

CAESARSTONE LTD. (THE “COMPANY”)
COMPENSATION COMMITTEE CHARTER

The Board of Directors (the “**Board**”) of the Company has constituted and established a Compensation Committee (the “**Committee**”) with the authority, responsibility and specific duties as described in this Compensation Committee Charter (this “**Charter**”). This Charter does not derogate from nor supersede, and instead will be read in conjunction with, the terms set forth in the Company’s Compensation Policy (the “**Compensation Policy**”). If any term of this Charter contradicts the requirements under the Companies Law, 5759-1999 (the “Companies Law”) relating to the Compensation Policy, or the Compensation Policy itself, then the terms of the Companies Law and the Compensation Policy will prevail.

I. Purpose

The purposes of the Committee is to (i) assist the Board in fulfilling its responsibilities relating to compensation of the Company’s directors, Chief Executive Officer (the “**CEO**”) and other officers; (ii) produce an annual report on executive compensation for public disclosure in the Company’s proxy statement or otherwise, to the extent required by applicable securities laws and the rules and regulations promulgated thereunder; and (iii) assist the Board in administering the Company’s equity incentive plans.

The purposes and provisions specified in this Charter are meant to serve as guidelines, and the Committee is delegated the authority to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities. Unless otherwise prescribed in this Charter, the Articles of Association of the Company or applicable law, the rules and procedures applicable to the operation of the Board shall apply to the operation of the Committee with any necessary changes. Nothing herein is intended to expand applicable standards of liability under Israeli or U.S. federal law for directors of a corporation.

II. Membership

The membership of the Committee shall consist of at least three members of the Board. All of the Company’s “*external directors*” appointed under the Companies Law shall be members of the Committee, and they will constitute the majority of the Committee. The remaining members of the Committee will be directors whose compensation is equal to that of the external directors.

All members of the Committee shall qualify as “independent directors” under the rules of the Nasdaq Stock Market.

The Committee’s members shall be appointed by and serve at the discretion of the Board. Members shall serve until their successors are duly designated and qualified.

Notwithstanding the above, subject to the Companies Law, the following persons shall not be members of the Committee: (1) the Chairperson of the Board or any director who is employed by, or providing services on a permanent basis to, the Company or any entity controlling the Company or any entity under the control of any entity controlling the Company or any director

who is dependent for his or her main source of income on any entity controlling the Company; (2) the Company's controlling entity or its relatives. The Committee's chairperson shall be designated by the Board, provided that the Committee's chairperson will be an *external director*. A majority of the members of the Committee shall constitute a quorum for the transaction of business and the act of a majority of those present at any meeting at which there is a quorum shall be the act of the Committee.

III. Meetings and Authority

The Committee shall meet as circumstances require. The chairperson of the Committee will preside at each meeting of the Committee and, in consultation with the other members of the Committee then present, shall determine the frequency and length of each meeting and the agenda of items to be addressed at each meeting.

Under to the Companies Law, a person who is not allowed to be appointed as a member of the Committee shall not attend the Committee's meetings unless the Committee's Chairperson had determined that such person's presence is required in order to present a certain matter to the Committee.

However, (i) an employee of the Company, who is not related to any entity controlling the Company, is entitled to be present at a Committee meeting, provided that the resolutions shall be adopted without such person present; and (ii) without derogating from subsection (i), the Company's secretary and legal counsel, who are not related to any entity controlling the Company's, may be present at the meeting, including in the resolution part of the meeting, if the Committee so requests.

Resolutions and/or recommendations of the Committee which require the approval of the Board shall be brought to the Board's attention at a reasonable time before the Board's meeting.

Subject to the Companies Law, the Committee may delegate its authority to subcommittees established from time to time by the Committee. Such subcommittees shall consist of one or more members of the Committee or the Board and shall report to the Committee.

IV. Retention of Outside Advisers

The Committee shall have the power, without Board approval and at the Company's expense (which shall be funded appropriately by the Company), to retain, oversee the work of, and subsequently terminate independent, outside legal counsel, compensation consultants and other experts and consultants (collectively, "**Advisors**") to assist the Committee in connection with its responsibilities, and shall have the sole and direct authority to approve such advisers' compensation and other retention terms.

The Committee may select a compensation consultant, legal counsel or other adviser to the Committee only after taking into consideration all factors relevant to that person's independence from the Company's management, including the following:

(a) The provision of other services to the Company by the person that employs the compensation consultant, legal counsel or other adviser;

(b) The amount of fees received from the Company by the person that employs the compensation consultant, legal counsel or other adviser, as a percentage of the total revenue of the person that employs the compensation consultant, legal counsel or other adviser;

(c) The policies and procedures of the person that employs the compensation consultant, legal counsel or other adviser that are designed to prevent conflicts of interest;

(d) Any business or personal relationship of the compensation consultant, legal counsel or other adviser with a member of the Committee;

(e) Any ordinary shares of the Company owned by the compensation consultant, legal counsel or other adviser; and

(f) Any business or personal relationship of the compensation consultant, legal counsel, other adviser or the person employing the adviser with a director or officer of the Company.

