



ABOUT USG

For 115 years, USG has been the leading manufacturer of building products and innovative solutions focused on helping our customers build the spaces where we live, work and play. We have expanded the boundaries of building science with products and systems that are safer, lighter, stronger and more sustainable.

We put customers at the center of every decision we make, and our products enable architects, contractors and installers to not only build better structures, but to build a better world.

While our innovative products shape building standards across the globe, we are also deeply committed to being a positive force in our local communities. Our 6,600 employees look to make a bigger impact in the places where we make and sell our products, and with the people who use them.

WE ARE:

- ▶ A North American leader in producing gypsum wallboard, joint compound and a vast array of related products for the commercial, residential, and repair and remodel construction market.
- ▶ A leader in manufacturing ceiling suspension systems and an innovator in premier acoustical panel and specialty ceiling systems.
- ▶ Active around the world through joint ventures, subsidiaries and partners with manufacturing and distribution facilities in the Americas, Asia, Australia, Asia Pacific and the Middle East.



PRESIDENT'S LETTER



We are the leading manufacturer of building products and innovative building solutions that enable our customers to create sustainable, inspirational and inviting spaces. Our commitment to corporate citizenship extends beyond our manufacturing lines to our employees, our communities and the environment around us.

Sustainability isn't a trend at USG, it's how we do business. From using recycled material in our products to our waste reclamation programs, we are committed to lowering the environmental footprint across our network. We are leading the way with innovative manufacturing processes that use less water, less carbon dioxide and significantly reduce transportation fossil fuels.

We're also improving the way we communicate our commitment to sustainability. We have a rigorous raw materials analysis process and are committed to providing more information to you. For example, our new Product Attribute Reports provide a comprehensive overview of the health and environmental impacts of our products.

During the past three years we've completed hundreds of Lean Six Sigma projects that reduced energy, materials and waste in many areas of our business. Our advanced manufacturing initiative uses next-generation equipment, automated processes and highly-trained people to produce better products more safely and efficiently.

In our communities, our employees are dedicated to improving the lives of people where we live and work around the world. We donate thousands of volunteer hours building homes, cleaning parks and serving our communities. In 2016, we received the prestigious Robert W. Campbell Award for our outstanding environmental, health, safety and sustainability programs. With our safety-first culture, our lost-time injury rate is 17 times better than the industry average.

Thank you for taking the time to learn more about our commitment to environmental, social and economic sustainability. We are pleased to share our progress on this journey and we hope for an even more sustainable future.

Sincerely,

A handwritten signature in black ink that reads "Jennifer F. Scanlon". The signature is fluid and cursive.

Jennifer F. Scanlon
President and Chief Executive Officer

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Our identity serves as a signal to those who know us that USG is evolving in response to a rapidly changing world. The building blocks that make up our logo represent possibilities — shapes coming together to create something new.

A HOLISTIC APPROACH TO SUSTAINABILITY

Sustainable practices have been core to our business for 115 years. It's how we build a better world for our customers, employees and communities while caring for our business and the world around us. We take a holistic view of sustainability with an approach that encompasses three dimensions of responsibility — environmental, social and economic.

This report profiles our efforts and results in these three areas.



ENVIRONMENTAL **RESPONSIBILITY**



Ecoblueprint® is the strategy that guides our environmental sustainability efforts. We focus on three priorities that address the impacts most relevant to our customers, products and operations. We have made steady progress toward our three sustainability goals.



DEVELOP RESPONSIBLE CUSTOMER SOLUTIONS

Goal: By 2020, conduct life cycle assessments (LCAs) on 100 percent of our product portfolios.

Progress: Assessments completed for approximately 65 percent of our product portfolios, and additional LCAs will be completed this year.

ENHANCE ENERGY MANAGEMENT

Goal: By 2020, reduce greenhouse gas (GHG) emissions by 20 percent of our 2005 baseline.

Progress: We have reduced energy usage on a per unit of production basis by 15.7 percent resulting in a similar reduction in GHG emissions.

IMPROVE HOW WE USE RESOURCES

Goal: By 2020, 50 percent reduction in production waste to landfill compared to 2011 baseline.*

Progress: From 2011 to 2016 production waste to landfill has increased by 2% while manufacturing production has increased 43%.



*New baseline established in 2015 due to lack of historic information.

