

Kakao Corp.

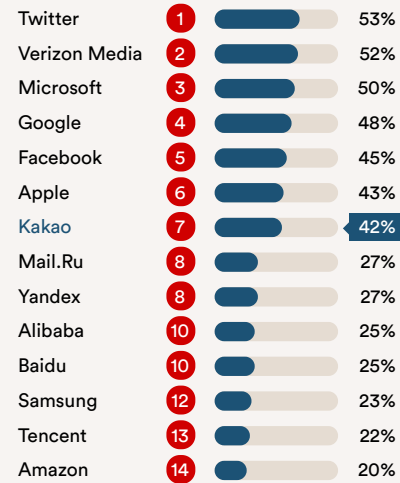
Rank:

7th

Score:

42%

Headquartered in South Korea, Kakao provides online search, social networking, video streaming, games, and e-commerce. With **46 million** monthly active users, its flagship chat service, KakaoTalk, dominates the messaging service market in South Korea.



Kakao ranked seventh among 14 digital platforms, but earned the highest score of all non-U.S. platforms in the RDR Index. South Korea's parliament passed [three data bills^{\[1\]}](#) in January 2020 that relax restrictions on the use of personal data. Civil society groups **reacted** with **concern**, arguing that the measures give companies easy access to users' data, without their consent. In 2020, Kakao had relatively clear policies on how it collects and shares user information, but it gave users limited control over their own information. Still, Kakao stood out in a number of areas next to its U.S. peers: it was more transparent about policies affecting users' freedom of expression than Facebook and Apple. It also disclosed more about its process of handling private requests to restrict content or accounts than any other company we evaluated.

Key takeaways

- Kakao disclosed more about policies affecting freedom of expression than Apple, Facebook, and its South Korean peer, Samsung.
- Kakao disclosed more about its processes for handling government censorship demands than many U.S. platforms, including Apple. It also disclosed the most of any digital platform about its processes for handling private requests to restrict content and accounts.
- Kakao was not transparent about its development and use of algorithmic systems.

Key recommendations

- Improve human rights due diligence. Kakao should conduct human rights risk assessments on more aspects of its services rather than limiting them to certain privacy risks.
- Improve transparency about the deployment of algorithmic systems. Kakao should adopt a human rights-centered policy to guide its development and deployment of algorithms, and it should publish operational-level policies outlining how it uses algorithmic systems across its services, including in areas such as policy enforcement and appeals.
- Improve transparency about policy enforcement. Kakao should provide more information about its processes for enforcing its policies, improve the enforcement data it already publishes, and begin publishing data on the enforcement of its ad policies.

Services evaluated:



Daum Search



Daum Mail



KakaoTalk

The 2020 RDR Index covers policies that were active between February 8, 2019 and September 15, 2020. Policies that came into effect after September 15, 2020 were not evaluated for this Index.

Scores reflect the average score across the services we evaluated, with each service weighted equally.

Lead researchers: Jie Zhang, Afef Abrougui

Market cap: \$36 billion (as of February 4, 2021)

KRX: 0035720

Website:

<https://www.kakaocorp.com>

Changes since 2019

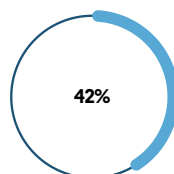


+ 5.34 points

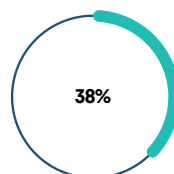
- Kakao made a commitment to respect freedom of expression and privacy as human rights.
- Kakao provided more information about its internal processes for handling third-party demands to censor content and accounts and to hand over user information. It also committed to push back on overbroad demands.
- KakaoTalk disclosed a two-step account verification policy but removed a statement ensuring that it encrypts the transmission of user communication by default.

Gained 5.34 points on comparable indicators since the 2019 RDR Index.

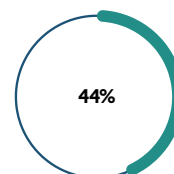
Governance



Freedom of Expression



Privacy



We rank companies on their governance, and on their policies and practices affecting freedom of expression and privacy.

Governance 42%

Despite publishing commitments to respect users' privacy and freedom of expression, Kakao fell short to disclose its internal process for implementing those commitments.

