

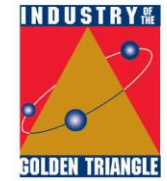
Case Study: ExxonMobil / SABIC Project - Gulf Coast Growth Ventures Port Corpus Christi

Carol Scott, Harris DeVille & Associates

Harris, DeVille & Associates, Inc.

- Full-service communications firm specializing in issues management
- More than 30 years of experience helping clients manage controversial and complex issues
- Work across U.S. and North America, but primarily Gulf South; large industrial client base
- Staff based in Baton Rouge, Louisiana and Texas (Beaumont/Port Arthur, Houston, Galveston, and Corpus Christi)
- About 20 professionals with unique skill sets: expertise including environmental science, research, public relations, journalism, governmental relations and politics
- Client base primarily includes the manufacturing industry, representing a variety of industrial and business interests including refineries, chemical, energy exports, energy services, pipelines, utilities and oil and gas producer

Our Clients



Harris DeVille & Associates experience with ExxonMobil

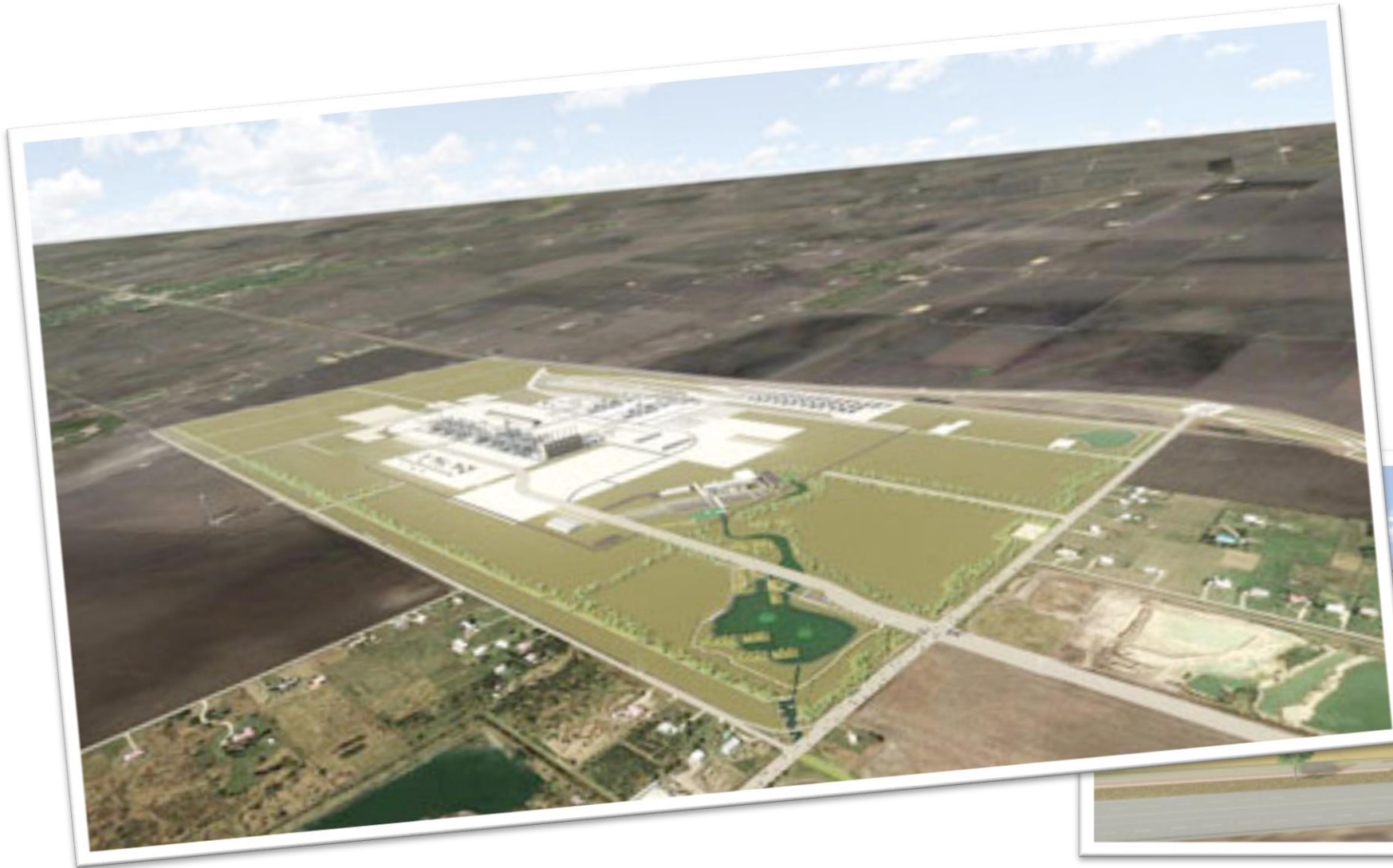
A Strategic Partnership over 25+ years with ExxonMobil