Sustainable Walls

INGREDIENTS

- ▶ Mined gypsum, one of the most plentiful and naturally fire-resistant minerals on earth, OR
- ▶ Flue Gas Desulfurization (FGD) gypsum, an environmentally friendly by-product of coal-fired power plants
- ▶ Starch made from corn, a rapidly renewable resource
- ▶ 100 percent recycled paper

LOW EMBODIED ENERGY

- ▶ Gypsum panels use less embodied energy than concrete, glass, vinyl flooring, plastics, steel and aluminum

LOW EMBODIED WATER

- ▶ Gypsum panels use less than two liters of water to produce one square foot of panel

LOW WASTE

- ▶ Nearly 100 percent of the raw materials used leave as finished product

LOCALLY SOURCED

- ▶ Extensive manufacturing and distribution network enables local sourcing to minimize transportation's environmental impact



Sustainable Ceilings

INGREDIENTS

- ▶ Mineral wool made from slag, an industrial byproduct from steel production
- ▶ Aluminum and steel suspension systems contain up to 90 percent recycled content

RECYCLING

- ▶ USG takes back approved ceiling panels, regardless of manufacturer, and recycles them into new ceiling panels



DEVELOP RESPONSIBLE CUSTOMER SOLUTIONS

Product Transparency

Our products are found in homes, schools and offices where children and adults live, learn and work. As both a producer and a buyer of raw materials, we have a responsibility to extensively review and select each material we use. Each decision we make is based on careful consideration of environmental and safety effects over time. This due diligence helps to ensure our products are safe to handle in our manufacturing plants and on job sites while having minimal impact on occupant health and indoor and outdoor environments.

We have a long standing commitment to openly share with our customers the essential information they need to confidently specify and use our products. From our USG Design Studio LEED Report tool to Environmental Product Declarations and certifications, we're committed to transparent manufacturing and product data.

More than 200 of our wallboard, ceiling tile and joint treatment products have earned UL (Underwriters Laboratories) Environment's GREENGUARD Gold certification. GREENGUARD Gold certification meets the country's strictest requirements for low-emitting products and ensures that a product is acceptable for use in environments such as schools and healthcare facilities.



In 2016, we became the first manufacturer to join the Architecture 2030 Challenge for Products for wallboard products. The 2030 Challenge calls on the global architecture, planning, design, and building community to design with and specify products manufactured with a carbon footprint 35 percent below the product average, incrementally increasing the reduction to 50 percent by 2030. We first joined Architecture 2030, a non-profit, in 2013 when we committed to meeting the 2030 Challenge for our ceilings portfolio.

To help demonstrate our commitment to meeting the ceilings challenge, we have developed Environmental Product Declarations (EPD) for 30 of our ceilings products. An EPD is an internationally standardized, comprehensive report used to quantify the environmental impact of a product or system. Third party organizations, such as UL Environment, certify EPDs. EPDs provide building owners, architects and sustainability professionals with vital environmental impact information addressing energy consumption, water use, waste, air emissions and other metrics related to the product lifecycle.





The Nation's First Public Safety Building Designed to Achieve Net-Zero Energy Balance

The Salt Lake City Public Safety Building balances stunning design with the high strength performance necessary to house the city's fire department, police department and emergency operations center. Beyond the balance of beauty and strength, the building was also designed to achieve a net-zero energy balance.

With a focus on sustainable building products, contractors chose USG Durock™ Brand EcoCap™ Self-Leveling Underlayment as a tile substrate for several key areas of the new building. We introduced EcoCap™ in 2013. It is the most environmentally friendly self-leveling product available. EcoCap™ uses proprietary USG technology to create a highly sustainable cementitious underlayment made primarily from an industrial by-product of coal combustion and sand. EcoCap™ is made with high-recycled content and reduces the carbon footprint by 50 percent compared to conventional floor prep products. It also requires fewer natural resources such as water for mixing.

Besides developing our own EPDs, we worked closely with the Gypsum Association in 2016 to develop an industry-wide EPD for North American Glass Mat Gypsum Panels. Previously we worked with the Association to develop an EPD for typical 5/8" type X North American gypsum boards. Additionally as part of our membership in the Ceilings & Interior Systems Construction Association, we produced EPDs for aluminum and steel specialty products including ceiling and wall systems, trims, column covers and associated suspension elements.

Life cycle assessments, or LCAs, form the basis of EPD. LCAs analyze all of a product's impacts on the environment throughout its entire lifecycle. We are working toward completing LCAs on 100 percent of our products, and we believe this end-to-end focus is essential to reducing our overall environmental impact.



We have committed to reducing the carbon-equivalent footprint of our ceiling products by

40%

below the product category average by 2020.

Increasingly, industry guidelines such as US Green Building Council's LEED v4 now require applicants to also report the impact of building materials on human health. We are a member of the Health Product Declaration Collaborative® (HPDC) which developed the Health Product Declaration® (HPD), a standardized document that lists a product's ingredients and related health information. We have published 31 USG wallboard and ceiling HPDs in the HPD Public Repository.

We have also developed Product Attribute Report (PAR) documents that summarize both the environmental and health impacts of a product. These reports combine sustainability data, regional materials and recycled content information, EPD data, and health product transparency information. We published 31 PARs for USG wallboard and ceiling panels in 2016 and have more in development.

