuse, and recycle waste. We manage both hazardous and non-hazardous waste at our production facilities, complying with all local and national regulations regarding proper waste disposal, and striving to go beyond compliance, prioritizing recycling and reuse of waste when possible.

We continuously evaluate innovative recycling alternatives and circular economy options at our operational facilities and corporate offices, when allowed by the regulations.

We have a wide range of waste streams at our sites, including packaging waste such as plastics, cardboard, timber and metals; industrial waste such as sludge and chemical waste; and office waste (including electronic and mechanical waste). In terms of weight, the sludge is our most significant waste stream (42.6%).

Our sludge, a non-hazardous byproduct of the polishing and wastewater treatment process, is currently disposed of as industrial waste due to its crystalline silica content. As we are on a transformative journey to reduce the crystalline silica content in our products and manufacture more zero-crystalline silica models, we expect that upon completion of this transition, we will have the capability to recycle the sludge waste from our manufacturing processes, subject to regulatory confirmation.

In the meantime, we are proactively investigating opportunities for the reuse of sludge that are efficient, economical, and sustainable. We are exploring options to reuse sludge internally at our production facilities and externally through partnerships with other companies and organizations.



Spotlight on Lioli

2023 marks a significant achievement in our journey towards more responsible waste management. We are proud to announce that we have successfully diverted all waste from our Lioli facility from landfills, achieving a 100% reuse and recycling rate, including the sludge generated as a byproduct.

The majority of the rest of the industrial waste produced in Lioli includes packaging materials like cardboard, plastic, and wood pallets.

To facilitate easier recycling in Lioli, a new waste sorting yard in Lioli, set to become operational in 2024, will be dedicated to sorting industrial waste, further enhancing our capabilities in waste management, and supporting our ongoing efforts to promote a circular economy in our value chain.

Waste Generated by type of treatment

Treatment Method	Unit	Waste in manufacturing sites		Total corporate waste
		2022	2023	2023
Non-Hazardous Waste				
Recycled ³	ton	1,033	1,275	23,976
Landfilled	ton	119,001	75,272	75,272
Total	ton	120,034	76,547	99,248
Hazardous Waste				
Recycled	Unit	199	101	101
Incineration	Unit	147	165	165
Landfilled	ton	0 ⁴	0	0
Total	ton	346	266	266
Product produced	ton	185,943	119,911	119,911

Waste Generated Intensity by type of treatment

Treatment Method	Unit	Waste in manufacturing sites		Total corporate waste
		2022	2023	2023
Non-Hazardous Waste				
Recycled ⁵	ton/ton	0.0056	0.0106	0.2000
Landfilled	ton/ton	0.6400	0.6277	0.6277
Total	ton/ton	0.6455	0.6384	0.8277
Hazardous Waste				
Recycled	ton/ton	0.0011	0.0008	0.0008
Incineration	ton/ton	0.0008	0.0014	0.0014
Landfilled	ton/ton	0	0	0
Total	ton/ton	0.0019	0.0022	0.0022

³ Including reused, recovered and recycled, and composted waste on and off site
⁴ This number is different from last year due to correction.
⁵ Including reused, recovered and recycled, and composted waste on and off site

Social

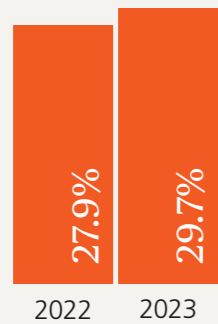


Employees

Our employees are the heart of our organization, and we are committed to providing them with supporting, a safe, rewarding and empowering work environment. As a global, growing organization, we are dedicated to engaging with employees in a regular, transparent manner, encouraging feedback and open communication.



Female employees (% of total employees)



1692

Total employees

456

New hires in 2023

Employees 2022-2023

	2022			2023		
	Women	Men	Total	Women	Men	Total
Full-time	540	1420	1960	490	1190	1680
Part-time	12	7	19	12	0	12
Total	552	1427	1979	502	1190	1692

Type of employment

	Women	Men	Total
Permanent	500	1189	1689
Temporary	2	1	3
Number of Non-Employee Workers ⁶	14	144	158

Employee turnover

	2022		2023	
	New hires	Attrition	New hires	Attrition ⁷
Men				
Ages 30-50	246	324	183	286
Over 50	57	106	43	114
Under 30	254	250	135	180
Total	557	680	361	580
Women				
Ages 30-50	90	129	60	110
Over 50	29	45	21	41
Under 30	25	33	14	24
Total	144	207	95	175
Grand Total	701	887	456	755

⁶ Includes contractors, interns, and all others who work under an external contract.

⁷ Richmond Hill facility ceased its operation in December 2023, and therefore Richmond Hill's employees were still employed as to the of 2023. Their attribution will be presented in the next report.



We prioritize the professional growth of our employees by providing training and resources, which help in advancing careers within the company.

Employee wellbeing

Our company's dynamic blend of production facilities and headquarters, coupled with continuously evolving products, fosters a vibrant and adaptable workplace. This setting is ideal for fostering continuous learning and innovation.

We prioritize the professional growth of our employees by providing training and resources, which help in advancing careers within the company. We are committed to a supportive and equitable environment, ensuring that each employee feels valued, respected and can thrive and excel professionally.

We are committed to supporting employee wellness as we provide comprehensive social benefits that offer peace of mind beyond those required by law. Our benefits include:

Retirement provision

68% of our employees are entitled to a retirement provision, in line with local regulation or beyond, dependent on the country.

Healthcare

75% of our workforce are entitled to company-funded health care plan as part of our ongoing efforts to ensure the health and well-being of our employees and their families.

