

Upholding Caesarstone Canada’s Commitment to Canada's Fight Against Forced Labour and Child Labour in Supply Chains Act

Published May 31, 2024

This report is prepared pursuant to Section 11(1) of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (Canada) (the “Act”) for the fiscal year ended December 31, 2023.

All information provided in this Report pertains to Caesarstone Canada Inc as the entity required to report pursuant to Section 11(1) of the Act referred to herein as “Caesarstone Canada” or “the Company”). All information presented in this Report is current as of the date set forth above unless otherwise indicated.

Introduction:

Caesarstone Canada is committed to continuous improvement in everything we do, with health and safety being our number one priority. We conduct our business with a high level of integrity, and we are committed to promoting and protecting human rights in all aspects of our business.

Caesarstone Canada hereby report to the Minister of Public Safety and Emergency Preparedness on the steps taken during the previous fiscal year ended December 31, 2023, to prevent and reduce the risk of forced labour and/or child labour being used within their supply chains.

In alignment with Canada's commitment to combat forced labour and child labour within global supply chains, Caesarstone Canada Inc. and its entities (“Caesarstone Canada” or “the Company”) has undertaken measures to ensure that the most ethical sourcing practices exist and continue to exist within our supply chain. This Report outlines the Company’s initiatives, policies and strategies implemented to identify potential risks within our business and supply chains to fulfil our obligations under the Act.

Summary of Caesarstone Canada Inc. Structure and Supply Chain:

At Caesarstone Canada Inc we design, manufacture, and market engineered stones that secure safety, guarantee durability, to bring everlasting beauty for residential and commercial applications, indoors and outdoors.

Caesarstone Canada operates a comprehensive supply chain to ensure the delivery of high-quality surfaces. This involves sourcing raw materials, from reputable suppliers. The raw materials are transported to manufacturing facilities where they undergo rigorous processing and quality control measures. Finished products are then distributed to various warehouses and showrooms across Canada.

The supply chain is supported by regular audits to ensure compliance with industry standards and to maintain the integrity of the products. Caesarstone Canada prioritizes sustainability and efficiency throughout its supply chain to meet consumer demands and maintain high-quality standards.

Company Statement:

The Forced Labour and Child Labour in Supply Chains Act, passed by the Canadian government, underscores the imperative of corporate responsibility in addressing potential human rights violations within supply chains. Caesarstone Canada Inc. and its entities (collectively “Caesarstone Canada” or “the Company”) is committed to operating with the highest level of integrity and ethical standards. This includes ensuring that our businesses puts People First – a commitment reflected in our Company Values and the work that we do every day. We work exclusively with qualified third parties who operate with an elevated level of ethics and integrity, consistent with ours.

As an organization that is committed to social responsibility, Caesarstone Canada Inc. recognizes the moral and legal obligation to identify and eliminate any risk of forced labour and child labour from our operations and supply chain networks. This report provides an overview of our initiatives aimed at complying with the Act and safeguarding the rights and dignity of workers throughout our business and its supply chain.

To meet this commitment, the Company continually monitors its structure, activities, and supply chains to identify, assess and reduce risks associated with forced labour and child labour. When an activity is found to have the potential for such risks, we are committed to taking measures to remediate the problem in a timely manner and when necessary, will assist with the recovery of loss of income for individuals affected by the elimination of forced labour or child labour, as applicable.

The Company meets and will continue to meet all legislative requirements related to reporting any parts of our supply chains that carry risks of forced labour and child labour being used, and the steps we have taken to prevent and reduce such risks if/when they are identified. Establishing supply chains free from forced labour and child labour is a shared effort, and we are committed to working with the necessary parties to make it a reality.

Caesarstone Canada Inc. is commitment to prevent the risk of forced and child labour applies to all of its facilities and entities, our business partners, and our supply chain network. We expect our business partners and suppliers (as well as their contractors, agents, subcontractors, sub-agents and labour agencies) to uphold these same principles within their operations and adhere to applicable human rights and employment standards laws.

Measures taken to prevent and reduce the risk of forced labour or child labour:

Caesarstone Canada has taken steps to prevent and reduce the risk of forced labour or child labour being used at any step of the production of goods in Canada, or elsewhere, by the Companies and/or the goods imported into Canada by the Companies we partner with.

