

2013 ANNUAL COMPLIANCE REPORT

A LETTER FROM NAI PRESIDENT AND CEO

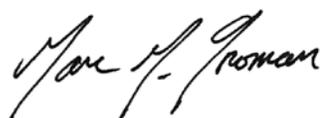
Privacy issues were center stage in 2013, like no other year in recent memory. The National Security Agency, data brokers, data breaches, mobile apps, cookies, and Do Not Track all repeatedly made headlines. Dictionary.com selected “privacy” as the word of the year and some wondered whether privacy exists at all in today’s increasingly interconnected digital world.

At the same time, Network Advertising Initiative members and NAI’s compliance team invested enormous resources working to ensure that consumer choices are honored and data privacy is respected. NAI’s Self-Regulatory Code of Conduct sets high standards for Interest-Based Advertising and related business models applicable to our third-party advertising members—standards that embody the Fair Information Practice Principles of notice, choice, transparency, use limitations, data security, access, and accountability.

It’s that last principle—accountability— that is at the heart of the NAI program and the focus of this report. Our high standards are backed by rigorous compliance and robust enforcement. Over a nine-month period, our compliance team proactively reviewed the business models and privacy practices of NAI member companies, a mandatory requirement for every NAI member company every year. The team analyzed data collection and use practices, opt-out mechanisms, disclosures in privacy policies, representations in marketing materials, retention schedules, and information from members about contract terms, and other practices. Our staff and members invested thousands of hours in this process. No other self-regulatory body in the advertising ecosystem has such a comprehensive compliance program, and as the CEO of the NAI, I’m proud of that.

I’m even more proud of the results. As discussed in this report, our reviews found that members continue to take their compliance obligations seriously and overwhelmingly adhere to the NAI Code of Conduct. Even in the face of increasing uncertainty in the marketplace and new competitive challenges, NAI members met their obligations and demonstrated their commitment to consumer privacy and industry best practices.

No doubt privacy will remain a top issue in 2014. The NAI and its members will embrace the challenges ahead and maintain our high standards, tackling emerging issues such as mobile advertising, new tracking technologies, and cross-platform marketing. I am proud that members take privacy seriously. I am also confident that when you read this compliance report, you will be impressed with our program and share my optimism.



Marc Groman
President and Chief Executive Officer, NAI

EXECUTIVE SUMMARY

The not-for-profit Network Advertising Initiative (NAI) is the leading self-regulatory trade association governing “third parties” engaged in digital advertising and related activities. The NAI Self-Regulatory Principles were first adopted in 2000. At the time, in its Report on Online Profiling, the Federal Trade Commission “unanimously applaud[ed]” the NAI for developing these groundbreaking self-regulatory principles.

Overall, the Code's goal is to incentivize privacy by design and responsible data collection and use practices.

The NAI updated the Self-Regulatory Principles, also referred to as the Code of Conduct (Code), in 2008 and again in 2013. The foundation of the Code has always been the Fair Information Practice Principles (FIPPs). The Code applies FIPPs to Interest-Based Advertising (IBA) and Ad Delivery and Reporting activities of member companies in the United States.

Overall, the Code's goal is to incentivize privacy by design and responsible data collection and use practices by NAI members. For example, under the Code, members must set and publicly post a retention schedule for the data collected and used for IBA (and related activities). In addition, the restrictions around the merger of Personally Identifiable Information (PII) with previously collected non-PII for IBA purposes often lead members to implement administrative, technical and physical controls when building databases to prevent the accidental merger of such information.

The NAI's core principles are:

- **Transparency/Education**
- **Notice**
- **Choice/User Control**
- **Use Limitations**
- **Transfer Restrictions**
- **Access**
- **Reliable Sources**
- **Security**
- **Data Retention**

“The compliance process helps us build-in privacy by design into our development process by having us take the Code into account when creating new services or products.”

Angelique Okeke

Senior Counsel, Lotame Solutions, Inc.

Members are further required to provide consumers with transparency, notice and choice around their IBA practices. This includes providing links to privacy disclosures and consumer education materials. Further, the Code limits the use of data collected for IBA and restricts the transfer of such data to third parties. It also requires members to work with “reliable” data sources and to secure the data they collect for IBA. Finally, the Code establishes strong disincentives for the collection of PII and Sensitive Consumer Information.

