



DIVERSITY & INCLUSION

OUR COMMITMENT TO GROW

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*Cover photo:
The Sweetwater, Tx.,
plant celebrates
their record-setting
food drive, a diversity
& inclusion event.*

*Photo on Right:
Excerpt from the poem
"Together" written by
Larone Robinson (right),
graduate of All Stars
Development School for
Youth and guest speaker
at the USG Diversity
and Inclusion Awards
Ceremony in April 2017.*

**“ NO MATTER YOUR ETHNICITY
WE’RE ALL ONE COMMUNITY
PEOPLE WHO NEED LOVE AND
A STRONG SENSE OF UNITY
EVERYONE’S IMPORTANT
AND WE ALL PLAY A ROLE
BUT WE’LL ACCOMPLISH
MUCH MORE IF WE WORK
AS A WHOLE ”**





OUR COMMITMENT

USG has been an industry leader for 115 years because we put our people and our core values at the heart of everything we do. We believe that we are stronger together, and that our inclusive environment helps us understand our customers better so we can solve their challenges and improve the world around us.

We operate across the world, with employees and partners on four continents and with every background imaginable. We speak different languages, live in different time zones and celebrate different cultures, but our goal is to be a leading manufacturer of building products and innovative solutions.

We made diversity a core value at USG more than 20 years ago, and I'm proud of how far we've come. You will read about our diversity and inclusion progress in this report. We recently named our first Diversity and Inclusion Customer of the Year and Supplier of the Year, established two new Employee Resource Groups centered around people with disabilities and the LGBT community, and created Field Advocate roles to further our diversity and inclusion work at manufacturing plants across North America.

We take an active role in ensuring that everyone feels welcome and encouraged to contribute, regardless of their race, age, gender, gender identity, ethnicity, religion, or sexual orientation. We know that when employees are in a great work environment, they do great work. That's when creativity and innovation flourish, and that's how we'll exceed our customers' expectations now and in the future.

Inclusion is a journey, and I'm committed to making us an even more welcoming and united workplace. The more we understand ourselves, our colleagues, and our communities, the stronger we are.

Jennifer F. Scanlon

President and CEO

**“WE KNOW THAT
WHEN EMPLOYEES
ARE IN A GREAT
WORK ENVIRONMENT,
THEY DO GREAT WORK.”**

ELEVATE DIVERSITY

WE MADE DIVERSITY & INCLUSION A CORE VALUE MORE THAN 20 YEARS AGO.

We move in rich and colorful circles. Our dedication to our core values—safety, innovation, diversity, integrity, service, efficiency, and quality—is what makes USG great for our employees, customers, and communities. A diverse and inclusive workplace is crucial to our ability to attract talent, connect with an increasingly diverse customer base and be more effective competitors in the global marketplace.



We're committed to supporting our community at events like the Chicago Cares Serve-a-thon.

BOARD DIVERSITY

We are committed to attracting and retaining a diverse workforce, and we believe this commitment must also extend into the boardroom. Our Board of Directors consists of nine directors, with more than half of the board members women and people of color. Not only does this support and model our core value of diversity, it helps ensure we have robust perspectives to strategically influence the critical decisions that shape our organization.

EMPLOYEE ENGAGEMENT

We rely on engagement surveys to measure employee alignment around our objectives. We are proud that our employees consistently rate diversity and inclusion as one of the top drivers of their engagement at USG. In fact, in 2017,

68 percent of employees said they believe we're on the right path with our diversity and inclusion efforts, well above the manufacturing industry average.

DIVERSITY AND INCLUSION TRAINING

We believe in continuous employee growth, and we provide training and development opportunities to help our employees expand their skills and connect with others. In addition to our expansive online training catalog, we host a classroom course several times per year. This non-traditional training doesn't simply focus on race, gender, age or other demographics, but teaches us how to capture and capitalize on the uniqueness of people's talents, beliefs, backgrounds, and capabilities.





Honoring inclusion at our 2017 Diversity and Inclusion Awards.

We've recently expanded our e-learning library to include a diversity track, beginning with *Diversity, Inclusion and You*, which is required of new employees at all levels. After completing this foundational course, a wide variety of diversity training is available to employees, covering topics like religion, communication styles, sexual orientation, military, disabilities, and cultural awareness. All of these modules are on-demand and self-paced, giving employees the ability to fit diversity training into their schedule as convenient.