Life insurance

72% of our employees are entitled to company-funded life insurance.

Disability and invalidity coverage

Recognizing the importance of comprehensive protection, 69% of our employees are covered under disability and invalidity insurance.

Parental leave

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.

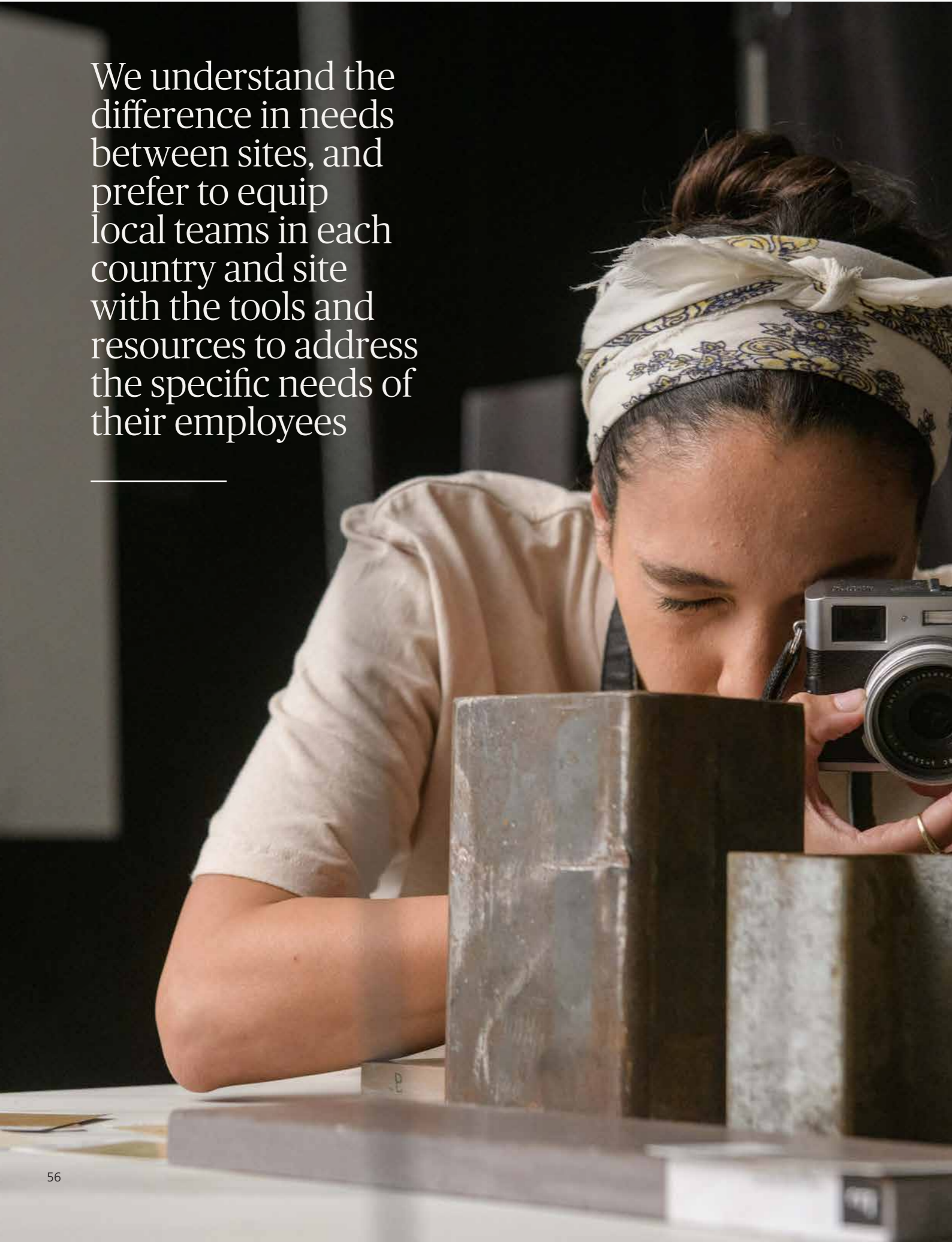
36
employees took parental leave in 2023

Parental leave, by gender⁸

	2022			2023		
	Women	Men	Total	Women	Men	Total
Total number of employees that took parental leave in this reporting period	28	1	29	28	8	36
Total number of employees that took parental leave in the year previous to this reporting period	24	4	29	28	1	29
Total number of employees that returned from parental leave during the reporting period	14	2	16	21	3	24
Total number of employees returning from parental leave in the year previous to this reporting period, and were still employed at least 12 months thereafter	21	2	23	13	1	14

⁸ Some of the numbers for 2022 are different than the ones presented in our previous report due to correction in measurement.

We understand the difference in needs between sites, and prefer to equip local teams in each country and site with the tools and resources to address the specific needs of their employees



Learning & development

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

We ensure that all our employees comply with mandatory legal training requirements, particularly in safety, while also providing them with a broader range of training opportunities to enhance their knowledge and safety practices.

In 2022, we implemented a Learning Management System (LMS), enhancing our ability to monitor and improve our employee learning framework. In addition, in 2023 our employees went through 9,328 in-person training hours to deepen our employees' knowledge across learning pillars. These trainings included a broad spectrum of subjects such as ethics, safety, customer success, and professional development, underscoring our commitment and desire to fostering professional and trusted teams. In addition, throughout 2023, our people went through 687 hours of e-learning, focused mostly around compliance matters. In total, our employees gained 10,015⁹ hours, which are about 6.3 hours per employee on average.

In total, our employees gained 10,015 training hours, which are about 6.3 per employee on average

Local training programs

We update our training programs annually, tailoring them to the employees' roles, locations, and specific needs.