The Code must be backed by rigorous compliance and enforcement procedures for NAI’s self-regulatory framework to be effective. Compliance, more fully discussed below, includes the following:

- **Pre-certification Review:** NAI staff conducts detailed evaluations of applicants’ business models to help confirm that their business practices are capable of meeting the requirements of the NAI Code, striving to ensure members’ compliance with the Code even before they join the NAI.
- **Technical Monitoring Tool:** The NAI conducts automated technical monitoring of members’ opt out.
- **Investigation of Consumer Communications:** The NAI investigates consumer communications alleging member non-compliance with the Code and works with members to address potential violations.
- **Investigation of Allegations of Non-Compliance:** The NAI evaluates allegations of non-compliance from other sources, such as regulators, competitors and privacy advocates.
- **Annual Compliance Reviews:** The NAI performs in-depth annual reviews to help ensure that members continue to comply with the Code – even as their business models evolve.
- **Enforcement:** NAI members are subject to formal sanctions for material non-compliance with the Code.
- **Publication of the Annual Compliance Report:** Through publication of this annual report, consumers, regulators and others gain visibility into the NAI’s compliance program and self-regulatory process.

Through the 2013 compliance processes, the NAI found that member companies are overwhelmingly meeting the requirements of the 2008 Code of Conduct:

- **Transparency/Education:** Members complied with Code obligations around educating consumers about their IBA activities by donating 2 billion impressions to the NAI educational campaign. Because of this effort, and other factors, 3,140,000 consumers visited the NAI education pages in 2013.
- **Notice:** Members continued to provide consumer-facing notices about their data collection and use practices for IBA. First, members provided notice in their privacy disclosures on their own sites. Second, members worked to ensure that the digital properties or publishers with which they partner for IBA activities post notice and choice around these activities on the publisher's site – resulting in at least 278,481 publisher websites including a link to the NAI website. Member companies also provided notice and choice in or around advertisements trillions of times per month through the Digital Advertising Alliance's Icon, or other similar links.
- **Choice:** Members confirmed that they did not use any data that required Opt-In Consent (such as a social security number) from consumers for IBA. All NAI members participated in the NAI's opt-out page and offered links to opt-out mechanisms from their own sites. Upwards of 3,920,000 consumers visited the NAI opt-out page in 2013. The NAI's technical monitoring tool and manual checks of members' opt-out mechanisms demonstrated that members provided and honored consumer choice with respect to the collection and use of data for IBA. Technical issues raised by NAI staff relating to downtime of a member's opt-out were resolved within 24 hours from the member's notice from NAI staff.
- **Use Limitations:** Members attested their compliance with Code limitations around the use of data collected for IBA purposes and the transfer of such data to third parties. For example, members affirmed that the data they collected through their IBA activities were used, or allowed to be used, for Marketing Purposes only. Members also confirmed that they did not merge PII data with previously collected non-PII for IBA purposes.
- **Data Security & Retention:** Members confirmed during the annual review that they retained the non-PII data they collected in a secure manner and for a publicly posted retention time period.

“In completing the compliance process, we demonstrate to regulators, business partners, and consumers that membership in the NAI is not a paper exercise or a mere promise to meet high standards – it's a serious obligation.”

Doug Miller

Global Privacy Leader, AOL Inc.

THE NAI'S BACKGROUND

Since 2000, the not-for-profit Network Advertising Initiative (NAI) has been the leading self-regulatory body governing “third parties” engaged in Interest-Based Advertising (IBA)¹ and Ad Delivery and Reporting (ADR)² in the United States.³ Members include ad networks, exchanges, platforms,⁴ data aggregators, creative optimization firms, yield optimization firms, sharing utilities and other technology providers. At the time of publication, the NAI has 97 members. These intermediaries play a pivotal role in the digital advertising ecosystem—linking advertisers and trusted brands with those consumers most likely to be interested in their products and services. This relevant advertising, in turn, helps power free content and services in the digital space.

¹ IBA is referred to as “Online Behavioral Advertising” in the 2008 Code of Conduct. It is defined as “any process used whereby data are collected across multiple web domains owned or operated by different entities to categorize likely consumer interest segments for use in advertising online.” (§ II.1)

² The Code imposes requirements with respect to “Ad Delivery & Reporting” which is defined as “the logging of page views or the collection of other information about a browser for the purpose of delivering ads or providing advertising-related services.” Ad Delivery and Reporting (ADR) includes providing an advertisement based on a browser or time of day, statistical reporting, and tracking the number of ads served on a particular day to a particular website. (Code § II.3)

³ The Code covers activities that occur in the United States. While the NAI encourages its members to apply the high standards of the Code to their activities globally, the NAI only evaluated US-based IBA and ADR activity for the purposes of this report.

