Internet and mobile ecosystem companies

Kakao Corp.

Services evaluated:

- **Daum Search [Search engine]**
- **Daum Mail [Email]**
- **KakaoTalk [Messaging & VoIP]**

Rank	Score	Difference
6	50%	^ 1.52

Rank among 12 internet and mobile ecosystem companies

Key findings

- Kakao failed to publish a strong commitment to respect users' freedom of expression and privacy rights, but disclosed more about its policies affecting freedom of expression than many of its peers.
- Kakao disclosed more than many of its peers about how it handles government requests to restrict content or accounts or hand over user information, but did not disclose information or data about government requests received from outside of South Korea.
- While Kakao improved its disclosure of how it handles data breaches, it disclosed little information about its handling of security vulnerabilities.

Key recommendations

- **Improve human rights policy commitment:** Kakao should commit to respect users' freedom of expression and privacy in accordance with international human rights standards.
- **Improve transparency around content and account restrictions:** Kakao should publish data on content and accounts it restricted to enforce its rules, and commit to notify users of these types of restrictions.
- **Be more transparent about handling of user information:** Kakao should improve its disclosure of whether and how it collects data by tracking users across the internet.

Analysis

Kakao ranked sixth out of the 12 internet and mobile ecosystem companies evaluated.[1] With an overall score of 50 percent, the company failed to disclose sufficient information about policies and practices affecting freedom of expression and privacy—although it was more transparent than its South Korean peer, Samsung. Kakao improved its disclosure of how it responds to data breaches but did not make any other improvements resulting in score changes in this year's Index.[2] South Korean law, such as requirements for grievance mechanisms and transparency around the collection and sharing of user information, helped boost the company's performance.[3] However, the company still fell short in key areas: for instance, it did not publish any data about content or accounts restricted to enforce its rules or a commitment to notify users of such restrictions, although there are no legal barriers preventing Kakao from disclosing such information.

Kakao Corp. provides online communication and search services in South Korea and internationally, with products that include web-based mail and messaging, a search engine, and maps and location services.

Market cap: USD 8.8 billion[4]
KOSDAQ: A035720
Domicile: South Korea
Website: https://www.kakaocorp.com

Governance 33%

Kakao received the sixth-highest score in the Governance category, slightly outperforming its South Korean peer, Samsung. The company made a commitment to protect users' privacy, although its commitment fell short of explicitly referring to international human rights standards, and it made no similar commitment with regards to freedom of expression (G1). It disclosed executive- and management-level oversight over privacy issues (G2) and that it trains employees on such issues (G3). While Kakao disclosed some information about assessing privacy impacts, it disclosed little else regarding its implementation of human rights impact assessments (G4), and, like most companies, disclosed no information on whether it assesses freedom of expression and privacy risks associated with its use of automated decision-making and its targeted advertising practices and policies. On a positive note, Kakao disclosed more about its grievance and remedy processes than any other internet and mobile ecosystem company evaluated (G6).[5] Companies are required by law to offer users an avenue for lodging grievances.[6]

Freedom of Expression 53%

Kakao disclosed more information about its policies affecting users' freedom of expression than Apple and Facebook, but there was ample room for improvement. Kakao published terms of service that were easy to locate and relatively easy to understand (F1) but did not clarify how it directly notifies users of changes (F2). Kakao revealed more about its policies for restricting content and accounts than many of its peers. It disclosed the types of content and activities it does not allow on its services (F3) and disclosed some information about its policy of notifying users of such restrictions (F8). However, like most companies, Kakao disclosed no data about the volume or types of service violations (F4).

Kakao disclosed more than Microsoft, Apple, and Facebook about its handling of government and private requests to remove content or restrict accounts (F5-F7). Kakao was more transparent about its process for responding to private requests than government requests (F5). Notably, the company did not provide data about government requests to restrict content or accounts from outside of South Korea (F6). It disclosed more data about private requests it received to block content or restrict user accounts (F7) than many of its peers, including Apple and Google.

Privacy 54%

Kakao disclosed substantially more than its South Korean peer Samsung about policies affecting users' privacy and security, but disclosed less than all of the U.S.-based internet and mobile ecosystem companies. Kakao's privacy policies were easy to find and understand, and disclosed a commitment to notify users of changes to these policies, though it was not always clear how users would be notified (P1, P2). Kakao clearly disclosed what types of user information it collects (P3) and disclosed the most about what user information it shares and with whom (P4). However, it was less transparent about its purposes for collecting and sharing user information (P5), and failed to disclose a time frame for deleting information when users terminate their accounts (P6). It provided users with some options to control the company's collection of their information and the right to opt out of targeted advertising (P7). It disclosed nothing about whether or how it tracks users across the internet (P9).

Kakao disclosed less about how it handles government and private requests for user information than all U.S. internet and mobile ecosystem companies evaluated, but more than the rest of its peers (P10, P11). It provided no information about whether it notifies users of government or private requests for user information (P12). Kakao offered more disclosure than Facebook and its South Korean counterpart Samsung about its security policies (P13-P18). It was the only company to fully disclose the internal measures it takes to secure users' information, including conducting security audits and limiting and monitoring employee access to user data (P13). It improved its transparency about how it addresses data breaches (P15). However, it provided insufficient information about measures taken to address security vulnerabilities (P14) and its encryption practices across different services (P16).

Footnotes

[1] The research period for the 2019 Index ran from January 13, 2018 to February 8, 2019. Policies that came into effect after February 8, 2019 were not evaluated in this Index.

[2] For Kakao's performance in the 2018 Index, see: rankingdigitalrights.org/index2018/companies/kakao.

[3] 'Act on Promotion of Information and Communications Network Utilization and Information Protection (ICNA)', 22 March 2016; 'Telecommunications Business Act', 19 May 2011.

[4] Bloomberg Markets, Accessed April 18, 2019, https://www.bloomberg.com/quote/035720:KS

[5] South Korean law requires companies to offer a grievance mechanism. See: 'Act on Promotion of Information and Communications Network Utilization and Information Protection (ICNA)', 22 March 2016; 'Telecommunications Business Act', 19 May 2011.

[6] 'Act on Promotion of Information and Communications Network Utilization and Information Protection (ICNA)', 22 March 2016; 'Telecommunications Business Act', 19 May 2011.