As a global company, with a wide range of business units and roles, we understand the difference in needs between sites, and prefer to equip local teams in each country and site with the tools and resources to address the specific needs of their employees. In 2022, we encouraged our local HR teams to take a proactive measure and collect from local managers their employees' learning needs and requirements. The insights garnered from these surveys were incorporated into our 2023 local training programs, creating a range of custom-made learning programs. These customized local training programs were designed to supplement the global mandatory training which we consider as a fundamental aspect of our employees' growth.

ESG training

To ensure that our employees fully grasp the significance of ESG principles and incorporate them in their day-to-day operations, we have initiated a comprehensive ESG training program this year for all our marketing teams across the globe.

This program was designed to clarify ESG-related terminology, illuminate our unique approach and strategic planning around ESG, and provided an update on our current standing in relation to ESG goals.

⁹ We acknowledge that this metric shows significant increase compared to the data published in previous reports. This increase is mostly attributed to the improvement made in data collection due to the LMS implementation.

Career management at Caesarstone

In many cases we prioritize promoting our own employees rather than hiring external candidates. Providing our employees career development paths and opportunities increases their commitment and drives excellence.

This year, we observed a significant YOY increase, with a 14% rise in the number of employees promoted compared to 2022. This increase is also attributed to the decrease of total employee number at the end of the year.

	2022			2023		
	Women	Men	Total	Women	Men	Total
Number of employees promoted to managerial positions	22	32	54	25	55	80
Number of employees promoted to professional positions	26	74	100	17	79	96
Total	48	106	154	42	134	176

In many cases we prioritize promoting our own employees rather than hiring external candidates.



Career paths for production employees

Understanding the distinct requirements of our production staff, we have implemented a customized career development program, composed of variety of opportunities:

Managerial pathways

We provide a pathway for machine operators to develop into managerial roles, such as line managers or department managers, offering them a chance to develop crucial leadership skills and take on additional responsibilities.

Professional development

There are career paths for roles that require specific advanced technical skills. This path includes opportunities aiming to deepening employees' expertise with certifications, courses and gradual advancement to more complex roles.

Upskilling and role expansion

After a year in their role, production employees are given opportunities to expand their roles and responsibilities within their position. Opportunities include becoming a Safety Trustee, joining the Emergency Response Team, or serving as a Tutor.

Performance reviews

We consider ongoing dialogue between managers and employees on performance to be a critical tool both to drive performance and encourage personal growth and development.

To ensure a uniform approach to evaluations across our organization, we have developed a structured performance review process, overseen by our global HR department, comprised of three stages:

Self-evaluation

Employees conduct a thorough self-assessment, reflecting on their achievements and evaluating their skills against predefined criteria.

Manager evaluation

Managers review the self-evaluations submitted by employees, and write a performance review from their perspective on the employee.

Oral feedback

A constructive discussion between the employee and manager, summarizing the individual's objectives, performance, and goals. The aim of this dialogue is to jointly assess performance, celebrate successes, and identify areas of improvement for the future.

1188

employees received annual performance reviews in 2023

This year, we have expanded the performance reviews process to include employees regardless of their role or location. Notably, we have incorporated employees from Lioli factory in the evaluation process and approximately 10% of Lioli's employees received a formal performance review in 2023 for the first time.

	2021	2022	2023
Employees who received annual performance and career development reviews	1466	1748	1188
Percentage of total employees excluding Lioli	83%	89%	95% ¹⁰
Percentage of total employees	69%	89%	78%

¹⁰ Not including Richmond Hill employees, as performance reviews were not carried out in 2023 due to the closure of the facility.

Diversity & inclusion

We recognize that fostering a diverse workforce and nurturing an inclusive culture not only enhances our organizational performance but also drives innovation, creative thinking, and increases the relevance of our products to a wider range of audiences.

We have a clear anti-discrimination policy and do not discriminate based on characteristics protected by applicable law. We treat all employees and candidates 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. Any variance in employee conditions is attributed only to relevant characteristics such as performance, role, responsibilities and seniority.

In 2023, minorities, as defined by the local demographics at each of sites, represented 13% of our workforce, totaling 213 individuals, marking a 2% increase from previous year (208 individuals).

We are committed to cultivating an inclusive and diverse environment where equitable opportunities are provided for all employees.

Employees by level, age and gender

	Gender	2022				2023			
		Under 30	30-50	Over 50	Total	Under 30	30-50	Over 50	Total
Executives	Men	0	12	8	20	0	6	6	12
	Women	0	2	2	4	0	1	2	3
Senior Managers	Men	8	20	17	45	9	24	19	52
	Women	10	9	6	25	8	9	6	23
Junior and mid-level managers	Men	77	99	42	218	56	80	24	160
	Women	21	21	12	54	21	33	11	65
Non-managers	Men	477	457	197	1,131	410	330	224	964
	Women	190	219	74	483	169	166	79	414
Total	Men	562	588	264	1,414	475	440	273	1,188
	Women	221	251	94	566	198	209	98	505

Supporting our people in light of organizational changes

Over the course of 2023 we parted from many past employees mainly as part of our strategic re organization, which included the closure of the Sdot Yam and Richmond Hill facilities in June and December, respectively.

Recognizing the impact on these past employees we made it a priority to support those affected. During 2023 we parted ways with 150 valued team members in Sdot Yam and 110 in Richmond Hill, some of whom were employed for many years.

To ease their transition in pursuit of their next career, we provided them with:

Personal consultation sessions

Each employee received a personal consultation session with our local HR department, providing guidance on job hunting, application processes, and CV construction. For example: we assisted 85% of Sdot Yam employees in writing CVs.

