

# Materiality Analysis – by Impact on Stakeholder

In 2020 we conducted a materiality analysis in order to define and prioritize key environmental, social and governance issues. We are using the results of this analysis to inform Armstrong World Industries’ sustainability strategy and reporting.

To identify our material issues, we assessed key Environmental, Social, and Governance (ESG) external reporting frameworks, including the Task Force on Climate-Related Financial Disclosures (TCFD), Sustainability Accounting Standards Board (SASB), Global Reporting Initiative (GRI), and the Future Fit Business Benchmark. We also considered material issues identified by key ESG raters and rankers, including Institutional Shareholder Services (ISS), MSCI, and Sustainalytics, as well as an analysis of competitive sustainability reports. We then conducted interviews with approximately twenty stakeholders, including architects, designers, certifiers and distributors, and internal leaders on areas of impacts, risks and opportunities.

Over 100 sub-issues were identified, and then clustered into 27 issue groups. These issue groups were then prioritized in terms of their impact on stakeholders and the impact on Armstrong. The final materiality analysis was reviewed and confirmed in a workshop conducted with a cross-functional group of internal subject matter experts. We have included an overview of our material issues below and why they matter to us.

	Suppliers	Employees	Customers	Community	Regulators	Investors
<b>People</b>						
Employee health, safety and wellness	▲	▲	▲	▲	▲	▲
Diversity and inclusion	▲	▲	▲	▲	▲	▲
Talent attraction and retention	▲	▲	▲	▲	▲	▲
Human rights	▲	▲	▲	▲	▲	▲
Labor/management relations	△	▲	▲	▲	▲	▲
Community engagement	△	▲	▲	▲	▲	△
Infectious diseases	▲	▲	▲	▲	▲	▲
Changes in how people live and work	▲	▲	▲	▲	▲	▲
<b>Planet</b>						
Environmental management	△	▲	△	▲	▲	▲
Climate change	▲	▲	▲	▲	▲	▲
Water and effluents	△	▲	▲	▲	▲	▲
Air emissions/quality	▲	▲	▲	▲	▲	▲
Waste management	▲	▲	▲	▲	▲	▲
Circular economy	▲	▲	▲	▲	▲	▲
Responsible materials	▲	▲	▲	▲	▲	▲
Biodiversity loss	▲	▲	▲	▲	▲	▲
<b>Products</b>						
Healthy and sustainable products	▲	▲	▲	▲	▲	▲
Responsible supply chain	▲	▲	▲	▲	▲	▲
Chemicals of concern	▲	▲	▲	▲	▲	▲
Forest conservation	▲	▲	▲	▲	▲	▲
Conflict minerals	▲	▲	△	△	▲	△
<b>Economic</b>						
Economic performance	▲	▲	▲	▲	▲	▲
Indirect economic impacts	▲	▲	△	▲	▲	▲
Digital transformation/digitalization	▲	▲	▲	▲	▲	▲
<b>Governance</b>						
Corporate governance	△	▲	△	▲	▲	▲
Ethical behavior	△	▲	△	▲	▲	▲
Engagement and transparency	△	▲	▲	▲	▲	▲

▲ High impact ▲ Medium impact ▲ Low impact △ No impact