Another product transparency initiative we completed was to redesign all our packaging to meet the Globally Harmonized System (GHS) of Classification and Labeling standards. GHS was a new initiative adopted by the US Occupational Safety and Health Administration to standardize the way manufacturers classify and label chemicals and raw materials. It provides common language and pictograms to help customers understand which raw materials are in products and how those materials might affect them.

New Products

We always strive to solve our industry's toughest challenges, and as demand for sustainable products continues to grow, architects and builders are looking to manufacturers to take the next step in lowering our environmental footprint. That's why we have developed some of the industry's most forward-thinking, environmentally friendly building innovations with products that are easier and safer to use, that reduce waste and improve efficiency — all without compromising design quality and performance.

With USG Sheetrock® Brand's new EcoSmart Panels, we have introduced the first wallboard available to meet the Architecture 2030 Challenge for Products with a lower carbon footprint. USG Sheetrock® Brand EcoSmart Panels represent a revolution in wallboard manufacturing and are the industry's first and only wallboard that is both lightweight and sustainable. These panels are built upon USG's UltraLight technology that contractors prefer but are now manufactured with fewer natural resources and reduced impact on the environment.

USG Sheetrock® Brand EcoSmart Panels use 25 percent less water to manufacture, reduce associated greenhouse gas emissions by 20 percent and lessen the carbon footprint of transportation energy by 20 percent compared to standard 5/8 inch Type X gypsum panels¹. These are impressive numbers on their own, but in aggregate they become even more astounding. In fact, an industry-wide conversion to USG Sheetrock® Brand EcoSmart Panels could save over 1.7 billion gallons of water, reduce CO₂ emissions by over 2.8 billion pounds and save 5.5 million gallons of diesel transportation fuel annually.



1. As presented in the Gypsum Association's 5/8 inch Type X Environmental Product Declaration (FPI/GA/01/2014) with fresh water usage updated to be in accordance with ISO 14046.

SUSTAINABLE PRODUCT TRANSPORTATION

We are committed to sustainably transporting our products. We have been a member of the Environmental Protection Agency's (EPA) SmartWaySM Transport Partnership program since 2006. The program promotes environmentally cleaner and more fuel efficient transportation options to improve air quality and reduce fuel consumption.



We collaborated with Tremco Commercial Sealants & Waterproofing on another sustainable product innovation, the Securock[®] ExoAir[®] 430 System. This first-of-its-kind system improves the energy efficiency of buildings by combining our Securock[®] Brand Glass-Mat Sheathing with Tremco's fluid applied air/water barrier membrane. BuildingGreen named Securock[®] ExoAir[®] 430 System one of its Top 10 Green Building Products for 2017 and the system was also recognized as an Edison Awards[™] Silver award winner in the Energy & Sustainability category for Building Construction & Lighting Innovations.

The system applies the membrane in the controlled manufacturing setting, a significant advantage over traditional air and water membranes, which are applied on the job site. With the Securock[®] ExoAir[®] 430 System, there are no tapes or pails of fluid to transport or dispose. Additionally, the three key system components, USG Securock[®] Brand Glass mat sheathing gypsum wallboard, Tremco's ExoAir[®] Fluid Membrane and Dymonic[®] 100 Sealant, have all been certified GREENGUARD Gold. Because the system protects structures from air, water and vapor it also reduces occupant heating and cooling costs.

ENHANCE ENERGY MANAGEMENT

Since our 2005 baseline, we have reduced energy consumption by a combined 15.7 percent on a per unit of production basis across our product lines. This has led to a similar reduction in greenhouse gas emissions during the same time period.

While our products are already low in embodied energy compared to other building materials, we are always looking to improve. We have found opportunities to consume less energy through increased use of alternative low-carbon energy sources, converting to cleaner burning fuels such as natural gas, and through consistent review and optimization of our manufacturing processes and equipment. Each of our plants has an energy coordinator whose job includes monitoring usage and looking for reduction opportunities.



Plant Honored for Energy Conservation

Our Sperry, Iowa plant was recognized at the annual Alliant Energy Conference for upgrading their lighting system to high efficiency bulbs, making work areas brighter and safer while using much less energy.

Weekend Shut Downs Lead to Significant Energy Savings

Since 2009, our Norfolk, Virginia wallboard plant has reduced energy use by completing a comprehensive shutdown checklist for weekends when the equipment isn't running. The plant first identified switches, panels and other equipment that were non-essential on the weekend and turned those items off. Next, they installed a smaller air compressor to support only the plant's fire suppression system, which allowed them to turn off main compressors. These two changes led to an immediate and significant reduction in energy demands. Last year, the plant added a power-monitoring screen to their process control system, which allows them to see exactly where energy is being used — and make adjustments as needed.