Career fairs

We organized two career fairs in Sdot Yam and three in Richmond Hill, hosting dozens of employers from diverse industries. These events allowed our employees to interact directly with potential employers, who elaborated on their open positions, accepted CVs, conducted on-the-spot interviews, and offered jobs.

Dynamic job listings

In both sites, we compiled a list of potential employers with current job openings to facilitate our employees' outreach and assisted them in establishing contact with these organizations.

End-of-employment support

We ensured employees in both sites were fully informed of their rights at the end of their employment through consultations with financial and insurance experts, workshops, and detailed pamphlets on end-of-employment procedures. Retiring employees received personalized meetings to discuss their pensions and retirement benefits.

Ongoing support

Even after the closure of our facilities, we remained in touch with our former employees to offer further assistance as needed.

As a result of these concerted efforts, to the best of our knowledge, all former employees at Sdot Yam who sought new employment, successfully found quality jobs.



Health & safety management

Health & safety in our facilities

We believe every person has the right to a safe and healthy work environment, and we have a comprehensive Health and Safety program in place to ensure we are implementing best practices across our facilities and operations.

Maintaining a safe workplace is a fundamental priority, and we invest significantly in promoting safety within our facilities. Our EHS management system is in line with the global ISO45001 standard, affirming our proactive efforts to manage and improve workplace safety systematically.

The health and safety program is overseen by the Global EHSQ Director, who reports directly to the VP of Operations, and the safety team works with employees across the company to implement safety culture, awareness, procedures, and compliance. In addition, most of our sites have a dedicated safety manager, to ensure safety across our entire operation.

In our facilities there are various health and safety related risks, including heavy machinery and products, electrification, dust and chemicals exposure, transportation, noise, heat and more.

We invest in ensuring that our employees are exposed to the least possible threat level, following protocol, wearing protective gear, safely store hazardous materials, and have trained emergency response teams in our sites.

We take comprehensive measures to minimize exposure to threats and we invest greatly in resources to safeguard our employees. This commitment is demonstrated through strict protocols, SDS to all products, appropriate safety gear, safe storage practices, specialized emergency training, and technological investments.

We consider compliance with applicable health and safety laws, regulations and standards as fundamental to our operations, and a cornerstone of our operational excellence.

Safety monitoring system

Since 2021, we have been using a global EHS managing system which allows us to better track and manage our safety performance across global locations, including manufacturing and warehouse facilities, in a centralized manner.

The system covers four key data categories:

- Incident reports
- Good catches
- Inspections & internal audits
- Occupational health tests

In 2023, we more than tripled the frequency of our EHS inspections and internal audits.

This strategic increase allows us to identify and mitigate potential safety risks quickly, thus maintaining high safety standards and minimizing workplace hazards.



	Total	
InteleX	2022	2023
Amount of total incident reports	61	61
Recordable	19	19
First Aid	42	42
Near Misses	78	57
LTI	18	13
Amount of "good catches"	7576	6345
Amount of inspections & internal audits	588	1,951
Amount of occupational health tests	1524	1366



Work related health and safety incidents

The majority of injuries were caused during the transportation of machinery or goods inside our facilities, during which individuals were caught in or struck by equipment.

Other notable causes include slips, trips, and falls, ergonomic injuries, foreign objects entering the eye, electrical issues, and chemical burns. Health incidents are mostly caused by exposure to chemical contents.

Amount of recorded work related injuries and illnesses

	2020	2021	2022	2023
Work related injuries				
Fatality	0	0	0	1
Long term injuries (LTI) ¹¹	15	13	18	12
Work Hours	3,095,475	3,099,642	4,608,240	4,164,888
LTIR ¹²	0.96	0.83	0.78	0.58
Work related ill health				
Fatality	0	0	0	0
Number of Recordable incidents	3	2	0	1
Work Hours	3,095,475	3,099,642	4,608,240	4,164,888
Rate of recordable work-related ill health	0.19	0.12	0	0.05



During 2023, an unfortunate fatality happened in our Richmond Hill factory. Our employee was injured by a falling slab. This event was thoroughly investigated by us and OSHA and we've taken additional steps incorporating voluntary means to prevent such incidents in the future. Such means included rolling out an AI based monitor with sophisticated 270-degree cameras on our forklifts. These cameras are specifically designed to identify and alert operators if a person is potentially at risk, enhancing safety in risky operational areas.

¹¹ Incidents that caused an employee to miss at least one day of work

¹² This figure calculates the number of injuries compared to the number of hours worked according to the OSHA formula: (Number of OSHA recordable incidents) X 200,000 / (Total number of hours worked)



Safety awareness

A culture of safety requires consistent engagement thorough the organization. We conduct a wide variety of safety awareness and training sessions throughout the year.



Our activities included a VR workplace safety training, first aid training, safe driving training and response time measurements.

We have formed a Safety Trustees Team tasked with serving as the local safety representative, perform audits, ensure KPIs are met.

We have adapted a range or recurring initiatives:

Safety training

Every employee is required to complete a safety refreshment training course including but not limited to risk identification, emergency preparations and safety awareness.

Continuous communication

Regular updates to employees regarding safety incidents and near misses

Safety week

A whole week dedicated to safety training and awareness activities. This year some of our activities included a VR workplace safety training, first aid training, safe driving training and response time measurements. We have also strategically placed mannequins at different spots throughout the production site to maintain a high level of forklift drivers' alertness, reminding them there is always someone around.