⁴ NAI membership spans across various platforms, including demand side platforms (DSPs), supply side platforms (SSPs), data management platforms (DMPs) and audience management platforms (AMPs).

The NAI helps its members foster trust while serving consumers with relevant advertisements through a comprehensive self-regulatory program that includes a far-reaching Code of Conduct backed by robust compliance and enforcement.

The NAI is motivated by members' desire to maintain consumer trust while providing a relevant digital advertising experience. The NAI helps its members foster trust while serving consumers with relevant advertisements through a comprehensive self-regulatory program that includes a far-reaching Code of Conduct backed by robust compliance and enforcement.

This report provides a summary of the NAI staff's findings from the 2013 compliance program, applying the principles of the 2008 NAI Code (Code),⁵ which is the version of the Code in effect for the compliance period. Through publication of this report, consumers, regulators and others gain visibility into the NAI's compliance program and self-regulatory process. In addition, this report helps illustrate how the compliance process shapes the evolution of the NAI's policies and procedures. That includes policies released over the past year, as well as goals for improving its compliance program in 2014.

"NAI's comprehensive compliance review program – which not only occurs at the start of membership but comes with annual reviews bolstered by daily scans for opt-out functionality – removes a tremendous amount of the heavy lifting for Publishers...We ask that all of our ad partners become NAI members, not only for their own benefit but also for ours as industry consistency allows for streamlined operations and greater consumer trust."

Shane Wiley

VP, Privacy & Data Governance for Yahoo!

⁵ The 2008 NAI Self-Regulatory Code of Conduct can be found at: <http://www.networkadvertising.org/principles.pdf>. Any references to provisions of the Code in this report refer to the 2008 Code of Conduct.

THE NAI COMPLIANCE PROGRAM

The Code sets out principles around the responsible and transparent collection and use of information for digital advertising. NAI staff works with applicants to help bring them into compliance with the Code and helps confirm that existing members continue to comply with the Code.

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ON-BOARDING NEW MEMBERS: COMPLIANCE BEGINS EVEN BEFORE COMPANIES JOIN

Compliance begins with the on-boarding process, whereby the NAI staff evaluates each applicant's business model and privacy practices. NAI staff also examines members' data collection, use, retention, and sharing practices, as well as relevant disclosures and affirmations of contractual provisions. The NAI also reviews the applicant's choice mechanisms to assess their consistency with the Code.

All applicants work with the NAI team to help bring their relevant services and products into compliance. Through this review, staff highlights potential practices that need to be addressed for a company to become an NAI member. This assessment can be a months-long process, with the NAI providing guidance and suggestions about Code compliance at every step. Most applicants make substantial revisions to their public privacy notices and disclosures in order to provide the full level of notice required by the Code. In

2013 NAI Board Members:

Alan Chapell, BlueKai
Alan Koslow, AudienceScience
Andrew Pancer, Dstillery
Brooks Dobbs, I-Behavior
David Wainberg, AppNexus
Douglas Miller, AOL Advertising
Estelle Werth, Criteo
Jason Bier, Conversant
Matthew Haies, Xaxis
Michael Benedek, Datonics
Shane Wiley, Yahoo! Inc./Dapper
Will DeVries, Google

many cases, staff provides technical guidance to the applicants to help them develop a fully functional opt-out mechanism that meets the Code’s requirements and is compatible with the industry-wide opt-out mechanism. In some cases, applicants have abandoned existing or planned lines of business to meet the Code’s requirements.

Once the applicant’s business model and privacy policy are reviewed, staff submits its recommendation for membership to the full NAI Board of Directors, which is comprised of seasoned attorneys and compliance executives from 12 leading companies. Board members review the application, often requesting additional information, before voting on accepting a new member. Thus, review by both the staff and the Board help confirm that any potential member has the administrative, operational and technical capabilities to comply with the Code before a company may claim membership in NAI.