This year-round focus on weekend energy use evolved from our annual Kill-A-Watt contest in which participating plants compete to see how much they can reduce their weekend energy demands during the Thanksgiving holiday weekend.

Several plants have found great success through the contest, including Bridgeport, Alabama, which has consistently maintained a weekend energy consumption rate of less than five percent of its normal weekday demands.

At our Red Wing, Minnesota plant, we completed a project to reduce the energy required to manufacture our mineral wool ceiling tiles by more than 20 percent. Mineral wool is made from slag, a waste byproduct from steel production. Our ceiling tile plants use foundry coke as a fuel source to melt the slag which is then spun into fibers.

Red Wing changed its coke combustion process to significantly reduce the amount of waste energy generated. The plant expects further energy savings as it continues to optimize the new process and our colleagues will explore the feasibility of making similar changes at our Walworth, Wisconsin plant.

Red Wing's coke optimization project was one of several hundred Lean Six Sigma (LSS) projects we have completed in recent years to drive continuous improvement of our processes, equipment design and how we use resources. Many of these projects focused on reducing energy and optimizing raw materials, reducing time needed to start up machines in board plants and papers mills, increasing compressed air efficiencies by improving machine reliability and optimizing temperatures for raw materials.

IMPROVE HOW WE USE RESOURCES

During manufacturing, we continuously strive to use the least amount of resources needed while maintaining superior quality. For example, we applied LSS to improve how we use a chemical compound that increases the water resistance of popular USG products including FIBEROCK® Brand Underlayment and SECUROCK® Brand Gypsum-Fiber Roof Board. Over the years, this compound replaced wax as the primary ingredient to create moisture resistance. The wax replacement resulted in dust issues and energy inefficiencies. A LSS team that represented our Corporate Innovation Center, Technical Services and Manufacturing divisions developed several solutions that helped our Gypsum, Ohio plant reduce the chemical's usage by 40 percent. The LSS team adjusted the chemical to water ratio, how the chemical was fed through pumps and the amount of energy needed. Equipment re-designs and process changes further reduced the amount of dust generated. The plant now uses less natural gas and equipment lasts longer.



CENTER FOR MANUFACTURING EXCELLENCE

As part of our quest to run a more efficient and effective business, we established the Center for Manufacturing Excellence at our East Chicago, Indiana plant to pilot “next generation” manufacturing strategies.

These advanced controls provide real-time production data to reduce waste, downtime, energy and effort, and will enable us to produce higher quality products faster, safer and at a lower cost.



USG Participates in Wallboard Recycling Project

Our Washingtonville, Pennsylvania plant is recycling clean wallboard scrap from New York City job sites as part of a pilot program developed by the Durst Organization and Lend Lease, in partnership with the New School and the City University of New York. The normal cutting and use of wallboard in a construction projects typically creates about 10 to 12 percent excess product. Some of this waste is reused for agricultural purposes, but much of it ends up in landfills.

We are working with the City of New York and industry stakeholders to develop a much needed closed-loop wallboard recycling model that segregates clean wallboard waste from other job site waste and then hauls it away separately. Such actions drastically increase the recyclability of the gypsum and improve the recyclability of the other waste materials as well.

We are also conscious of reducing or eliminating waste from our processes. For example, we use 100 percent recycled paper on our wallboard products, and nearly 100 percent of the raw materials used during gypsum panel production leave as finished product. To expand this commitment to our customers and communities, some of our locations have increased the percentage of recycled content in our wallboard through waste reclamation efforts.

In addition to recycling the plant's own board waste, our Rainier, Oregon plant has a new waste reclamation system that turns job site wallboard waste back into gypsum panels. When new wallboard waste comes into the plant, a machine separates the gypsum core from the paper. The paper is sent to a local dairy farm where it's used as bedding, and the recovered gypsum is put back into our manufacturing process to be recycled into new wallboard. The new system allows us to meet increased customer demand for products higher in post-consumer recycled content.

We are constantly monitoring our waste streams and our ability to recycle our raw materials, products and other supplies. We're exploring ways to reuse ancillary items in our processes, including plastics, steel, paper and pallets.

Responsible Mining

We operate 12 mining operations in North America, including three underground mines and 9 surface quarries. Two of our quarries use surface mining machines to extract and sort gypsum rock through a single process, eliminating the conventional steps of drilling, blasting and crushing the rock. Eliminating these processes dramatically improves the energy efficiency of the mining operation.

Gypsum is a plentiful mineral, and mining gypsum is easier on the environment than other types of mining. We continuously evaluate our mining practices to reduce our impact on the environment and the communities around our mines.

Just one example of our commitment to responsible practices is our progressive reclamation of mining sites to promote vegetation, slope stability and animal habitats.