One course about generational differences was especially impactful, as our workforce ages and more Baby Boomers retire each year. Since 2010, the percentage of Millennial employees at USG has tripled and the average age of new employees is 32. Learning how to communicate across generations helps us maintain our average employee tenure of over 16 years.

We also regularly welcome outside speakers to our offices to present on diversity and inclusion topics. The presentations are streamed via webcast to our manufacturing and field employees:

- Volunteer Connections sponsored a speaker event with Upwardly Global, national nonprofit organization, to learn about the volunteer opportunities they offer helping global talent with job-search training
- Defend the Rock (military employee resource group) hosted a panel of USG veterans to share their military experience
- Asian Employee Network hosted Frédéric de Rougemont, CEO of USG Boral to discuss the cultural diversity of our business in the Asian, Australian, and Middle Eastern markets



2,600 people have taken an online diversity course.

“ WE DO NOT LIVE AND WORK IN SILOS. WE BRING SOMETHING FROM THE EXPERIENCES IN OUR PERSONAL LIFE TO OUR PROFESSIONAL LIFE AND VICE VERSA. IT'S THE COMBINATION OF ALL THOSE INTERACTIONS THAT CREATES THE LENS THROUGH WHICH WE EXPERIENCE LIFE. ”

Katie Riley, Manager, Talent Development



Our 2017 Diversity & Inclusion Strategy Council.

LEAD THE WAY

Our diversity efforts are led by a cross-functional Diversity and Inclusion Strategy Council (DISC), formed in 1998.

The purpose of DISC is to set the strategic direction for the corporation's diversity and inclusion efforts and oversee implementation and completion of diversity and inclusion objectives. The Council develops and delivers diversity and inclusion training for all employees, coordinates our Employee Resource Groups and Field Advocates,

and delivers recognition programs for diversity and inclusion successes. In 2017 and beyond, the Council is helping our Global Sourcing team develop a robust Supplier Diversity program to identify and engage with women- and minority-owned vendors.

TEAM AIDAN

Our Washingtonville, Penn., plant has embraced the March for Babies 5K run in support of colleague Jason Toborg. Jason's son Aidan was born weighing just one pound, six ounces and stayed in the local hospital's Neonatal Intensive Care Unit (NICU) for four months.

Jason's coworkers chose the March for Babies event as one of their diversity and inclusion activities and accepted donations to the local hospital's NICU.

Aidan is now a strong and growing 3-year-old, and "Team Aidan" participates in the annual 5K in his honor.

Aidan in the NICU.



“ EXPOSURE TO OTHERS’ THOUGHTS AND IDEAS IS ALWAYS A GREAT OPPORTUNITY TO LEARN. ”

*Greg Bock, DISC Member,
Wallboard Manager, East Chicago plant*

“ OUR PEOPLE DRIVE OUR SUCCESS AND WE SHOULD CARE ABOUT THEM ON A DEEP LEVEL. ”

*Chris Mandock, DISC Member,
Sales Manager, Architectural Services*

“ OUR COMMITMENT TO OUR EMPLOYEES, AND OUR CORE VALUE OF DIVERSITY, IS PART OF THE REASON THAT I’M SO PROUD TO WORK AT USG. ”

*Rachel Fedewa, DISC Member,
Director, IT Program Management*

“ AS A DISC MEMBER, I’VE BEEN IN CONTACT WITH PEOPLE IN THE COMPANY THAT I WOULDN’T NORMALLY CROSS PATHS WITH IN MY DAY-TO-DAY JOB. ”

*Collin Polleys, DISC Member,
Engineering Manager, Norfolk plant*

Recent accomplishments include:

- Created the Diversity and Inclusion Field Advocate employee volunteer role to further enhance diversity and promote workplace inclusion in the field
- Facilitated the fourth annual company-wide donation drive, collecting almost 150,000 pounds of food and supplies to support our neighbors in need
- Launched eight diversity e-learning courses
- Conducted our ninth Annual Diversity and Inclusion Champions recognition ceremony, including two new awards for Customer of the Year and Supplier of the Year

Members of the DISC committee represent all levels of our company, with equal representation of corporate and field employees, and of women and men. The committee is open to all employees, and each prospective new member must undergo a selection process.