- Crisis Communication and First Responder Training (Emergency Response call out)
- Issues and Public Relations support (EJ, facility siting, tax incentives)
- Project Announcements (BPEX, Golden Pass)
- Polling consultant in 7 different areas in North America
- ExxonMobil Pipeline (Siting and Assessment)
- LNG facility assessment and siting support (Gulf Coast, East Coast, Caribbean, Hong Kong)
- LNG facility permitting and site support (Golden Pass Terminal and Pipeline, Blue Ocean, Vista del Sol)
- Golden Pass LNG and Golden Pass Products (in-house PAGA staff)
- Gulf Coast Growth Ventures (facility siting and PAGA lead contractor)

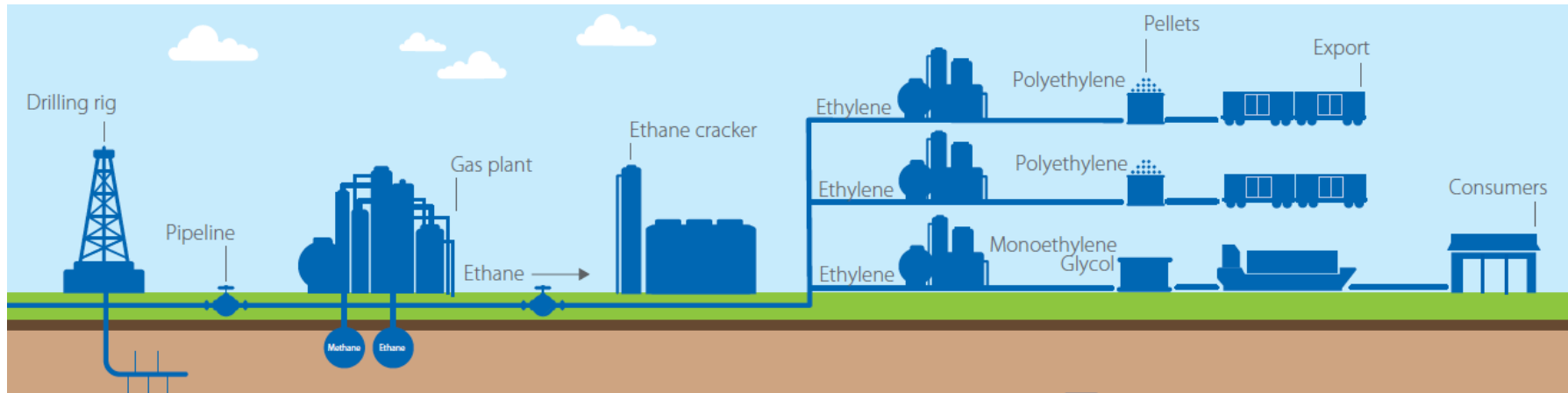
A 20+ year History in Nueces and San Patricio Counties

- Local presence and knowledge
- Community Issues Polling
- Crisis Communications & Issues Management
- Media Training
- Public affairs support to Port Industries of Corpus Christi

Gulf Coast Growth Ventures



Project Overview



- Approximately \$8-10 Billion investment jointly owned by ExxonMobil and SABIC. ExxonMobil will operate the facility.
- ExxonMobil and SABIC have worked together for over 35 years
- World scale, greenfield, plastics plant
 - 1.8 MTA ethylene plant that feeds two 650 KTA polyethylene units and one 1.1 MTA monoethylene glycol unit
 - Ethane feedstock comes from oil shale in Texas via pipeline.
- Connecting Texas Natural Resources to Global Markets
- Diversified Products

End Use Products



Maximizing Benefits and Minimizing Impacts



Projected economic benefits

- Up to 6,000 peak construction jobs
- Over 600 direct and 3,500 indirect permanent jobs
 - Hiring of qualified local workers
 - Workforce training programs with local schools and colleges
 - Opportunities for local businesses to provide services to operating plant
- Over \$250 million in taxes thru first 5 years of operation
- A big deal (*dubbed one of the top economic development deals in US in 2017*)