Our efforts help us in our goal to consistently and substantially exceed all state and federal requirements.

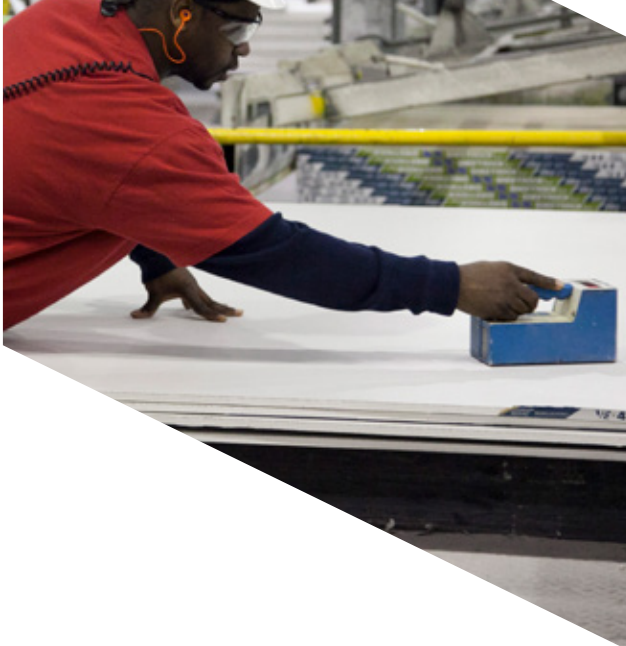
As part of our ongoing reforestation activities at our Tecomán, Mexico quarry, we recently completed backfilling and earthwork, and re-planted 3,200 native trees to return a two acre site to almost pre-mining condition. Over the next four years, we will plant 25,000 more trees and plants as we reclaim another 15 acres of land.

In Alabaster, Michigan our ongoing projects to restore and improve wildlife habitat on company property have included wetland creation and enhancement, timber management, deer management and control of invasive species.

Our goal is to return the land of our former mining sites to a productive state. In Locust Cove, Virginia where we mined gypsum for almost 40 years, the site now consists of hills and meadows inhabited by deer, turkey, black bears, beavers and other wildlife.



SOCIAL RESPONSIBILITY



SAFETY FIRST

SAFETY VISION

We will be the industry leader in health and safety by creating an injury-free workplace and modeling safe behaviors for our families, colleagues, customers and communities. We are committed to working safely: every minute, every task, every day — so we can live life to the fullest with those who depend on us.



USG accepts the Robert W. Campbell Award.

We value the safety of our employees above everything else and believe no job is so urgent that it cannot be done safely. More than half of our manufacturing operations have surpassed one million hours without a lost time injury.

The National Safety Council (NSC) honored our safety-first culture with its prestigious 2016 Robert W. Campbell Award, presented annually to an organization that achieves excellence through the integration of environmental, health, safety and sustainability management into business operations. Cutting across international and industry boundaries, Campbell Award winners represent organizations that have taken great strides in EHS excellence. Award winners are acknowledged not only as leaders in the business realm, but also as those that recognize the value of protecting employees and their environment.

In the history of the award, we are one of only a few to receive the Campbell Award as a first time applicant. The NSC presented us with the award at the National Safety Council Congress & Expo, the world's largest annual gathering of safety and health professionals. "USG truly has a culture of safety excellence," said Deborah A.P. Hersman, president and CEO of the National Safety Council. "The company-wide dedication to safety is clear, and we are excited to honor their commitment to saving lives and preventing injuries."

Our Canadian subsidiary, CGC Inc. was recognized by *Canadian Occupational Safety* magazine as a winner in the manufacturing category of Canada's 2016 Safest Employers Awards. The magazine evaluates honorees on a range of occupational health and safety elements including employee training, OHS management systems, emergency preparedness, incident investigation and innovation through health and safety initiatives.

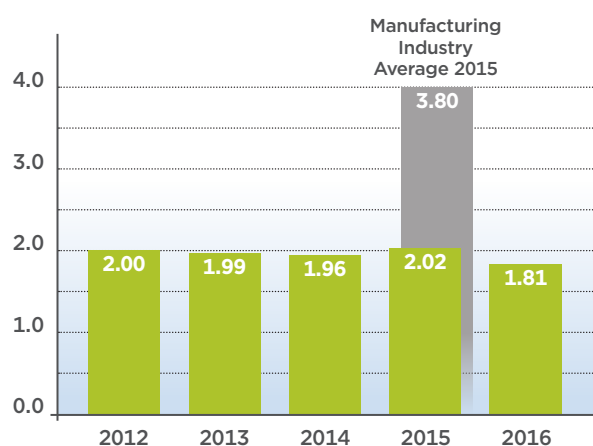
These honors were in addition to *EHS Today* magazine naming USG to its 2015 list of America's Safest Companies. The award honored just 16 top companies across a variety of industries that have accomplished ambitious safety goals and achieved injury and illness rates lower than average.