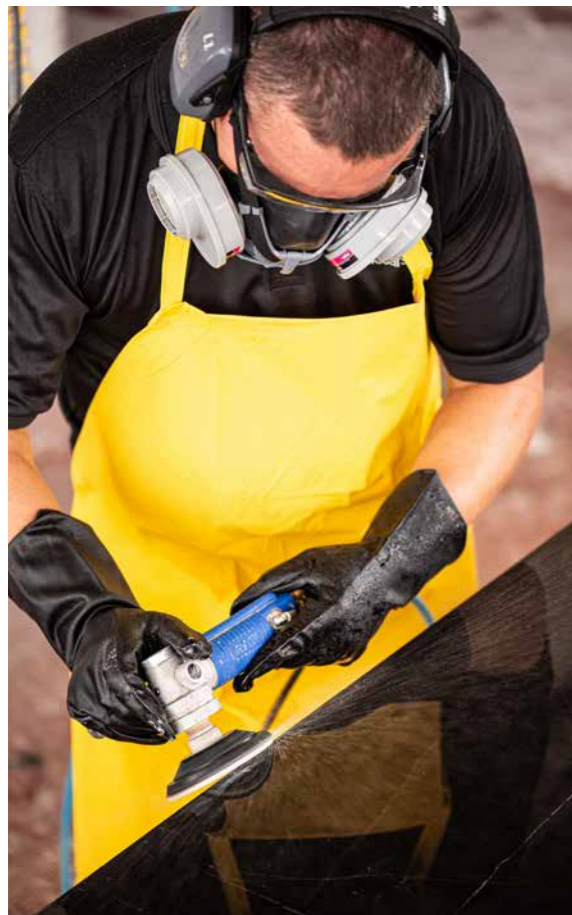
Annual ergonomic survey

in our production sites and headquarters.

Safety trustees team

We have formed a Safety Trustees Team tasked with serving as the local safety representative, perform audits, ensure KPIs are met and much more.

Inspiring towards a safer industry: Master of Stone Program



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 informing our fabrication partners around the world on requirements for safe and healthy fabrication. To this end, we made extensive efforts to warn and educate fabricators over the years. The most recent initiative in this field was our *Master of Stone program*.

The program is a global, free, online warnings and training platform available in 12 languages. It is designed to ease access to relevant materials for fabricators worldwide. The program provides fabricators with key information about health and safety in the stone fabrication industry, as well as professional guidelines for fabricating surfaces. Content includes tutorial videos, articles, brochures, field training information and our material safety data sheets.

This year we launched a new training category that provides professional knowledge regarding Porcelain slab fabrication, accessible solely to those who have completed the needed health and safety training. This addition features six brand-new modules, each available in three languages.

4600+

completed the Master of Stone Health & Safety Training Center

15

countries

6

websites for users in Australia, Canada, Israel, US, UK, and global locations

12

languages of training materials

1000+

professional educational seminars for fabrication partners on health and safety in 2023



Giving back to the community

We continue our programs and activities to support the communities in which we operate. This year, our team dedicated 1,811 hours to volunteering, with 81% of these hours contributed during work hours, showcasing our commitment to giving back to the communities around us.

We are also proud to sustain long-term partnerships with NGOs such as:

Beit Taf youth hostel

A youth hostel in Israel that provides a safe environment for youth at risk who do not live at home. For many years, we have supported the youth hostel's activities through annual financial contributions, and employee volunteer hours. This year, we participated in the Bar Mitzvah celebration of the hostel children turning 13, in a ceremony including a meal, party, and presents for all participants.

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. In 2023, we helped raise \$77,000 through fundraising events, supporting over 10,000 children registered in Camp Quality programs and support.

Go Green plantation

An NGO focusing on various areas, including public voluntary education, environmental initiatives, and youth resilience development. It emphasizes capacity building, health, empowerment of women and youth, and social and economic advancement.

Rotary Club of Richmond Hill

A local branch of the global Rotary Club, dedicated to Promote peace, fighting disease, providing clean water, supporting education, and local economies.



Providing support during the 2023 war

In October 2023, a war broke out in Israel that profoundly impacted our business and stakeholders, notably our local communities, Israeli clients, and our employees. 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 join the national efforts to support those who had been affected by the war address their new challenges.

