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## **Network Advertising Initiative Releases Compliance Results for Leading Third-Party Digital Ad Tech Companies**

*Report Details NAI Member Companies' Compliance with NAI Code as well as Resolution of Issues Concerning Data Collection, Use and Consumer Privacy by NAI Member Companies*

**WASHINGTON, DC – August 16, 2017 – [The Network Advertising Initiative](#)** (NAI) today released its 2016 Annual Compliance Report, a review of members' adherence to the NAI Code of Conduct (Code) and NAI Mobile Application Code (App Code). The report shows that, while NAI staff found that some member companies had various non-material violations of the Code, these members actively worked with NAI staff during the course of the year to ensure that these issues were resolved quickly. Ultimately, the NAI's compliance reviews indicate that all 108 members meet their obligations under the provisions of the Code.

The report is based on findings from the 2016 compliance period in which 89 member companies, all leading third-party digital advertising companies, were audited during the year by NAI staff for compliance with the Codes. The remaining member companies underwent an equally stringent review as part of their membership application process in 2016.

"NAI sets high standards for its members for Internet-Based Advertising (IBA), Cross-App Advertising (CAA), and related business models, and our robust compliance program is meant to ensure that our member companies comply with the Codes," said Anthony Matyjaszewski, NAI Vice President, Compliance and Membership.

NAI staff found a variety of non-material violations of the Code as a result of the organization's robust monitoring program. These violations included malfunctioning privacy links and privacy disclosures that may not have provided adequate information regarding data collection and use in mobile applications.

"NAI staff, as well as attorneys and engineers from our member companies, devoted hundreds of hours to reviews, monitoring, and interviews," explained Matyjaszewski. "NAI's compliance staff worked with each member company throughout the year to monitor and ensure compliance. Such active monitoring enables the NAI and its member to preemptively spot potential problems and to resolve issues promptly, before they turn into larger complications affecting greater numbers of consumers."

In 2016 NAI greatly expanded the scope of its compliance reviews by including its members' data collection and use not only on desktop and laptop computers, but also on mobile devices. This is the first year that the NAI regulated Cross-App Advertising through enforcement of its App Code. The NAI found that all member companies provided an Opt-Out mechanism for CAA, but that some of these mechanisms needed more comprehensive opt-out instructions. In turn, NAI worked closely with member companies to suggest needed improvements. In cases where members did not initially provide consumers with adequately clear disclosures required by the App Code, NAI took additional steps to educate members regarding required and suggested disclosures pertaining to advertising identifiers on mobile devices, as well as the choice mechanisms available on mobile platforms and location data. These efforts resulted in considerable improvement in mobile-specific disclosures throughout the year.

“The compliance process is the most important program undertaken by the NAI,” said NAI President Leigh Freund. “The NAI sets high standards for self-regulation, but these would be meaningless without an insistence on accountability. The NAI’s compliance program is a time-consuming and expensive undertaking for its member companies, and it shows their commitment to consumer privacy and industry best practices.”

“The NAI retains the option to sanction members if Code violations are found to be material. However, the companies that join the NAI take their obligations to comply with our Code very seriously. As a result, ongoing dialogue and communication with our members leads to issues being resolved quickly to the benefit of the consumer, which increases the overall health of the ecosystem,” said Freund.

The report also provided an update on the NAI’s achievements over the course of the year:

- **Further enhance its education materials to more effectively inform consumers about new technologies and data collection across mobile applications.** The NAI expanded its consumer education materials throughout 2016, with a focus on non-cookie technologies and mobile advertising. In May 2016, the NAI launched detailed instructions on the use of privacy-related platform controls available on the vast majority of mobile devices.
- **Work on synthesizing the Code and App Code into one document.** NAI staff and its Board of Directors worked to combine the Code and App Code throughout the year and plan to publish these updated Codes as one document before the end of 2017.
- **Explore the potential for guidance regarding cross-device linking for digital advertising purposes.** NAI’s staff and Board continued work on cross-device linking policy throughout 2016, leading to the 2017 publication of the *Guidance for NAI Members: Cross-Device Linking*.
- **Launch a revised NAI opt-out tool, enabling consumers to view status and exercise choice even in the presence of non-cookie technologies used for IBA.** NAI developed its revamped opt-out tool, focusing on enhanced functionality and

transparency in situations involving third-party cookie blocking and the uses of non-cookie technologies. NAI staff on-boarded member companies onto the tool and also worked with the Digital Advertising Alliance (DAA) to make the tool available to users of the DAA's AboutAds.info site. The new opt-out tool launched in early 2017.

- **Enhance the role of technical monitoring in mobile and non-cookie spaces.** The NAI continued the development of its technical monitoring tools in an ongoing effort to increase efficiency and keep up with evolving technologies. Some of these efforts were focused on automating processes on mobile devices and monitoring the various types of data points accessed or requested by NAI members in mobile applications. The resulting insights enabled NAI staff to probe deeper into members' mobile data collection practices and to request more detailed responses to the compliance questionnaire in 2016.

The NAI leverages the findings of the Annual Compliance Report to further strengthen its self-regulatory program. This year, the NAI is conducting advance work with its members and industry stakeholders to examine terminology, including the continuing relevance of the Non-Personal Identifiable Information (non-PII) and Personal Identifiable Information (PII) distinction. The NAI is also continuing to develop, expand, and improve its suite of technical monitoring tools while examining internet-connected televisions and the role of self-regulation in this space.

“I congratulate Anthony Matyjaszewski and the rest of the NAI staff for this comprehensive report,” said NAI President and CEO Leigh Freund. “I am extremely proud of our staff, whose incredible knowledge base will be even more critical in 2017 as members begin to look into new technologies that are increasingly intricate and varied. The NAI is a model for effective self-regulation because our standards are measurable, disciplined, rigorous, and backed by a serious commitment to enforcement and accountability. As a result, the NAI self-regulatory program fosters innovation and encourages creative problem-solving. I look forward to continuing to work with NAI members in the coming year to ensure that our self-regulatory program remains strong to the benefit of consumers and the online advertising eco-system alike.”

To download the 2016 Annual Compliance Report, visit: [www.networkadvertising.org](http://www.networkadvertising.org).

### **About the NAI**

*Founded in 2000, the not-for-profit Network Advertising Initiative (NAI) is the leading non-profit self-regulatory association comprised exclusively of third-party digital advertising companies and dedicated to responsible data collection and its use. Almost every Internet ad served in the United States involves the technology of one or more of the NAI's 108 member companies, who provide the infrastructure for the Interest-Based Advertising that enables a thriving and diverse market of ad-supported free content and services. The NAI's role is to help promote consumer privacy and trust in this market by creating and enforcing high standards for responsible data collection and use practices online and in mobile environments among its members. Additional information can be found at [www.networkadvertising.org](http://www.networkadvertising.org).*