"What we've been hearing from experts is that in order for workplaces to achieve world-class safety, they must look beyond concepts like 'zero injuries' and look toward creating a culture that aligns business and safety," said *EHS Today* Editor-in-Chief Sandy Smith when she announced the list.

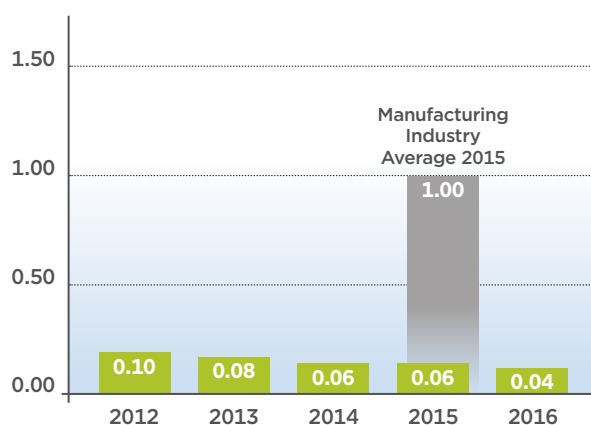
In 2016, our recordable injury rate was 1.81 per 100 employees and was significantly lower than the Manufacturing Recordable Injury Industry Average of 3.8 per 100 employees (according to data from the US Bureau of Labor Statistics). Our lost time rate of 0.04 was also lower than the 1.0 industry average (in 2015).

Injuries are not our only focus. We encourage our teams to report near misses too, so we can identify opportunities to reduce risk. By analyzing these incidents, we are able to implement effective corrective and preventative actions before an injury occurs. We consider safety everyone's responsibility, which means that each of our employees actively identifies hazards and develops plans to address those issues.

RECORDABLE INJURIES



LOST TIME INJURIES



USG Names Jennifer Scanlon President and CEO

Jennifer F. Scanlon became president and CEO of USG Corporation on November 1, 2016. She joined USG in 2003 and has held a number of leadership positions including serving as executive vice president, president of USG Corporation's International business, and president of L&W Supply Corporation (sold in 2016). "This is an important time in USG's history. We are a leading manufacturer of innovative products, and we're ready for the future," she said. Jennifer was a 2015 Women in Manufacturing STEP (Science, Technology, Engineering and Production) Ahead Award honoree. She is not only a sought-after thought leader on global manufacturing and building technologies in the U.S. and around the world, but also on the value of diversity and inclusion in the workplace.



"We engage our employees' heads, hearts and hands in our safety program, recognizing that they are closest to the hazards each day," explains Justin Dugas, director, Safety and Health. "Employees do not look to managers or supervisors to tell them how to safely do their jobs. They tell us. By listening to their ideas and concerns, we improve the safety of our operations."

Many of our locations achieved significant safety milestones in the past two years. Our Galena Park, Texas employees recorded 10,000 safe days, employees in Stockton, California reached 8,000, Little Narrows, Nova Scotia employees worked 7,000 safe days, our colleagues in Chamblee, Georgia reached 4,000 safe days and in Hagersville, Ontario employees achieved 2,000 safe days.

BUILDING A GREAT PLACE TO WORK

Our safety culture is just one of many ways we put our people and our values at the center of everything we do. Our colleagues create the high performance technologies and building systems that our customers use around the world, and we're committed to being a great place to work for great employees.

We are proud to be a leading employer, including recognition from the *Chicago Tribune* and the *Detroit Free Press* (three consecutive years). The rankings compiled by Workplace Dynamics, LLP, an independent research company specializing in organizational health, are based on the results of a nationwide survey of employee feedback on factors including company leadership, communication, career opportunities, working environment, managerial skills, pay and benefits.

We have always known that our greatest strength is the experience, talent and diversity of our teams. Diversity is one of our core values, and we're working toward an even more diverse and inclusive environment. Our Diversity and

44%

of our top 250 leaders are diverse

55%

of full-time salaried hires are diverse

50%

of recent promotions were diverse candidates

As of 2015

Claire Yu Honored as “The Best of the Best Women in Manufacturing”

The Manufacturing Institute honored Claire Yu, program manager of our Corporate Innovation Center’s ceilings laboratory, as one of its annual Women in Manufacturing STEP (Science, Technology, Engineering and Production) Ahead Award winners. Claire was one of a select group of women nationwide identified as “the best of the best women in the manufacturing industry.”

“These women are the faces of exciting careers in manufacturing,” said Jennifer McNelly, executive director of The Manufacturing Institute. “They each made significant achievements in manufacturing through positive impact on their company and the industry as a whole.”