Project Timeline



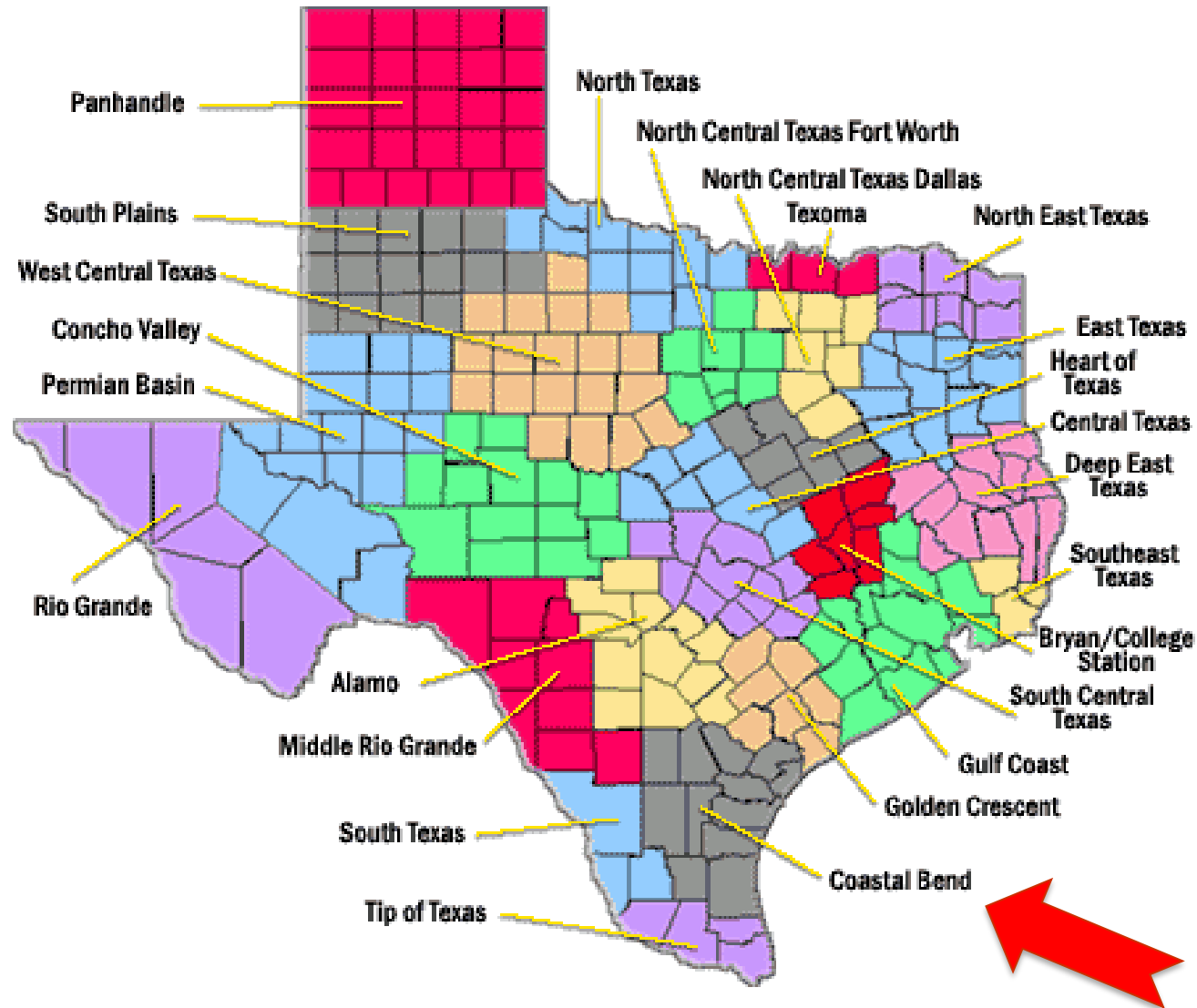
Milestones:

- Site Announcement – April '17
- Permit Applications – April '17
- Site Clearing 2017-18; Construction ramp-up 1Q19
- Start-up mid-2022