We have established compliance framework to ensure adherence to the Forced Labour and Child Labour in Supply Chains Act. This framework encompasses the following key components:

1. Policy and Training Development:

To further support our commitment to fighting against forced labour and child labour in supply chains, the Company has formulated a comprehensive **Fighting Forced Labour and Child Labour in Our Supply Chain Policy** and relevant **Fair Labor Standards Act (FLSA) Training** which explicitly prohibits the use of forced labour and child labour. Review of this policy and completion of this training material is mandatory for all Caesarstone Canada employees who interact with our supply chains and therefore may be exposed to instances of forced or child labour. The purpose of this policy and training is to inform our employees about the harm forced labour and child labour can cause, as well as provide the information and guidance necessary to determine whether forced labour or child labour is used, or at risk of being used, at any point within our supply chain. This policy and training material will be reviewed and administered to all relevant parties on an annual basis to ensure full compliance.

2. Due Diligence Procedures:

The Company has implemented due diligence procedures to assess and mitigate the risk of forced labour and child labour within our supply chains. This includes conducting risk assessments, supplier audits, and regular monitoring of labour practices.

As part of its standard recruitment and hiring process, the Company conducts background checks and verifies identification for all prospective employees and maintains these records in its confidential employee files in accordance with applicable law.

3. Transparency and Reporting:

Transparency is integral to our commitment to combating forced labour and child labour. We are committed to disclosing information regarding our supply chain practices, including efforts to address labour rights violations through public reports and both internal and external communication channels.

4. Supplier Engagement:

Together, with our suppliers we work towards fostering a culture of respect for human rights and labour standards within our supply chain.

To meet the standards required by major consumers, we conduct regular audits of our suppliers. These audits ensure that our suppliers address all findings and implement necessary improvements.

5. Collaborative Partnerships:

We are committed to collaborating with industry peers, non-governmental organizations, and government agencies to share best practices, leverage resources, and advocate for stronger regulatory frameworks to address forced labour and child labour.

6. Continuous Improvement:

We are committed to continuously reviewing and when necessary, improving our supply chain practices through ongoing monitoring, evaluation, and feedback mechanisms. This iterative approach allows us to identify any areas in need of enhancement and drive meaningful change within our operations and beyond.

7. Risk Assessment:

The largest risk of forced labour and child labour within our supply chain is our plants in India and Vietnam.

At Caesarstone Canada, we comply with the standards required by major consumers by conducting regular audits of our suppliers. These audits ensure that our suppliers adhere to all findings and complete and implement necessary tasks. The frequency of these audits depends on the supplier's score from the previous audit. The audits may be preplanned or unannounced to maintain strict compliance and continuous improvement.

Where a supplier, vendor, or contractor is found to be in violation of this policy, Caesarstone Canada Inc takes prompt remedial action in order to address the violation. Remedial measures may include termination of the business contract with the organization that committed the violation.

The Company performs due diligence on its prospective supplier partners to evaluate their ethics and credibility. Although the Company has identified this portion of its supply chain as carrying the greatest risk of forced labour and child labour, overall, we believe that this risk is effectively mitigated.

8. Remediation Measures:

The Company did not discover nor was made aware of any instances of forced labour or child labour in its operations and supply chains during 2023 and, consequently, no remediation measures were required.

Conclusion:

In conclusion, Caesarstone Canada remains steadfast in its commitment to upholding the principles outlined in the Forced Labour and Child Labour in Supply Chains Act. Through a combination of compliance measures, proactive initiatives, and collaborative partnerships, we are dedicated to eliminating forced labour and child labour from our supply chains and contributing to a more just and sustainable global economy. As we continue this journey, the Company reaffirms its commitment to respecting human rights, promoting dignity in the workplace, and creating a positive social impact in the communities we serve. The Company will continue to review and update its policies, procedures and processes to ensure that our employees are empowered to identify and report any suspected instances of forced labour and child labour in our supply chains.

Approval and Attestation:

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entities listed above (collectively Caesarstone Canada Inc):

Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

I have the authority to bind all of the entities listed above as part of Caesarstone Canada Inc.



Ken Williams
President & CEO, Caesarstone Canada Inc.
May 31, 2024