As part of this decision,

we donated 2,000 kitchen surfaces

for the rebuilding of houses for displaced families destroyed in the war

In addition, our team

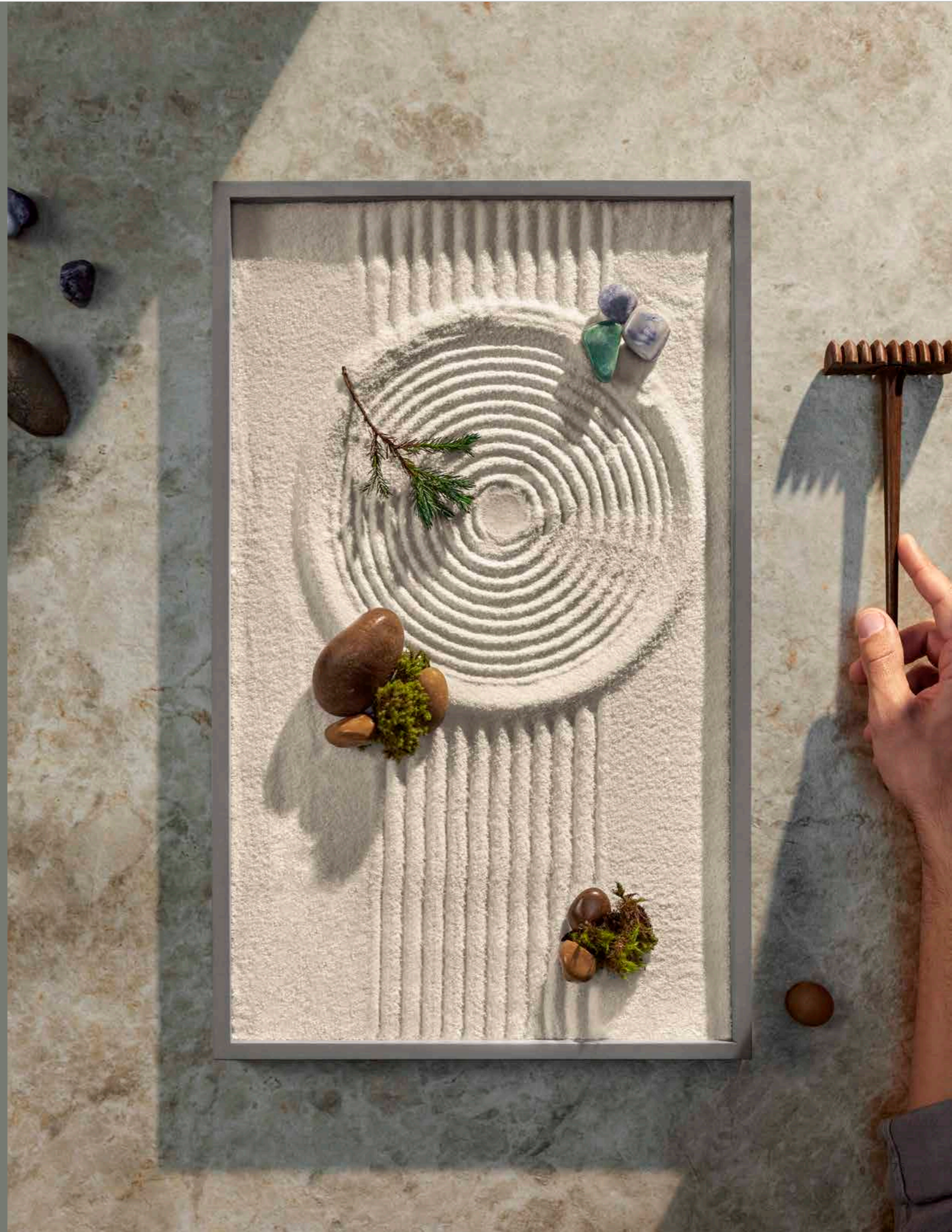
volunteered in agricultural activities, supporting local farmers

who were affected by the war and international tension





Governance



Corporate governance

During 2023 the board addressed in its meetings different ESG related topics. All members of our board of directors undergo annual review of related parties transactions and policies aimed at properly addressing conflict of interests. Every year, the board receives certain trainings relevant to its operations.

For additional information on our board's roles and activities, see our governance documents.

To support effective oversight, the Board has established the following committees: audit committee, which also supervises our ESG related activities, compensation committee, nomination committee. The specific responsibilities of each committee are outlined in their charters and detailed within our annual report.

Our board of directors

Our Board of Directors is a diverse and experienced governance body, committed to setting our strategy, advising and guiding our management.

The board oversees the company's execution of its strategy. The current composition of our board maintains a majority of independent directors, complying with Israeli law and NASDAQ's requirements.

Dr. Ariel Halperin

Chairman

Israel | 69 | Male
Joined in 2016
Strategy Committee

Nurit Benjamini

External¹³ & Independent Director

Israel | 58 | Female
Joined in 2020
Audit Committee,
Compensation Committee,
Nominating Committee

Lily Ayalon

External & Independent Director

Israel | 59 | Female
Joined in 2020
Audit Committee,
Compensation Committee,
Nominating Committee

David Reis

Independent Director

Israel | 63 | Male
Joined in 2023

Maxim Ohana

Director

Israel | 74 | Male
Joined in 2023

Ronald Kaplan

Independent Director

USA | 73 | Male
Joined in 2015
Nominating Committee

Ornit Raz

Independent Director

Israel | 53 | Female
Joined in 2023

Giora Wegman

Director

Israel | 73 | Male
Joined in 2023

Tom Pardo Izhaki

Director

Israel | 41 | Female
Joined in 2017

2023 meetings

Board of Directors

11 meetings
99% average attendance

Audit Committee

7 meetings
100% average attendance

Compensation Committee

9 meetings
100% average attendance

Nomination Committee

1 meeting
100% average attendance

¹³ External Director as defined in the Israeli Companies Law

Our executive management team

Our executive management team consists of 12 individuals, five of whom are the managing directors of our regional business units, while the rest oversee various corporate functions.

The executive management regularly convenes to discuss performance, project status, forward-looking planning, and make strategic joint decisions. In 2023, we made changes in the structure of our management team, and divided the North America business unit into two separate entities – US and Canada.

Yos Shiran

Chief Executive Officer
Male
Joined in 2023

Nahum Trost

Chief Financial Officer
Male
Joined in 2014

Erik Christensen

President Caesarstone US
Male
Joined in 2024

David Cullen

Managing Director, APAC
Male
Joined in 2010

Ken Williams¹⁵

Managing Director, Caesarstone Canada
Male
Joined in 2016

Edward Smith

Managing Director, UK
Male
Joined in 2023

Gilad Frenkel

Managing Director, ROW
Male
Joined in 2024

Amir Cahana

Managing Director, Israel
Male
Joined in 2019

Amihai Seider

Vice President, Global Operations
Male
Joined in 2019

Chen Livne

CIO
Male
Joined in 2024

Erez Margalit

Vice President, Global Research and Development
Male
Joined in 2011

Idit Maayan Zohar

Chief Marketing Officer
Female
Joined in 2012

José Luis Ramón

Vice President
49 | Male
Joined in 2024

Lilach Gilboa

Vice President, Global Human Resources
52 | Female
Joined in 2023

Ron Mosberg

General Counsel and Corporate Secretary
45 | Male
Joined in 2018

¹⁵ Was the managing director of North America until April 2024.