Claire leads a team of researchers at our Corporate Innovation Center in Libertyville, Illinois. Whether mentoring junior level colleagues, especially women in STEM, or presenting complex research projects to executive leadership, Claire is a respected leader and visionary.



Women in Manufacturing Forum

Our Corporate Innovation Center recently hosted more than 40 engineers from 25 of our plants at our fourth annual Women in Manufacturing Forum. The two-day Forum provides an opportunity for attendees to network, discuss critical issues that affect female engineers and share best practices. Attendees include project engineers, process engineers, Lean Six Sigma black belts, department managers and plant managers.



8

Employee Resource Groups

- ▶ African American Network
- ▶ Asian Employee Network
- ▶ Defend the Rock (Military ERG)
- ▶ Latino Employee Network
- ▶ USG New Talent
- ▶ WomenRock!
- ▶ USG LGBT+
- ▶ USG Disabilities

Inclusion Strategy Council (DISC), formed nearly two decades ago, includes employees at every level from throughout our company. DISC provides strategic direction for our inclusion efforts.

We also have eight Employee Resource Groups (ERGs) that help create a sense of community and belonging for our colleagues, encouraging them to be their unique selves while teaching others about appreciating our differences.

We added two ERGs in 2016: USG Lesbian, Gay, Bisexual, Transgendered and Allies (USG LGBT+) and USG Disabilities. Both ERGs assist us to attract and retain employees. In addition, USG Disabilities supports employees who have family members with disabilities and works to raise awareness, address issues and dispel myths about disabilities. USG LGBT+ is dedicated to empowering employees to bring their authentic selves to work by promoting pride and unity in the workplace, marketplace and community.

BUILDING BETTER COMMUNITIES

We are committed to being a good citizen in the communities where we do business, and to supporting the people and businesses who call these communities home. We are proud of our long history of involvement and partnerships with nonprofits that build and provide affordable housing, improve and beautify their surroundings and help neighbors meet basic needs.

One of these longstanding relationships is with AEC Cares, an annual volunteer event hosted in conjunction with the American Institute of Architect's annual conference. Each year, industry professionals gather the day before the convention for a one-day blitz build to benefit the convention's host community. In 2016, our employees joined fellow industry volunteers to refurbish an athletic recreation center, creating an inviting space for the children and adults of an underserved community in Philadelphia.





For years, our local teams have volunteered at Habitat for Humanity (HFH) events across North America and the USG Foundation has provided financial support for HFH homes. Volunteers from our Calgary plant joined their local HFH chapter to build homes for two deserving families. At another build, a dozen volunteers from the USG New Talent ERG installed USG Sheetrock® Brand UltraLight and Mold Tough® Panels in a HFH home in North Chicago, Illinois. These events allow us to give back to our community, with the added bonus of giving our employees hands-on experience with USG products.

Food and Diaper Drives Collect Much Needed Goods

Our local employees across North America support their communities in a variety of ways, but one of our most successful events is the company-wide food drive that combines the strength of all our locations. In 2016, we collected 122,000 pounds of non-perishable food to support community food banks. Over the last 3 years we have donated more than 300,000 meals to our neighbors in need. Each location worked with their local food bank to ensure donations remained in their community.

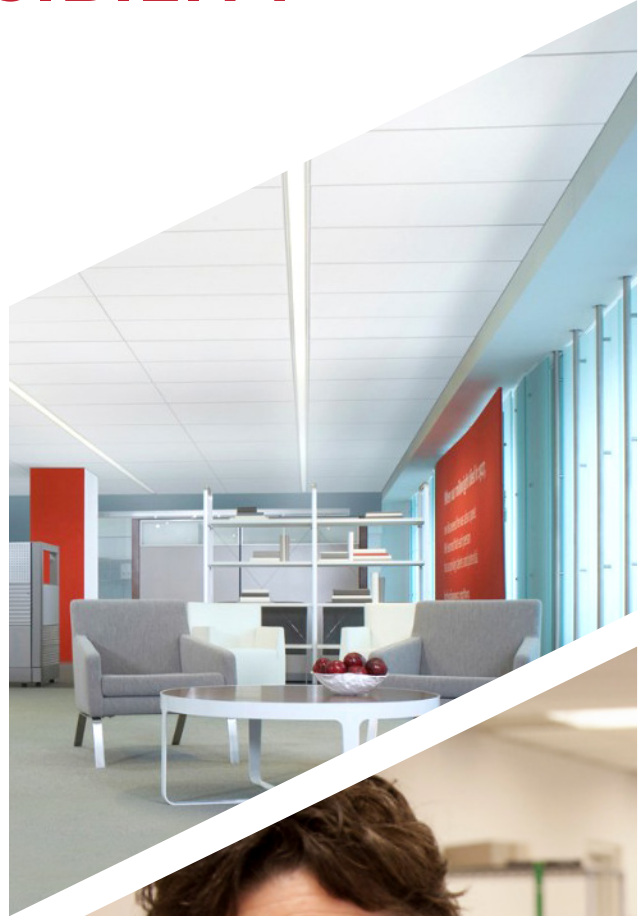
In Chicago, our African American Network and WomenRock ERGs organized a diaper drive to support NewMoms, Inc., a non-profit that supports homeless teenage mothers. The drive collected more than 14,000 diapers — almost a full year's supply for NewMoms.