- **Commitment to human rights:** Kakao made commitments to respect users' freedom of expression and privacy. It published an ethical framework rather than a human rights framework to describe its commitments on developing and using algorithmic systems (G1).
- **Human rights due diligence:** Kakao conducted privacy impact assessments on existing products and services and on new activities but failed to clarify whether it evaluated the risks and impacts of laws and regulations in jurisdictions in which it operates (G4a). It also failed to publish any information about human rights impact assessments on its policy enforcement, targeted advertising practices, use of algorithmic systems, or zero rating. Kakao engages in zero rating through a partnership between its subsidiary for transportation services and South Korean telco LG Uplus (G4b, G4, G4d, G4e).
- **Stakeholder engagement:** Kakao maintained membership with the Korean Internet Self-Governance Organization (KISO), which includes civil society members (G5). It did not join any multi-stakeholder initiative centered on human rights.
- **Remedy:** Kakao enabled users to file complaints about privacy and freedom of expression and information and disclosed more about this process than any other digital platform we evaluated (G6a). Companies in South Korea are by law required to provide a remedy mechanism^[2]. KakaoTalk, Kakao's chat app, did not publish adequate information about how users can appeal content moderation decisions (G6b).

Freedom of Expression 38%

Kakao was more transparent about policies affecting users' freedom of expression than Facebook and Apple but still failed to provide information in some key areas, including on algorithmic systems.

- **Content moderation:** Kakao provided less information about how it enforces its terms of service through content or account restrictions than most of its digital platform peers, except Amazon (F3a). At the same time, Kakao published more comprehensive data about content and account restrictions in its transparency reports than any other digital platform except Twitter, and it made the data available for download (F4a, F4b).
- **Algorithmic use and content curation:** Kakao failed to publish operational policies that govern the use or development of its algorithmic systems (F1d, P1b). The company disclosed nothing about how it uses algorithms for content curation or recommendations in Daum Search, its search engine (F12). On the positive side, Kakao's terms of service for developers offered rules to regulate the use of bots on its platform (F13).
- **Advertising content and targeting:** Kakao revealed little about how it regulated its advertisements. Its ad content policies only listed what types of ad content is prohibited, but failed to further explain how the company enforces its policies (F3b). Kakao stated that it does not allow advertisers to target children under 14, but offered no other information about types of ad targeting that it might prohibit (F3c). It also published no data on the number of ads it restricted (F4c).
- **Censorship demands:** Kakao disclosed more about its process of handling private requests to restrict content or accounts than any other company we evaluated (F5b). It also increased its transparency about how it responds to demands from governments seeking to censor content or restrict accounts (F5a). In addition, Kakao made the data for those requests available for download (F6, F7).

Privacy 44%

Kakao stood out for strong security policies but disclosed insufficient information about how users can access and control their own information.

- **Handling of user data:** Kakao clearly disclosed policies on how it collects and shares user information (P3a, P4), but offered little detail on its purpose for collecting and sharing this information (P5). It provided more information than any other digital platform about what types of user information it shares (P4), but disclosed nothing about what user information it inferred (P3b) or how it collected information from third parties (P9). In addition, Kakao did not share whether or how it de-identified user information (P6). Although it gave users some control over their information, allowing them to block targeted advertising (P7) and to obtain some of the data the company held about them (P8), users' overall access to and control over their own information was limited.
- **Government and private demands for user data:** Kakao's privacy transparency report described how the company handled government demands for user information, and gave some information about when it would not notify users of these demands (P10a, P11a, P12). Yet, like most companies, Kakao mentioned nothing about how it handles responding to private requests (P10b, P11b).
- **Security:** Though it trailed Apple, Microsoft, and Baidu, Kakao disclosed more about its security policies than most digital platforms. The company disclosed information about its internal data security protocols (P13) and outlined ways users can keep their accounts secure (P17). Kakao lacked transparency about its security vulnerability reporting system (P14) and how it addresses data breaches (P15).
- **Encryption:** Kakao's transparency about its encryption protocols deteriorated, as KakaoTalk removed a statement ensuring that it encrypts the transmission of users' communication (P16).

Footnotes

[1] The bills revised Personal Information Protection Act, the Information and Communications Network Act, and the Protection of Credit Information Act. They all came into effect on August 5, 2020.

[2] Act on Promotion of Information and Communications Network Utilization and Information Protection (ICNA), June 9, 2020, partially amended, www.law.go.kr/법령/정보통신망이용촉진및정보보호등에관한법률; and Telecommunications Business Act, December 24, 2018, partially amended,

www.law.go.kr/%EB%B2%95%EB%A0%B9/%EC%A0%84%EA%B8%B0%ED%86%B5%EC%8B%A0%EC%82%AC%EC%97%85%EB%B2%95