

TENCENT HOLDINGS LIMITED

● Internet and Mobile

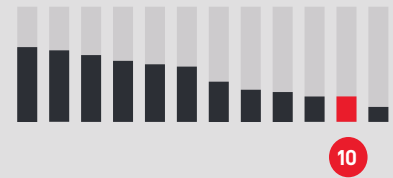
Key Findings:

- Tencent lacked sufficient disclosure of commitments and policies affecting users' freedom of expression and privacy.
- Tencent disclosed more about its policies related to privacy than Baidu, the other Chinese internet company evaluated.
- Chinese law makes it unrealistic to expect companies to disclose most information about government requests, but Tencent could disclose information about its handling of private requests to restrict content or accounts, and private requests for user information.

OVERALL SCORE

22%

INTERNET AND MOBILE RANK



SERVICES EVALUATED

- **Qzone** [Social network]
- **QQ** [Instant messaging]
- **WeChat** [Messaging & VoIP]

ANALYSIS

Tencent ranked 10th out of the 12 internet and mobile companies evaluated and 14th in the Index overall.¹ The 2016 *Freedom on the Net* report by Freedom House rated China's internet environment as "Not Free," with China scoring the lowest of all countries reviewed.² While gaps in Tencent's commitments and disclosures can be blamed on China's legal and regulatory environment, there are still areas in which Tencent could improve without regulatory change. Tencent offered different versions of many key documents, including terms of service and privacy policies, for mainland Chinese users and all other users outside of China. Documents offered in English and traditional Chinese characters (used in Hong Kong and Taiwan) contained different substantive content and commitments in some areas, generally with more detail and better disclosure. While all versions were reviewed, only the documents in simplified Chinese (for mainland Chinese users) counted towards the company's Index score.³

About Tencent Holdings Limited

Tencent Holdings Limited provides a broad range of internet and mobile value-added services, online advertising services, and ecommerce transactions services to users in China, the United States, Europe, and elsewhere around the world. It is one of the world's largest internet companies.

Market Cap: USD 246,184 million⁴

SEHK: 700

Domicile: China

Website: www.tencent.com

¹ For Tencent's performance in the 2015 Index, see: <https://rankingdigitalrights.org/index2015/companies/tencent>.

² "Freedom on the Net" (Freedom House, November 2016), <https://freedomhouse.org/report/freedom-net/2016/china>.

³ For our comparative analysis of Baidu and Tencent, see: <https://rankingdigitalrights.org/index2017/findings/china>.

⁴ S&P Capital IQ, Accessed February 13, 2017.



GOVERNANCE 9%

Tencent ranked 17th out of the 22 companies in the Governance category, ahead of Baidu. The company received some credit for committing to protect users' privacy but it made no such commitment to protect users' freedom of expression (G1). To the contrary, its terms of service for mainland Chinese users stated that users' accounts may be terminated for "implicating Tencent in political and public

events."⁵ The company did provide some information about a general complaints mechanism for users that applied to all services, with WeChat providing somewhat more detail. While Tencent scored below average on this indicator (G6), it nonetheless tied with Google and scored above several companies whose overall Index scores were much higher.



FREEDOM OF EXPRESSION 14%

Tencent ranked 11th of the 12 internet and mobile companies in the Freedom of Expression category, just ahead of Baidu.

Content and account restrictions: Tencent disclosed less than most internet and mobile companies on these indicators (F3, F4, F8), but more than Apple and Baidu. The company offered above-average disclosure of what types of content or activities are prohibited (F3). Notably, this indicator rewards companies for the clarity of their rules, rather than for respecting users' freedom of expression rights *per se*. The company failed to disclose the volume and nature of content or accounts restricted in enforcing these rules (F4), though all companies performed poorly on this indicator. It also failed to disclose a consistent policy to notify users when the company restricts content or accounts (F8).

Content and account restriction requests: Tencent disclosed little about how it handles requests from governments and private parties to restrict content or user accounts, although it scored better on these indicators than Baidu and Samsung (F5-F7). It did not disclose any data about government or private requests for content or account restrictions it receives, or its compliance with these requests (F6, F7).

Identity policy: The company disclosed that it may, depending on applicable laws, require users to verify their identity with a government-issued ID for all services. Network service providers offering internet access or information related services in China are legally required to do so (F11).⁶



PRIVACY 31%

Tencent received the fourth-lowest score among internet and mobile companies evaluated in the Privacy category, ahead of Samsung, Mail.Ru, and Baidu.

Handling of user information: Tencent performed below the internet and mobile company average on this set of indicators (P3-P9). However, it provided strong disclosure of what user information it collects, on par with Facebook, Twitter, Yahoo, and Yandex (P3). But it did not fully disclose the reasons it shares the information it collects (P5), and disclosed nothing about how long it retains user information (P6). The law requires retention for 60 days but does not forbid disclosure of that fact.

Requests for user information: Tencent disclosed almost nothing about how it handles government and private requests for user information, earning equally low scores on these indicators as Baidu (P10-P12). While Chinese law makes it unrealistic to expect companies to disclose most information about government requests, Tencent should be able to reveal if and when it shares user information with private parties and under what circumstances.

Security: Tencent disclosed little about its security policies, scoring better than only Baidu on these indicators (P13-P18). However, the company tied with Twitter, Facebook, and Yandex for the highest score for its disclosure on how it addresses security vulnerabilities (P14).

⁵ "Tencent User Service Agreement," QQ.com, accessed February 21, 2017, <http://www.qq.com/contract.shtml>.

⁶ "National People's Congress Standing Committee Decision Concerning Strengthening Network Information Protection," China Copyright and Media, December 28, 2012, <https://chinacopyrightandmedia.wordpress.com/2012/12/28/national-peoples-congress-standing-committee-decision-concerning-strengthening-network-information-protection/>.