Committee members serve a two-year term, ensuring we constantly have fresh ideas and can involve as many people as possible in our inclusion efforts.

New professionals attend our Vision and Values onboarding conference with leaders like CEO Jennifer Scanlon.





All Stars Project interns visit our East Chicago, Ind., plant.

ALL STARS PROJECT

We are committed to improving the communities where we do business and to developing the next generation of talent. The All Stars Project, a non-profit organization, helps inner-city youth and their families create success through development opportunities.

A core program of the All Stars Project is the Development School for Youth (DSY), which helps young people experience the business world through a series of rigorous, high-level workshops and training sessions. Graduates of the program are placed in summer internships where they continue to develop their leadership and professional skills.

Each summer we welcome interns from the DSY in a variety of functional areas, and our leadership team regularly participates in the DSY workshops on resume writing and interviewing.

ATTRACT TALENT

RECRUITING TOP TALENT

By becoming more diverse, we enhance adaptability, creativity, and our ability to serve customers more effectively. It starts with recruiting from a diverse pool of candidates and hiring the best talent.

Several of our programs focus on improving representation of women in our workforce. Women are traditionally underrepresented in manufacturing, making up just 29 percent of the industry (compared to 47 percent of the full labor force.)¹

¹ The Manufacturing Institute, July 2017



Our recruiting team reflects the diverse candidates we seek.

We actively recruit and promote women for manufacturing roles and other STEM-related jobs in Engineering, Research and Development, Logistics, and Information Technology. We know that these jobs are incubators for innovation, which help us stay competitive and promote future growth in our business. Thirty-seven percent of the project engineers we hired in 2016 were women, compared to 16 percent in 2013.

Our co-op and internship program offers college students a unique opportunity to get hands-on exposure to an exciting, fast-paced, world-class building materials manufacturing environment. Our recruiting team actively seeks out the best candidates from diverse backgrounds to ensure we're hiring the brightest talent.

We provide professional development and promotional opportunities at all career stages. We build on the strengths of our current employees by giving them new ways to grow their skills.

We offer an Education Assistance Program that provides financial assistance for formal education programs. For our employees, that is just one small part of countless training opportunities. Our Talent Development team seeks out training options for employees across the organization. We know that everyone learns differently, which is why it is so important that we invest in tools and resources in a variety of formats, platforms and venues.

USG has taken strides to find the right types of learning and development opportunities to effectively help our employees achieve their individual aspirations, while simultaneously meeting the needs of the organization. Beyond the tools, we are working towards creating a collaborative and compassionate learning culture at USG and we look forward to further developing a workforce of independent, life-long learners who are actively engaged in their individual growth.

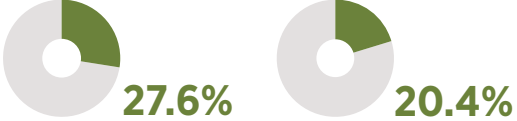
We believe in promoting from within. When a new position is available, we look within our organization first. It's common for employees to move across departments and take on completely different roles throughout their USG career. It's a win-win: they stay engaged and challenged, and we retain their valuable experience. Almost 10 percent of our workforce is in a different role in the company than they were three years ago.

BY THE NUMBERS¹

USG Worldwide Employment
6,678 (2,101 salaried and 4,577 hourly)

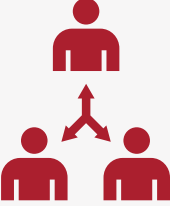


Women **27.6%** People of Color **20.4%**

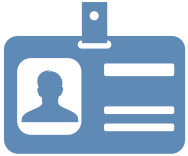


U.S. Salaried Workforce


30%
Leadership Team² is Diverse³




46.3%
Full-Time Salaried Hires are Diverse




43.6%
Salaried Promotions are Diverse




28.3%
Manufacturing Department Managers and Project Engineers are Diverse




19.4%
Millennial Population



45%
Corporate Officers are Diverse



55%
Board of Directors Members are Diverse



¹ Data as of June 30, 2017

² Leadership Team represents over 200 Managers in the Management Incentive Program

³ Diverse is defined as women and people of color

PROMOTE INCLUSION

Our employees are active participants in our inclusion efforts, including our eight Employee Resource Groups. These groups create a sense of community and belonging, and encourage us to be who we are while teaching each other about appreciating our differences. Groups are formed and managed by employees who share a common interest or background, and pursue four objectives:

- education and training
- community affairs
- recruiting and retention
- employee awareness and communication.