None of the above independence criteria shall: (a) require the Committee to implement or act consistently with the advice or recommendations of the compensation consultant, independent legal counsel or other adviser to the Committee; or (b) affect the ability or obligation of the Committee to exercise its own judgment in fulfillment of the duties of the Committee.

The Committee shall conduct the independence assessment outlined in this Article IV with respect to any Adviser. However, after considering the six independence factors outlined above, the Committee may select, or receive advice from, any Adviser, including ones that are not independent.

Furthermore, none of the above criteria need be considered by the Committee in retaining an adviser who only provides (i) consulting on any broad-based plan that does not discriminate in scope, terms, or operation, in favor of officers or directors of the Company, and that is available generally to all salaried employees of the Company; or (ii) information that either is not customized for the Company or that is customized based on parameters that are not developed by the compensation consultant.

V. Duties and Responsibilities

The Committee shall have the power and authority of the Board to perform the duties and to fulfill the responsibilities detailed below. The Committee's approval of any matter below shall not derogate from the requirements of the Companies Law pursuant to which approval of the Board, the Company's audit committee or shareholders is required for certain transactions, and under such circumstances the Committee's approval shall constitute a recommendation to any such body.

1. Review from time to time, and at least every three years, and recommend to the Board for determination the Compensation Policy, with a view to rewarding management appropriately for its contributions to the Company's growth and profitability and aligning the Company's compensation policies with its objectives and shareholders' interests.

Without derogating from the aforementioned, under the Companies Law, the Compensation Policy shall be adopted after taking into account the following considerations:

- (a) Promoting, in a long term view, the Company's goals, working plans and policies;
- (b) Creating suitable incentives for officers, taking into account the Company's risk management policies;
- (c) The Company's size and nature of business;
- (d) With respect to terms and conditions which consist of variable elements – the officer's contribution to achieving the Company's objectives and increasing its profits, with a long term perspective, and the officer's position at the Company.

Additionally, the Compensation Policy shall include, among others, a reference to the matters specified in Part A of the First Addendum A of the Companies Law and instructions as specified in Part B of the said Addendum.

2. Recommend from time to time the Board of any updates to the Compensation Policy and examine the implementation of the Compensation Policy.
3. Implementation of the Compensation Policy: (i) review and approve corporate goals and objectives relevant to the Compensation Policy; (ii) evaluate the performance of the CEO and other officers in light of such goals and objectives; and (iii) determine the compensation of the CEO and other officers based on such evaluation and in accordance with the Compensation Policy. The CEO may not be present during deliberations or voting concerning compensation of the CEO. With respect to the compensation of the other officers, such review and approval may be made in the presence of the CEO, but shall otherwise be without the presence of the officers.
4. Review the Company's incentive compensation plans (collectively, the "**Plans**") and administer the Plans, provided that the Committee shall recommend to the Board the grant of options (or other equity based grants) under the Plans, but may not to authorize such grants. The Committee may make recommendations to the Board with respect to incentive compensation plans, including reservation of shares for issuance under employee benefit plans.
5. Oversee compliance with the compensation reporting requirements of the Securities and Exchange Commission to the extent applicable.
6. Review, periodically evaluate and make recommendations to the Board regarding the compensation and benefits for the Company's non-employee directors.

7. Perform any other activities consistent with this Charter, the Company's Articles of Association, as amended from time to time, and applicable law as the Committee or the Board may deem appropriate.
8. Resolve whether to approve transactions between the Company and officers as to their terms of office, which requires the Committee approval pursuant to Sections 272, 273 and 275 of the Companies Law:
 - (a) Approval of transactions of the Company with directors and officers, as to their terms of office, will be in accordance with the Compensation Policy. However transactions that are not in accordance with the Compensation Policy, may be approved if the following conditions are met:
 - (1) The approval is made after consideration of the considerations set forth above and the matters specified in Part A of the First Addendum A of the Companies Law.
 - (2) Such transaction has been approved by a special majority at a general meeting of shareholders as specified in Section 267A(b)(1)-(2) of the Companies Law.
 - (3) In the event that such transaction was not approved in such a manner at a shareholder meeting, the Committee may approve such transaction, after discussing it, reviewing the objection of the shareholders general meeting, and specifying the Committee's arguments in favor of the approval of the said transaction.
 - (b) With respect to a transaction of the Company with officers as to their terms of office, which is an amendment to an existing transaction, a shareholders general meeting's approval shall not be required, if the Committee determines that the amendment is not material in relation to the existing transaction.
9. With respect to a transaction by the Company with a person who is a candidate for the position of a CEO, and who has no relation to the Company (as such relation is described in Section 240(b) of the Companies Law), the Committee may determine that approval of the shareholders is not required, if the Committee determines, based on arguments detailed by the Committee, that bringing the transaction to approval of shareholders, may prevent the completion of such transaction, provided that such transaction is in compliance of the Compensation Policy.

VI. Reporting

The Committee will apprise the Board regularly of its decisions, recommendations and any significant developments that arise during the course of performing the above responsibilities and duties.

VII. Review

The Committee shall from time to time review and assess the adequacy of its own charter (including the structure, processes and membership requirements of the Committee) and recommend any proposed changes to the Board for approval. In addition, the Committee shall annually review its own performance.

VIII. Minutes

The Committee will maintain written minutes of its meetings.

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