Siting Pre-Work

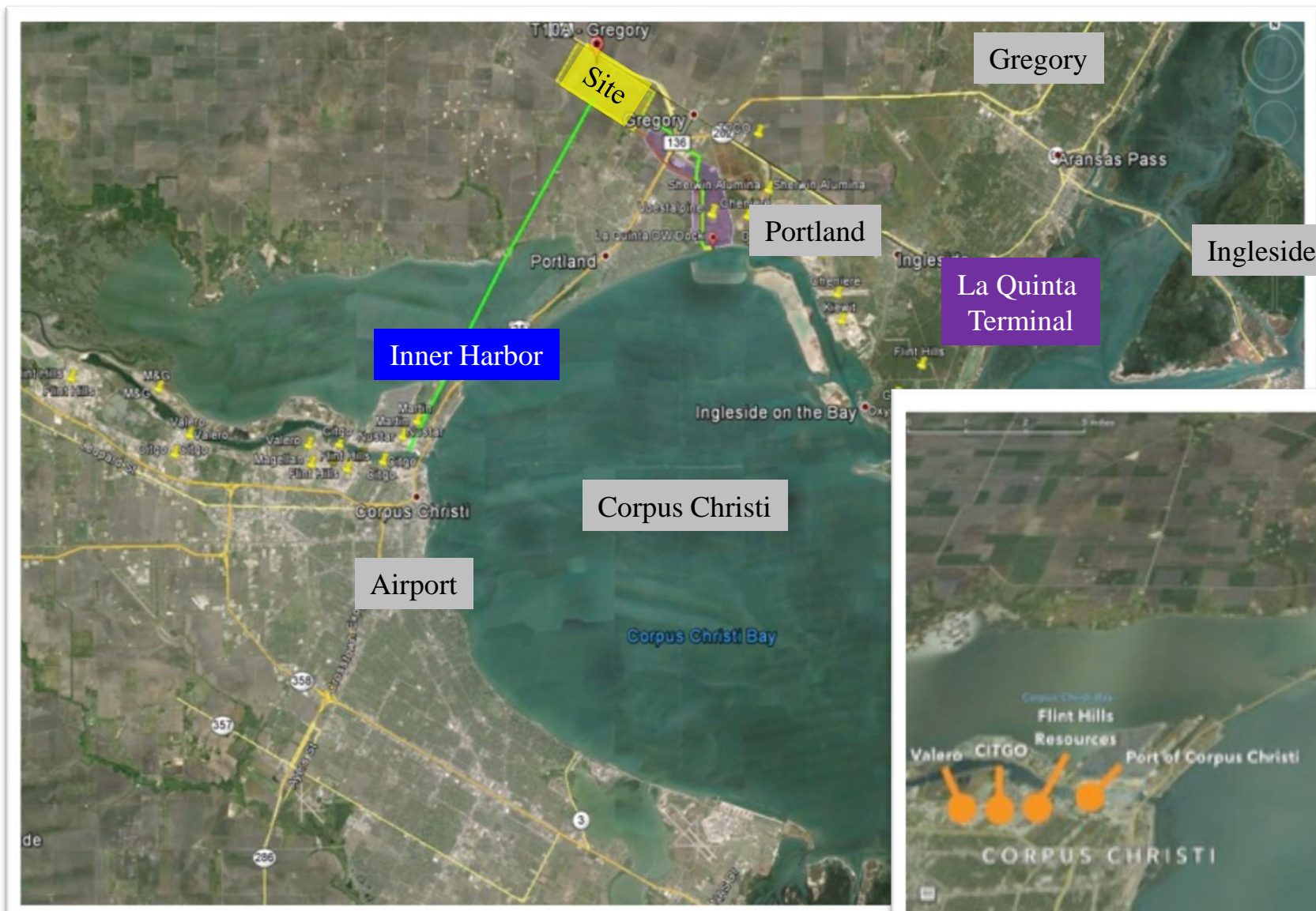
- Project team evaluated several sites throughout Louisiana and Texas for compatibility with project needs (infrastructure, access to supplies, tax incentives, etc.)
- HDA conducted public affairs assessments of five potential locations:
 - Louisiana: St. James and Ascension Parishes
 - Texas: Orange, San Patricio and Victoria Counties
- Considerations in public affairs assessments included:
 - Geography, demographics and history
 - Community profile
 - Industrial profile
 - Environmental profile
 - Economic development profile
 - Workforce development profile
 - Leadership profile
 - Media profile
 - Assessment of surrounding area