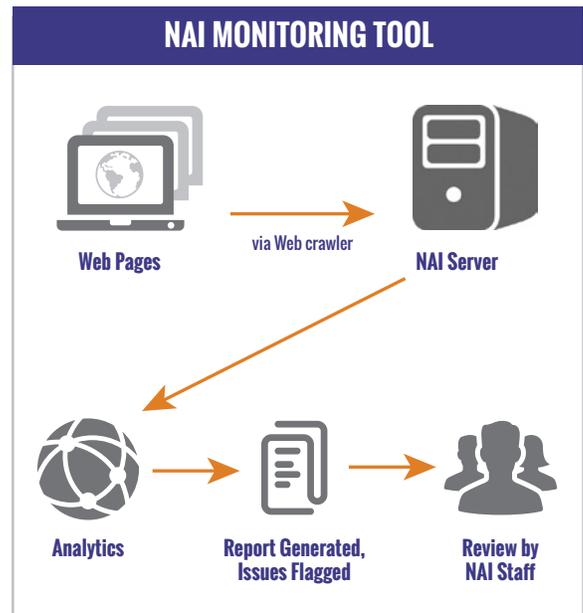
In 2013, eight companies⁶ completed the pre-certification review process and were approved by the Board.

MONITORING OF MEMBERS

NAI Technical Monitoring Tool

Once a company becomes a member of the NAI, the member – and, more importantly consumers – benefit from the NAI’s technical monitoring program. Under the Code, each member is required to provide and honor the consumers’ choice to disallow IBA data collection and use by a member on a particular browser.⁷ The NAI technical monitoring tool uses automated Web crawls to gather data related to the member’s opt-out functionality and reliability. It analyzes the crawl data for signs of potential issues and then reports the results of these analyses to NAI staff.

Throughout 2013, NAI staff used these reports to identify and address potential problems with member opt-out mechanisms. These issues were the result of: (1) members adding or removing domains used for IBA purposes, (2) incomplete server migrations, and (3) potential bugs in new products and services.



⁶ The following went through the pre-certification process and became NAI members in 2013:

1. LiveRamp, 2. Media.net, 3. Krux Digital, 4. FlashTalking, 5. Innovid, 6. Vindico, 7. The Trade Desk, 8. Madison Logic

⁷ The Code requires member companies to provide an opt-out mechanism, together with robust notice, for the use of PII to be merged with non-PII on a going-forward basis (prospective merger). Members are also required to obtain Opt-In Consent for the use of previously collected non-PII to be merged with PII (retrospective merger). (§ III.3(a)(ii) - (iii).) As addressed below, no evaluated member companies currently use PII for IBA which requires Opt-In. As a result, this report addresses the provision and honoring of opt-out choices for the use of non-PII for IBA only.

In 2013, NAI reviewed 7,791 consumer queries received through its website or via email and received approximately 1,000 telephone calls from consumers.

Working together, the NAI and members sought to assure that any potential downtime of an opt-out was as minimal as possible. In fact, nearly every issue that was identified using this tool was resolved within 24 hours of the NAI reaching out to the member.⁸ Further, none of these issues were deemed to constitute a material non-compliance matter because the underlying issue was resolved quickly and was found to be unintentional. Finally, most members experiencing technical problems went on to develop and provide additional technical and administrative checks to help prevent similar issues from reoccurring.

Investigating Consumer Complaints

The NAI provides a central site for consumers to ask questions and raise concerns about members' compliance with the Code. (§ IV.2(a).)

In 2013, the NAI received and reviewed 7,791 consumer queries through its website or via email. NAI staff determined that almost 30% of inquiries pertained to issues outside of the scope of the NAI's mission. For example, the emails were spam,⁹ not a legitimate inquiry, or concerned specific questions about a publisher's site on which the NAI opt-out link appeared rather than a question about NAI member practices.¹⁰

Most of the remaining 70% of consumer inquiries related to requests for assistance in trouble-shooting opt out issues due to technical glitches outside the control of the NAI or its members. Mainly, questions were from consumers using browsers or anti-virus software that blocked third-party cookies, which would also prohibit opt-out cookies from being set on the consumer's browser. This would lead to a consumer seeing an opt-out failure. Other factors leading to an opt out issue outside of the NAI's and members' control included those around the consumer's corporate network security, telecommunications breakdowns, ISP or infrastructure anomalies and client-side technical glitches. NAI staff responded to the vast majority of these consumer questions with information to help resolve their concerns, and did so without member involvement.