Business ethics, compliance & privacy

Code of conduct

Our ethical framework is rooted in our values, detailed in our code of conduct. As an organization, we believe that the manner we interact with each other, with the environment, with our customers and employees is a fundamental component of our operations.

Our Code of Business Conduct is available online, and each new employee reviews a copy of it. The code clarifies our expectations from Caesarstone employees, detailing how they should and shouldn't act. In addition, to enable easy implementation, it includes useful tips and examples of how to act in different ethical dilemmas and scenarios.

A Whistleblower policy is also included within the Code of Conduct, and contains 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. In 2023, the company received one complaint regarding employment related issues, through our hotline and it was reported to the audit committee along with the manner in which it was dealt with. During 2023, There were no discrimination complaints or other employment-related complaints submitted by employees.

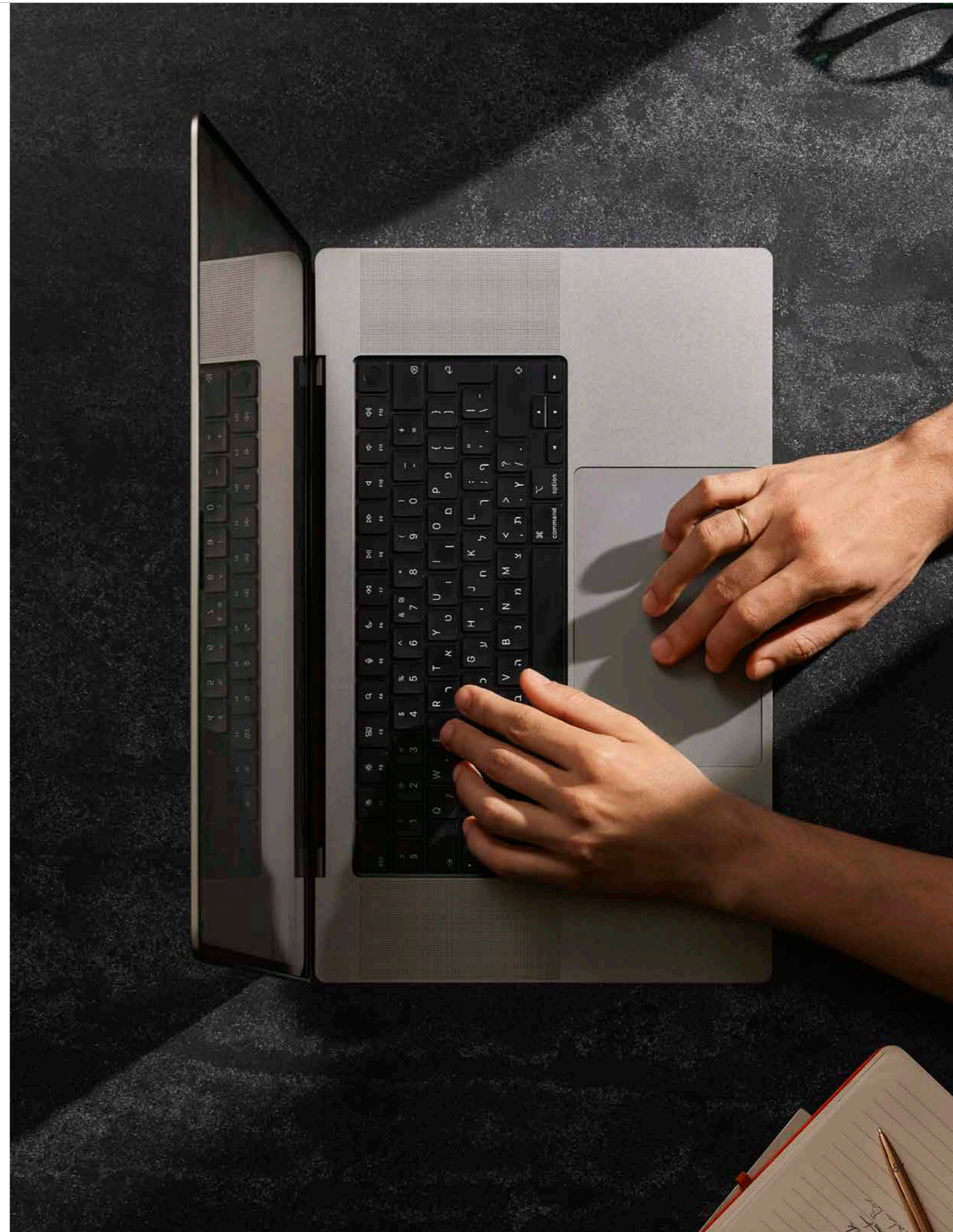
During 2023, in North America, we conducted training sessions on the Code of Conduct, sexual harassment, and discrimination, totaling 314 hours. In 2024, we plan to conduct global anti-corruption and insider-trading trainings across the company. The training will be delivered through online modules that feature questions and case studies specifically relevant to the company's operations and employees' different roles.

Privacy and cyber security

We recognize the critical importance of data protection in today's digital landscape. Our privacy and information security management system complies with all regulations applicable to the company, including the comprehensive GDPR and CCPA regulations, as well as the Israeli privacy laws. The privacy domain is headed by our internal DPO in the legal department.

With a dedicated CISO in charge of protecting our digital assets, we incorporated multiple advanced cyber protection systems, with continuous investment in improving these measures. Furthermore, we take several actions to sharpen our employees' awareness of data security issues like Quarterly Phishing Tests and global mandatory trainings

We believe that the manner we interact with each other is a fundamental component of our operations.



