

Publication of the findings of the independent Herbert Smith Freehills LLP Review

Preface from Bell Pottinger

An independent review by the international law firm Herbert Smith Freehills LLP was commissioned by Bell Pottinger to examine the work done by the agency on its Oakbay account. That review has now completed.

The findings of the review are published in full below, as Bell Pottinger committed to do in its announcement of the 6th July.

Bell Pottinger does not believe that the actions taken in relation to this account are representative of the way it works in general. Nevertheless, Bell Pottinger is determined to learn lessons from this review, take appropriate action and instigate all necessary measures to ensure that the agency meets the highest ethical and industry standards which it has always endeavoured to uphold.

Bell Pottinger will:

1. Implement a more formal and robust engagement committee review of any new client work, or substantial work for an existing client, including the ability to monitor on-going matters by way of spot checks. This will allow Bell Pottinger to identify high risk clients and high risk mandates and ensure that they are monitored and managed more closely.
2. Put in place further training of employees and Partners on social media engagement. The company's training programme in general will be updated and completion of training will be linked to the formal appraisal process. Engagement of third parties or other suppliers to carry out social media work will also only occur with sign-off from senior management.
3. Redevelop and re-issue Bell Pottinger's corporate policies in a new employee handbook. A detailed corporate social media policy will also be developed to address rules of engagement for social media work for clients.
4. Develop an ethics committee to separate the consideration of engaging clients from the consideration of wider ethical questions. The committee would also look at how ethics impact upon all relevant stakeholders and develop an ethics training programme for all staff.
5. Engender a culture whereby junior employees at Bell Pottinger feel able to challenge work with which they feel uncomfortable. This would be separate to Bell Pottinger's existing whistleblowing policy and aim to encourage employees to come forward outside of that formal whistleblowing process.
6. Introduce other actions as necessary as the changes outlined above are introduced.

The Herbert Smith findings are published in full below.

FINDINGS

Introduction

1. Bell Pottinger LLP ("**BP**") has recently been the subject of public criticism, in particular in South Africa, as a result of work that it undertook in connection with its mandate for Oakbay Investments Pty Limited ("**Oakbay**") between January 2016 and April 2017. More specifically, BP has been accused of orchestrating a campaign in South Africa which, it is alleged, was divisive, offensive and stoked racial tensions.
2. Herbert Smith Freehills LLP ("**HSF**") has been asked to examine the work done by BP on the Oakbay account including whether any ethical principles have been breached by BP, its partners or staff. If conduct in breach of ethical principles did occur, we have been asked to identify the extent to which this conduct was confined to the individuals concerned or whether it was known about or approved of by the senior management within BP.

The Scope of our Review

3. In conducting our review we have considered over 45,000 documents and interviewed a significant number of witnesses. This review is largely comprised of confidential information relating to Oakbay which is subject to confidentiality obligations. Nevertheless, we understand that BP has committed to publishing the findings of our review and these are set out below. In light of BP's confidentiality obligations, these findings are necessarily high level but set out the broad substance of our conclusions based on our review.
4. Our findings are based solely on the documents and information that we have been able to obtain in the course of our review and are subject to that limitation. In addition whilst we spoke to a number of members of the account team one member who did attend a preliminary interview declined to attend a second more detailed interview with us.

The Mandate and Account Team

5. BP's work in relation to the Oakbay account included two principal work streams:
 - a. Corporate communications and reputation management; and
 - b. Promoting a narrative around the existence of "economic apartheid" and the need for more "economic emancipation" (the "economic emancipation campaign").
6. In the early months the majority of BP's work on the Oakbay account was spent in relation to the corporate communications work stream. However the BP account team, which had been undertaking the corporate communications work, spent increasing amounts of time on the economic emancipation campaign from around September 2016.

The Economic Emancipation Campaign

7. A key part of the economic emancipation campaign was a social media and press campaign which included one blog and one associated Twitter account. Neither the blog nor the Twitter account appear to have had a large following. The Twitter account peaked at around 1,000 followers. We have not seen any evidence to suggest that, as has been alleged, the BP account team used or instructed others to use so-called Twitterbots in the promotion of the economic emancipation campaign.
8. The BP account team was primarily responsible for devising the strategy behind the economic emancipation campaign and for creating and commissioning content for the social media and press

aspects of that campaign. Certain material that we have seen that was created for the campaign was negative or targeted towards wealthy white South African individuals or corporates and/or was potentially racially divisive and/or potentially offensive and was created in breach of relevant ethical principles.

9. We understand that it has been alleged by various sources that the BP team invented the term "white monopoly capital". Whilst that phrase was, on occasion, used by the BP account team as part of the economic emancipation campaign we have seen no evidence to suggest that the term was one that BP invented. Indeed, we have seen references in publically available material that suggest that the term had already been in use for some time by the time that the BP account team commenced its work on the Oakbay mandate.
10. In addition, we have seen evidence that the BP account team used other tactics in relation to the economic emancipation campaign which arguably breached the relevant ethical principles, including taking steps which might mislead or undermine journalists who were asking questions in relation to the campaign.

The Role of Senior Management

11. It was recognised by members of BP's senior management at the outset that BP's client was controversial in South Africa and that the economic emancipation campaign was sensitive and related in part to the issue of race. While we do not consider that it was a breach of relevant ethical principles to agree to undertake the economic emancipation campaign mandate per se, members of BP's senior management should have known that the campaign was at risk of causing offence, including on grounds of race. In such circumstances BP ought to have exercised extreme care and should have closely scrutinised the creation of content for the campaign. This does not appear to have happened.
12. Furthermore, members of senior management should have taken care to ensure that the BP account team was structured appropriately for such a sensitive mandate. It appears to have been broadly accepted that the economic emancipation campaign work stream required a team with significant geopolitical expertise and yet the bulk of the work was undertaken by a team specialist in corporate communications and reputation management, rather than the geopolitical environment.
13. We have not seen evidence that members of BP's senior management knew about the detail of the work being done on the economic emancipation campaign or saw or knew about the potentially offensive content that was being created or other tactics being employed at that time.
14. Further, there are certain instances where members of senior management were provided with information or confirmations by the account team in relation to the work being done which were inaccurate and misleading. However, there were a series of opportunities for certain members of senior management to discover these matters which were missed. In addition, members of senior management with day-to-day supervisory responsibility failed to put in place policies and procedures to minimise the risks associated with this account, including any formal process for the ongoing monitoring of the account and the work being done.