Coastal Bend 101



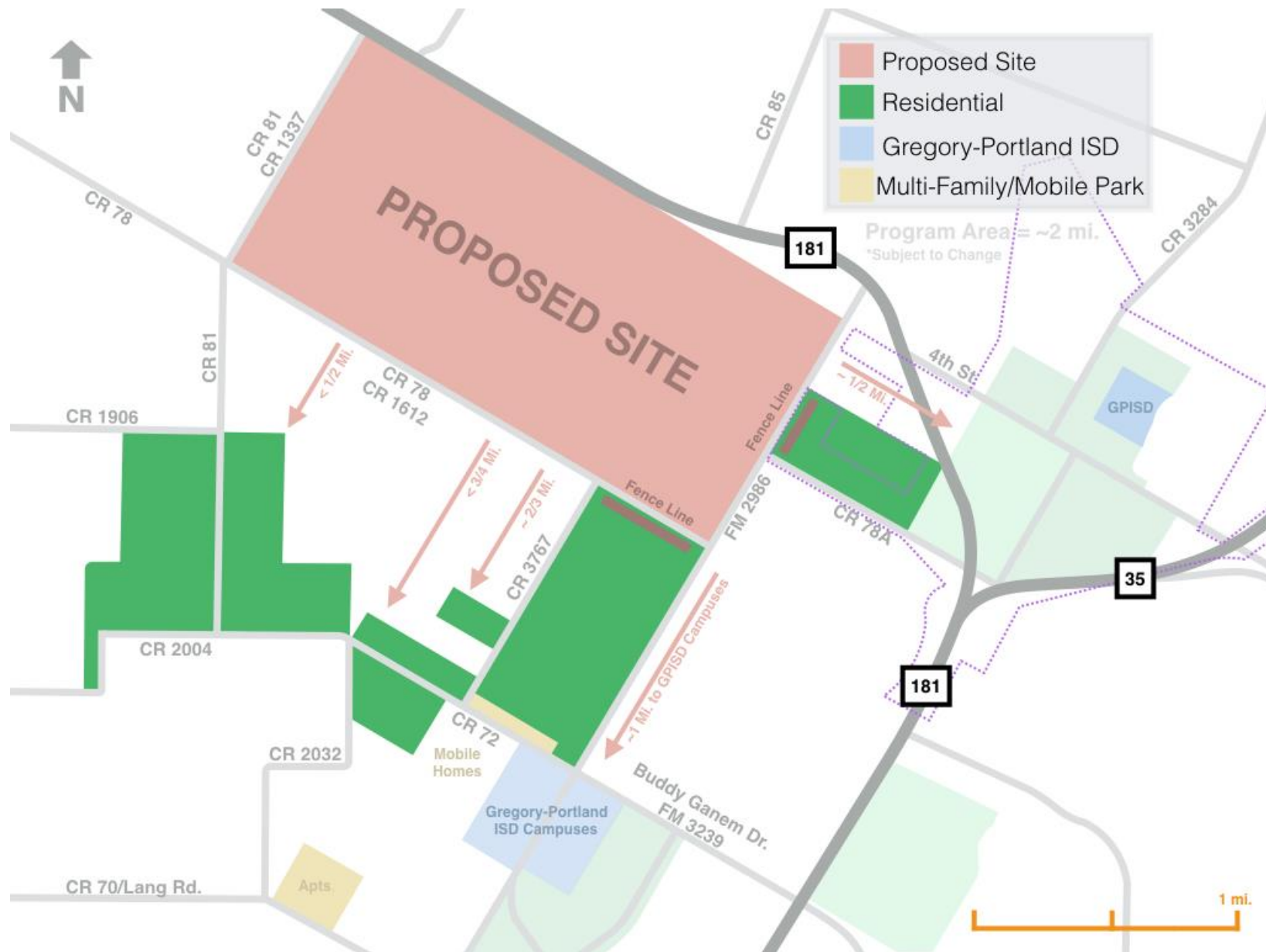


Project Area Map





Near Neighbors



Coastal Bend Industrial Investment Benchmarking Work

- Methodology

- Listed all major projects announced in the area since approximately 2008
- Focused on five projects:
 - Cheniere LNG (\$14B LNG export facility)
 - TPCO America (Tianjin Pipe Company - \$1B steel pipe manufacturing)
 - Voestalpine (\$750M steel processing plant)
 - M&G Chemicals (\$900M integrated PET/PTA production)
 - Las Brisas (Failed pet coke power generation)
- Gathered project data including ownership, description, capital investment, economic/job impact, permitting profile, incentives, etc
- Broke out detailed analysis on select projects regarding communications strategies, issues and obstacles, opposition profile if any and tone of the local media coverage

- Key Findings

1. *Heavy reliance on face-to-face engagement*
2. *Many established local presence early in project; strong use of company experts on as needed basis*
3. *Little paid advertising; Invested in community relations and philanthropy (both cash and sweat equity investments)*
4. *Corporate HQ visits for local leadership to develop relationships*
5. *Formal and informal resolution of issues during permitting*

Coastal Bend Issues Overview

- **Not in my backyard**
 - Aesthetic/nuisance concerns, blocking in residential areas - industry no longer limited to bay area and moving further inland; first project west of Hwy 181, concerns about decreased property values
- **Safety concerns**
 - Proximity to residents/schools (residents directly along property fence line; schools ~1 mi. from proposed site), plant safety/emergency response
- **“Enough is enough”**
 - Concentration of facilities around Gregory
- **Environmental issues**
 - Ozone attainment, environmental justice, health issues, pollution, security concerns
- **Reputational challenges**
 - Saudi foreign investment, CFIUS, Exxon climate change, Exxon legacy - Vista del Sol/upstream production in Kingsville
- **Water usage/resources**
- **Traffic/transportation**
 - Heavy haul route, construction traffic, feedstock source, pipeline strategy/plans
- **City issues**
 - Gregory drainage (potential permitting issue), budget/taxing issues, non-annexation
- **Economics**
 - Local hiring and use of local vendors, competitive siting/anti-incentive attitude
- **Housing demand**

Coastal Bend Issues Overview

Potential impact on project permitting/reputation	High		Environmental issues	NIMBY Safety concerns Economics
	Medium		“Enough is enough” Traffic/transportation City issues (drainage, budget)	
	Low	Housing demand	Reputational challenges Water usage/resources	
		Low	Medium	High
Likelihood of needing to address in next 12 months				

- Proactively manage, implement in 0-6 months
- Active attention and preparation; implement in 6-12 months
- Continuously monitor; develop plan for action
- Periodically assess; potential future work