In 2017, we were proud to welcome two new Employee Resource Groups: **USG Disabilities** and **USG Pride**.



USG Disabilities assists in the recruitment and retention of employees with disabilities, supports employees who have family members with disabilities, raises awareness, and dispels myths about disabilities. It represents people with all types of disabilities, including physical, mental, developmental, emotional, hearing, visual, speech, and language concerns.

In 2017, USG Disabilities commemorated the 27th anniversary of the Americans with Disabilities Act with a unique “Experiencing Disability” event, by partnering with a local Easter Seals chapter. Employees participated in a number of stations designed to simulate life with a disability, from using a wheelchair to navigate the office to communicating without using words.

USG Pride aims to attract and retain top talent among the LGBT and ally community, as well as empower our people to bring their authentic selves to work. USG Pride welcomed Lori Fox, transgender advocate and diversity/business consultant, as the keynote speaker at their kickoff event. Lori has worked with businesses across the country for more than a decade to increase understanding of the workplace issues that transgender-identifying employees commonly face and the roles that management and coworkers play when a colleague is transitioning.



Our Disabilities resource group hosted an “Experiencing Disabilities” event with the local Easter Seals organization.

“ **USG DISABILITIES IS COMMITTED TO EDUCATION, AWARENESS, AND ADVOCACY, SO THAT ALL INDIVIDUALS ARE COMFORTABLE ASKING FOR THOSE REASONABLE ACCOMMODATIONS THAT WOULD ALLOW THEM TO BRING THEIR FULL SELF TO WORK.** ”

Craig Boroughf, Senior Director, Global Sourcing and Co-managing sponsor of USG Disabilities

“ **I LEFT LORI’S SESSION FEELING UPLIFTED AND OPTIMISTIC ABOUT OUR EVER-INCREASING COMMITMENT TO A DIVERSE AND INCLUSIVE WORKPLACE.** ”

Vanessa Murphy, Manager, Human Resources and Chair of USG Pride

DIVERSITY AND INCLUSION FIELD ADVOCATES

With locations across North America, geographical distance can make it difficult to reach our diversity and inclusion goals. One of the challenges we've addressed recently is how to better connect our employees in manufacturing plants and sales offices to our diversity initiatives.

In 2016, nine **Field Advocates** were selected to further our core value of diversity at the local level. These voluntary positions strengthen our inclusion efforts in plants and sales locations with special events, speakers, and by demonstrating their commitment to diversity with their coworkers. Field Advocates help us better understand our employees and communities across North America, making us better citizens and a better company.



Our Women in Plants networking group.

NETWORKING GROUPS

Like Employee Resource Groups, Networking Groups are self-organized communities that support members of a particular department, skill set, or background.

Women in Manufacturing and Women in Plants create environments where women in manufacturing facilities feel welcome, respected and supported while balancing their career and personal life. Women in Manufacturing focuses on the salaried workforce, while Women in Plants supports the unique needs of our hourly employees.

“ WE REALLY BELIEVE IN EMPOWERING EMPLOYEES TO BRING THEIR AUTHENTIC SELVES TO WORK. IT'S LINKED TO GREATER JOB COMMITMENT, IMPROVED WORKPLACE RELATIONSHIPS AND INCREASED JOB SATISFACTION. ”

Seth Parsons, Diversity Field Advocate, Gypsum, Ohio plant

“ WE HAVE TRULY SEEN THE BENEFIT OF THIS GROUP IN THE LAST 18 MONTHS. OUR OPERATIONS ARE GROWING, AND WE SUCCESSFULLY INCREASED THE NUMBER OF WOMEN IN THE HAGERSVILLE PLANT BY THREE FOLD. THAT'S IN GREAT PART DUE TO THE SUPPORTIVE AND WELCOMING ENVIRONMENT THAT WOMEN IN PLANTS HAS CREATED. ”

Erin Stewart, Joint Treatment Manager, Hagersville, Ontario plant





The **Women in Sales** organization is dedicated to recruiting, professional development and engagement of our women by connecting new sales employees with resources and colleagues to support them.