Customer satisfaction

Our client base is diverse, ranging from architectural firms, construction offices, to fabricators who install our surfaces, and to individual clients, each with unique needs and communication preferences.

Our customer service includes two forms of services:

Maintenance, repair and technical support services

for the end users and the fabricators who distribute our products.

Direct sale services

to consumers at our sites worldwide.

We are dedicated to ensuring that all client inquiries receive thorough and effective responses and encourage our clients to contact us in case they face any issue or difficulty.

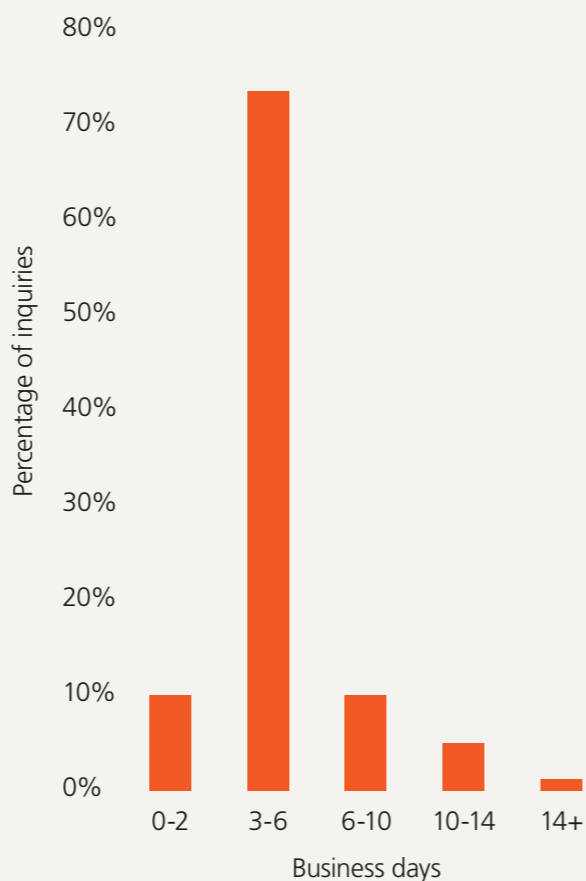


Maintenance services

As part of our warranty, we offer a comprehensive repair service for our products. Customers experiencing any problems are encouraged to get in touch with us through one of our communications channels like email, telephone, or website. For issues that cannot be resolved remotely, we send a technician to the customer's home to evaluate and, if possible, repair the slabs on-site. This practice not only ensures efficient service but also aligns with our sustainability efforts to reduce resource usage by repairing instead of replacing slabs whenever feasible. We are committed to fast service and problem solving, aiming for much less than 14 business-days from opening an inquiry to resolution.

To monitor our performance and improve our customer service in Israel, we monitor service quality KPIs, including number of resolved inquiries, time to resolution and others.

Timeframe for a technician's arrival



In 2023, our service performance in Israel were:

2105 remotely resolved inquiries from registered clients.

2462 technician visits at the client's location.

Time to resolution:

- In 84% of the cases, technicians resolved the case within less than 6 business days

- Only 1% of visits occurred after more than 14-business-days.

Approximately 60 training sessions aimed at improving the professional skills of fabricators were conducted in 2023.

Direct to client sales service

We are dedicated to delivering a professional and personalized customer experience to our consumers at our direct sales sites. In line with this commitment, we have established the Concept House in Israel, a venue that invites visitors to explore and interact with our materials, while also viewing our extensive design and color options.

Professional designers are available at the Concept House to provide expert guidance, assisting customers throughout the design process—from initial concept to final installation—and even offering support for any subsequent inquiries after the purchase. To ensure that our team is well-equipped with the most up-to-date information, we invest significantly in employee training. In 2023, the staff at the Concept House completed a total of 572 training hours, which includes weekly sessions and additional training that enhance their knowledge in sales, customer service, product details, and more.

To monitor and ensure exceptional customer service at the Concept House, we launched a survey in 2023 to gather feedback directly from visitors. The survey results are highly positive, indicating:

An average overall experience average score of 4.65 out of 5

Team kindness and service average rating is 4.76 out of 5.

89% of visitors would recommend the Concept House to their friends.

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Annex

SASB reporting index

Table 1: Sustainability Disclosure Topics & Metrics

Topic Metric	Accounting	Category	Unit of Measure	Page
Energy Management in Manufacturing	(1) Total energy consumed	Quantitative	Gigajoules (GJ), Percentage (%)	43
	(2) percentage grid electricity			
	(3) percentage renewable			
Management of Chemicals in Products	Discussion of processes to assess and manage risks or hazards associated with chemicals in products	Discussion and Analysis	N/A	32
	Percentage of eligible products meeting volatile organic compound (VOC) emissions and content standards	Quantitative	Percentage (%) by revenue	N/A
Product Lifecycle Environmental Impacts	Description of efforts to manage product lifecycle impacts and meet demand for sustainable products	Discussion and Analysis	N/A	23
	(1) Weight of end-of-life material recovered, (2) percentage of recovered materials recycled	Quantitative	Metric tons (t), Percentage (%) by weight	48
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	N/A, our products do not require wood or fiber as a raw material.

Table 2: Activity Metrics

Activity Metrics	Category	Unit of measure	Amount
Annual production	Quantitative	Tons	119,911
Area of manufacturing facilities	Quantitative	m ²	351,177

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 crystalline 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, 2023, filed with the U.S. Securities and Exchange Commission, or the SEC, on March 6th, 2024, 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.



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