San Patricio County Overview

Community Considerations	<ul style="list-style-type: none">- Likely supportive of the project- Near neighbors will require more targeted, direct communication due to their close proximity to the site.- Project will heighten community concerns over challenged public infrastructure- Some risk of legacy concerns over past XOM development efforts, therefore clarity of process and commitment will be critical
Environmental Considerations	<ul style="list-style-type: none">- Environmental groups do not have a strong presence in San Patricio County due to its location north of the Corpus Christi Bay.- Corpus Christi has consistent environmental activity, and those groups should be monitored to ensure efforts do not migrate to San Patricio.- Considerable opportunity to partner with conservation organizations- Targeted investment by outside ENGOs with anti-Exxon campaign could challenge project
Labor Considerations	<ul style="list-style-type: none">- Area has a strong local workforce supported by local technical schools and independent school districts (ISDs) with career and technology programs (CTE) geared to developing skilled workers to support local industry.- Industry attracts skilled workers from San Antonio, South Texas, and the Houston metroplex.- Current USW lock out at Sherwin Alumina creates potential project exposure

Coastal Bend 101 - Local Stakeholders

- Primary

- Corpus Christi Regional EDC leadership (lead on negotiating the deal with GCGV)
- City of Portland
- City of Gregory
- San Patricio County
- Port Corpus Christi
- San Patricio County EDC leadership

- Secondary

- City of Corpus Christi
- Nueces County

Communications Strategy

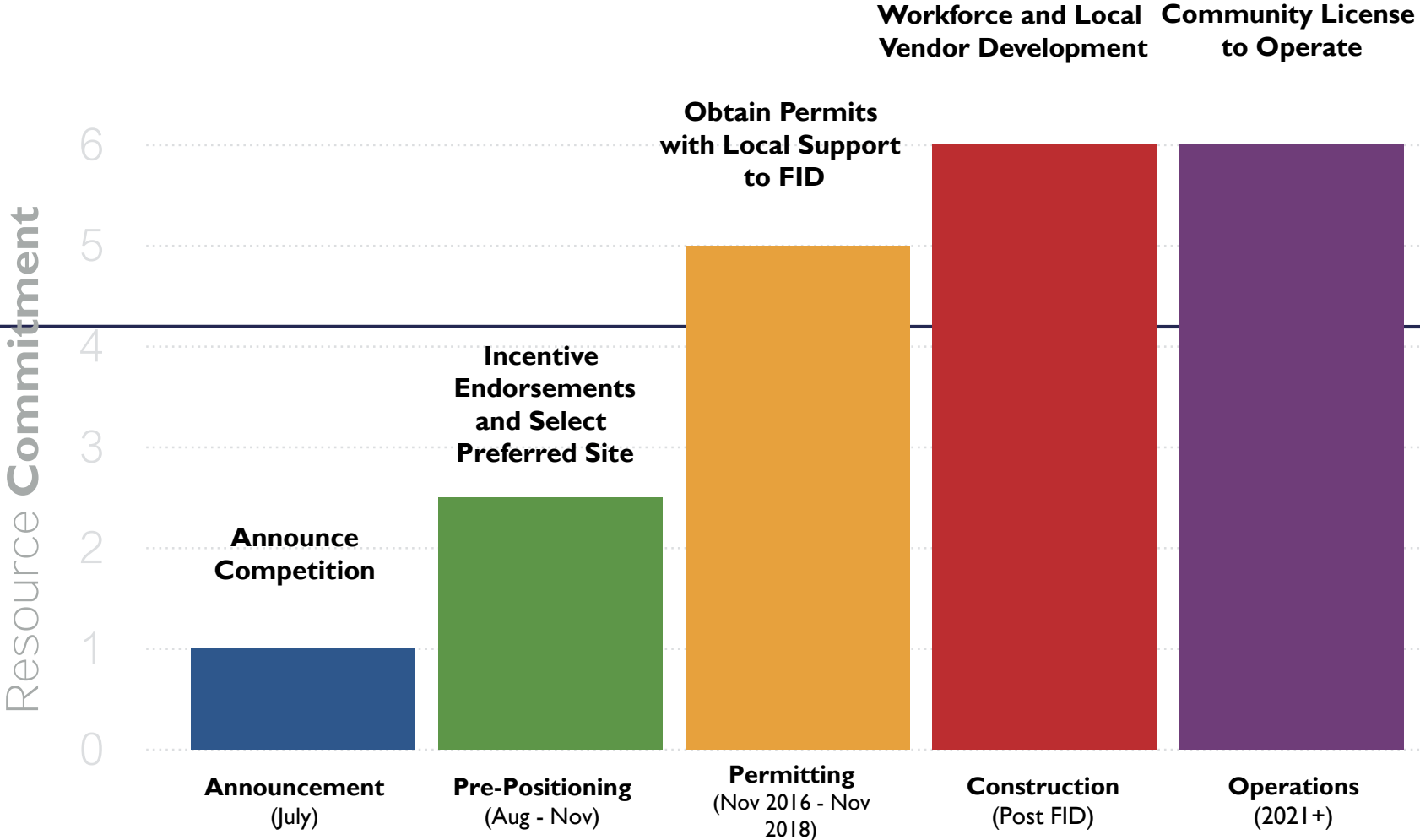
- Traditional approach
- Milestone-based engagement
- Level of engagement and level of project detail provided increases as project progresses