The **Women in Innovation** networking group provides networking and development opportunities for women in STEM fields at our Corporate Innovation Center in Libertyville, Illinois.

The **Volunteer Connections** networking group promotes volunteerism within USG through volunteer events and programs. The team also recognizes employees who go the distance by serving their communities.

Employees at our Corporate Innovation Center come from 12 countries, speak 10 languages and have more than 1,500 combined years of experience in a variety of fields.

A GIVING HEART

We want every employee to bring their authentic self to work, which means that our professional and personal interests sometimes overlap. Brook Klawitter, the Managing Sponsor of our Disabilities employee resource group, is an enthusiastic volunteer for the Special Olympics. Brook and the Disabilities group organized a USG team for the Polar Plunge into chilly Lake Michigan in February 2017. Eighteen colleagues and family members raised \$26,500 for Special Olympics, with Brook and her family completing their 379th plunge to date.



COMMUNITY PARTNERSHIP

Our dedication to our core values—safety, innovation, diversity, integrity, service, efficiency and quality—is what makes USG great for our employees, customers, and communities. A diverse and inclusive workplace is crucial to our ability to attract talent, connect with an increasingly diverse customer base and be more effective competitors in the global marketplace.

RECOGNITION

Every year we take an evening to honor the employees who go above-and-beyond to create a more inclusive workplace. We celebrated more than 20 individuals in 2017, and named The Home Depot as our first Customer of the Year and The Pallet Alliance as our first Supplier of the Year for Diversity and Inclusion.

We were also proud to be named a **Bridge Award Diversity Advocate** by Chicago United, a nonprofit organization that supports corporations in their

inclusive diversity practices, and to be included in the report titled **Companies Engaging Business Leaders of Color Outperform Less Diverse Firms** by *Crain's Chicago Business* newspaper.

USG FOUNDATION

At the heart of every community are the people who live and work there. We are committed to building strong communities everywhere we do business by helping the people and organizations who call those communities home. The USG Foundation grants over \$500,000 per year to community organizations focused on health and human services, education, and arts and culture.

We encourage our employees to give back, too. The USG Matching Gift program strengthens the impact of employees' financial donations to qualified nonprofits with a 50 percent match. We recently launched the USG Foundation's Give Local campaign, which provides a \$5,000 grant

for each plant and sales region to support a local nonprofit organization.

Recipients of these grants have ranged from homeless shelters to youth sports organization, providing extra support where each community needs it most.

Our Global Sourcing team celebrates The Pallet Alliance, our 2017 diversity and inclusion Supplier of the Year.

“ WE APPLAUD USG’S INCLUSION OF VENDORS IN ITS ANNUAL CELEBRATION OF DIFFERENCE MAKERS, AND ARE CONFIDENT THAT IT WILL INSPIRE PARTNERS THROUGHOUT USG’S SUPPLY CHAIN TO IMPROVE. IT HAS CERTAINLY INSPIRED US. ”

The Pallet Alliance Inc., Supplier of the Year



The image shows a close-up of the USG logo mounted on a modern glass building facade. The letters 'U', 'S', and 'G' are large, three-dimensional, and metallic. To the right of the letters is a red square and a grey square, which are part of the company's branding. The building's glass panels reflect the sky and surrounding environment.

USG

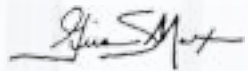
“ We’re proud of the progress we’ve made, but we know there is more work to be done.

We believe that we are stronger together, that within each person at USG is the capacity for greatness, and that we can each improve day by day.

We are inspired by people who come from many cultures and backgrounds, we value the power of those unique experiences and we encourage the differences that make us a rich and complex community.

We are committed to building a more inclusive workplace, where every individual brings their full and authentic self to work and we rely on each others’ strengths to provide better service, create more innovative products and create a safer world.

Thank you for joining us on our diversity and inclusion journey. We welcome your feedback on how we can continue to improve. ”

A handwritten signature in black ink, appearing to read 'Gina S. Max'.

Gina S. Max

Senior Director, Talent Management and Diversity

This 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. Actual business, market or other conditions may differ materially from management's expectations. Any forward-looking statements represent our views only as of the date of this report and should not be relied upon as representing our views as of any subsequent date, and we undertake no obligation to update any forward looking statement. 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.

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