The American Red Cross is another one of our long-term partners. Each year we provide significant financial support for ongoing operations and one-time donations for specific disaster relief efforts, as well as numerous hours of volunteer service. In 2016, we supported disaster relief and recovery efforts that followed Hurricane Matthew in October and flooding in Louisiana in August.

We encourage our teams to pursue volunteer opportunities that they're passionate about, such as veterans issues. Members of our Defend the Rock military ERG teamed up to build a new home in Knoxville, Tennessee as part of Helping a Hero's Wounded Hero Home Program. USG donated more than 400 sheets of wallboard and other USG products for use in a wounded veteran's new home. Our Sweetwater, Texas plant worked with the Texas Sentinels Foundation to provide wallboard for the new home of an injured veteran and his family of six in Abilene.



ECONOMIC **RESPONSIBILITY**



MOVING OUR INDUSTRY FORWARD WITH INNOVATION

Innovation is at the heart of everything we do at USG — how we develop new processes and products, how we manufacture and deliver those products, and how we serve our customers. For more than a century, our innovations have revolutionized the way customers design and build the places where we live, work and play. Our intellectual property portfolio is one of the largest in the sector with more than 3,200 active patents worldwide.

Much of our innovation starts at our Corporate Innovation Center (CIC) in Libertyville, Illinois, a state-of-the-art facility with laboratories for research, testing, materials analysis and pilot operations for our high-performance building products and system technologies. The CIC is staffed with a team of scientists, engineers and researchers who are leaders in their respective fields and who help set the industry standard for innovation. These forward-thinking professionals in material science; chemical, mechanical and civil engineering; physical, inorganic and analytical chemistry; and architecture have more than 1,500 years of combined experience. More than half of our research colleagues hold advanced degrees.

While one of our priorities is to implement the most cutting-edge technologies in the areas of sustainability, durability and longevity, no technology is worthwhile unless it performs in real-world construction. The CIC is instrumental in ensuring all of our products have the highest quality and safety features before they

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active patents
worldwide



go to market. Our fire and acoustical test facilities ensure the best products and best applications. Our experts use unique fire, acoustical, structural and environmental testing capabilities to evaluate products and systems, perform chemical analysis and material characterization, and assess safety and quality.

For example, teams from our CIC and Architectural Services division worked together to develop and extensively test a proprietary USG floor-ceiling assembly for a residential building in Vernon Hills, Illinois. The architect's design called for an open-web wood floor truss system, but the current floor-ceiling system would not ensure the required two-hour fire rating. Through a collaboration between USG, the architect and the building's developer, we created a new floor-ceiling assembly that not only meets the fire-rating requirement but also uses less material and has much better sound characteristics.

"USG was the science behind the solution," said Warren James, the real estate project's developer.



Innovator of the Year

The Executives' Club of Chicago named USG Corporation, as the 2015 Innovator of the Year. The Innovator of the Year is awarded to a company whose new product, service, process or business model has resulted in organic growth and measurable economic benefit to the region. Dr. Srinivas Veeramasuneni led the development team responsible for USG's breakthrough in cement technology with the launch of USG Durock® Brand EcoCap™ Self-Leveling Underlayment, a non-Portland cement based, contractor-installed floor preparation topping. The product utilizes USG's proprietary geopolymers technology to create a highly sustainable cementitious underlayment made primarily from an industrial by-product of coal combustion and sand.





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In addition, this sustainability report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 related to management's expectations about future conditions, including statements about future plans and results regarding sustainable efforts. Actual business, market or other conditions may differ materially from management's expectations and, accordingly, may cause actual results to differ materially from those expressed in this document. Actual results may differ materially due to various factors, including: economic conditions; shortages in raw materials; changes in raw material and energy costs; capacity utilization rates; our ability to protect our intellectual property and other proprietary rights; and changes in laws or regulations, including environmental and safety regulations. We assume no obligation to update any forward-looking information contained in this sustainability report. Additional information concerning these and other factors may be found in our filings with the Securities and Exchange Commission, including the "Risk Factors" in our most recent Annual Report on Form 10-K and Quarterly Report on Form 10-Q.