Milestone	Messaging theme
Announce competition	<ul style="list-style-type: none">- Studying potential ethane cracker project on U.S. Gulf Coast (LA or TX)- Positive economic benefits
Select preferred site	<ul style="list-style-type: none">- Project has selected site in [location] and will apply for permits
Permitting phase	<ul style="list-style-type: none">- More detail on economic benefits- More detail on safety/environment- More detail on outreach programs
FID/Construction	<ul style="list-style-type: none">- Partners have committed to building the project

Communications Strategy

- Open and honest communications will help build trust and credibility with the community
- Project must earn community license to operate
- Local engagement/technical meetings are an opportunity to communicate
- After study announcement, project representatives will be available to handle questions or concerns
- As project matures, project will have resources present on the ground

COMMUNITY ENGAGEMENT BASICS



GCGV Project Review

2015

3Q

EM Public Affairs lead requests HDA to support site selection for new project on Gulf Coast

HDA develops site profiles and public affairs considerations for Louisiana and Texas sites under consideration

4Q

Texas site assessments expanded to include San Patricio

Initial Yosemite team meeting (internal)

Develop communications engagement strategy and approach

Site assessment refinements

San Patricio site overview meeting (internal)

2016

1Q Comms Plan Workshops

Institute weekly call discipline for EM/SABIC

Tax Abatement Strategy

2Q Shareholder statement coordination

Website design and development

Site selection strategy

Messaging and materials

3Q Site "narrowing" announcement

Public meeting team training

Baseline poll conducted

Local tax abatement presentations

➤ Start up of new steel plant (August)

➤ First flyer opposing project - PCU (9/29)

Website launch (Sept)



A world-scale ethane cracker and derivatives project

An opportunity for local jobs and investment

CONTACT US READ MORE

Combining expertise to build a world-scale facility

ExxonMobil and SABIC are evaluating jointly building an ethane steam cracker along the U.S. Gulf Coast. The abundance of low cost U.S. natural gas provides a unique opportunity to build this multi-billion dollar facility. ExxonMobil and SABIC bring unmatched expertise to this project, having worked together in petrochemical ventures for more than 35 years.

Creating economic opportunities

If the project proceeds, it would create significant benefits for the state, generating thousands of jobs and stimulating positive economic growth.

Multi billion dollar capital investment

11,000 jobs during the 5-year construction phase

600+ new, permanent jobs

\$50+ billion in economic gains for the state during first 6 years

PROJECT TIMELINE MILESTONES

- Conduct Competitive Site Studies
- Select Project Location
- File Permit Applications
- Obtain Permit Approvals
- Make Final Investment Decision
- Begin Construction
- Project Startup

Producing beneficial, everyday products

Ethylene from the steam cracker would feed three derivative units. One jointly owned unit would produce mono ethylene glycol, which is used in latex paints, automotive coolants and anti freeze, or as a building block to create various forms of plastics. Additionally, ExxonMobil and SABIC would each operate separate polyethylene units, which would provide polyethylene for use in film, packaging, bottles and containers, and various sized pipes.

Meeting with small group of concerned citizens (10/3)

Confirm link of steel plant to citizen concerns

Local officials' meetings

➤ PCU launches FB campaign (11/15) (~2000 likes)

Baytown local officials tour (12/5)

GCGV presentation to Portland City Council (12/6)

Begin developing informational one-pagers based on community feedback (12/20)

➤ City of Portland "move it elsewhere" resolution (12/20)

San Antonio *ExpressNews* highlights resolution (12/23)

Corporate Comms interest in project piques (12/26)



2017

1Q "Preserve the Opportunity" comms plan reboot
GCGV launches social media FB campaign (22K+ Facebook likes)
Third party support and recruitment (Port Corpus Christi, Urban and Suburban Chambers, United for Growth)
Website content updates
Local engagement full court press (over 125 presentations to date, home meetings, small group, one-on-one)
Aggressive media management and paid media placement
Open local public affairs office with full time staffing
GPISD "open mike" meeting and rally (1/17)
Local supporters' resolutions of support (Government and business)
GCGV introduces Good Neighbor Initiative concept (2/14)
San Patricio County Commission favorable Tax Abatement Vote (3/20)
School District favorable Tax Abatement Vote (3/21)

2Q San Patricio site selection announcement (4/19)
Local Business Initiative (LBI) announcement (5/21)
Neighbor meetings on Price Protection (May/June)

3Q Local contractor (LBI) announced (8/30)
First phase hiring begins (Aug)
Hurricane Harvey relief efforts
Launch Price Protection Program (9/1)

4Q Hire Smart, Hire Local initiative
City of Gregory "comprehensive planning" initiative
Facilitate local engagement



2017 Year in Review

GCGV is thankful for our community's support.

Held more than **120** meetings with **local residents, elected officials and civic organizations**

Provided **2,000+** hours of **Hurricane Harvey cleanup** in partnership with Bay Ltd. and local government, removing a total of **2,400** tons of debris

Launched a **Residential Property Price Protection Program** for near neighbors of the proposed facility

Through our **Local Business Initiative**, developed a Pre-Screened Local Vendors List of more than **400** businesses who will receive priority consideration for project work

Created the **Hire Smart-Hire Local** program to ensure Coastal Bend residents have opportunities to work with the project

Held **4** Project **Construction Advisory Group** meetings to plan for traffic mitigation and other construction-related items

COMING UP:

Adding more **local residents & businesses** to our growing team
Project update briefings for local organizations

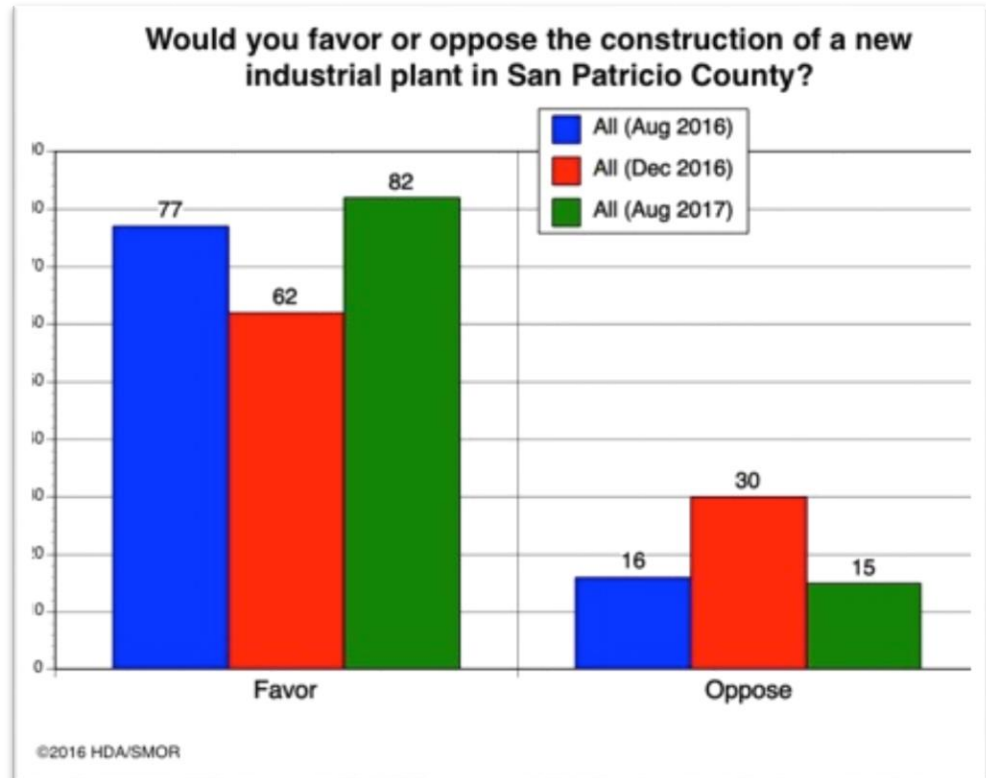
Completion of the **environmental permitting process**
 17 Del Mar College process technology students identified to **receive scholarships**

We look forward to continuing to work together in 2018!



2018 IQ-on

- Good Neighbor Program refinement and implementation
- Facilitate local engagement; increased PA staffing
- Focus on permitting outreach and public meetings
- Coordinate project announcements and milestones
- Enhanced Gregory "comprehensive planning" initiative
- Continued management of GCGV website and info line
- Facilitate EM/SABIC PAGA coordination
- Local technical school scholarship announcement



Lessons Learned

- Internal alignment is critical to project success
 - Managing internal communications is as important as managing external communications
- Community needs to feel informed EARLY and have access to information
- Don't solely rely on civic or political leaders to tell your story effectively
- Cultivate local project champions across all strata
- Face-to-face communication and engagement may be more important than media stories and social media chatter
 - Monitor, but don't overreact, to a single media story or Facebook post
- A seasoned, dedicated project executive is essential
- Listen before you take action
 - Understand community needs and expectations and incorporate into action plan
- Communicate with transparency and an eye on the future



© 2018 Harris, DeVille & Associates, Inc.
225.344.0381 • www.hdaissues.com