In seven cases, the NAI discovered from the consumer communication that an opt out was down and that the underlying issue was related to a temporary disabling of an entire domain. The NAI and the affected member responded to and addressed the underlying technical issue within 24 hours, which NAI staff deemed to be a "reasonable period of time." (§ IV.2(b).) Again, none of these issues were deemed to constitute a material non-compliance with the Code since the underlying issue was resolved quickly and found to be unintentional.

⁸ In one case, NAI staff determined that a member had not added several new domains to its opt-out script. However, after further investigations and discussions with the member, NAI staff confirmed that the member had not started using those domains for IBA activities. In this case, staff provided the member with additional time to fix the opt-out script prior to engaging in any IBA use of those domains to help ensure that the member had conducted appropriate testing and quality control of the opt-out script.

⁹ The NAI noted a massive reduction in the number of emails it received in 2013 versus prior years due to technical steps taken to prevent the receipt of emails from spambots through its website.

¹⁰ If members engaging in IBA or Multi-Site Advertising have an agreement with digital publishers, they are obligated to require those publishers, through contractual provisions, to provide a link to the NAI website on the publisher's site where they collect and use data for IBA purposes. (§ III.2(b).) This is discussed more fully below.

In 2013, NAI staff reviewed thousands of pages of questionnaire responses, privacy policies, contracts, internal policies, marketing materials, website content, training materials and other documents of 88 NAI members.

NAI staff also received approximately 1,000 telephone calls from consumers in 2013. None of the questions related to compliance with the Code. In the vast majority of cases, consumers were attempting to reach publishers on which the consumers found the NAI link in the mistaken belief that they were reaching the publisher.¹¹

NAI staff determined that in 2013, consumer communication received by the NAI through email, phone or the website that were conducive to resolution had been resolved within a reasonable timeframe and were non-material. Therefore, no issue raised through a consumer communication was formally escalated to the NAI Board.

Finally, during the 2013 annual review, NAI staff reviewed evaluated member companies' sites and confirmed that they provided mechanisms on their own websites through which consumers could submit complaints or questions directly to the member as well. (§ IV.2(b).)

INVESTIGATING OTHER COMPLAINTS

During 2013, NAI staff investigated other instances of possible non-compliance with the Code discovered by staff, or brought to staff's attention by others, including by other NAI members. The full NAI compliance team, consisting of attorneys and technologists, investigated questions of purported non-compliance and found that alleged activities were not governed by the Code.¹² Therefore, staff did not refer any of these instances to the Board for further review.

¹¹ *Id.*

¹² Investigations revealed that a) the purported activities involved a company that was not an NAI member or b) the complaint related to a member ostensibly using technologies, other than HTTP cookies, for activities that were not IBA or ADR related, and thus, were not compliance matters related to the Code.

ANNUAL REVIEW

The annual review includes an in-depth analysis of the member companies' business models, policies and practices to help confirm that they continue to comply with the Code, even as their individual businesses and the industry as a whole evolves. For the 2013 annual compliance review, NAI staff reviewed the 88 companies that were members as of January 1, 2013.¹³ These members will be referred to as "evaluated member companies" throughout the report. Those members that joined the NAI after January 1, 2013,¹⁴ were subject to review during the calendar year as part of the pre-certification process, and were not re-assessed in the 2013 annual review process.¹⁵

Training

The NAI kicked off the 2013 annual review with a training seminar designed to refresh newly evaluated member companies' knowledge of the Code. During the seminar, NAI staff explained the key requirements of the Code, highlighted potential changes based on the forthcoming 2013 Code of Conduct¹⁶ (2013 Code) update, and answered questions about the compliance process in general. This presentation supplemented the general training that NAI staff provided its members on individual policy issues throughout the year.

¹³ The following companies did not renew their NAI membership in 2013: Adconion, Dedicated Networks, EZTarget Media, and Akamai. Two companies, AdBrite and Pulse 360, ceased operations altogether. Additionally, the following members were absorbed by other member companies and ceased independent operations, and therefore were not evaluated during the 2013 annual review process: Interclick, Channel Intelligence, Admeld, Mindset Media and Invite Media.

¹⁴ See *supra*, note 6.

¹⁵ NAI staff makes every effort to review new member companies first, during the subsequent annual review, in order to minimize the time between a member's initial review during pre-certification and its first annual compliance review.

¹⁶ The 2013 Code of Conduct can be found at: http://www.networkadvertising.org/2013_Principles.pdf. In 2014, the NAI will help member companies ensure that their business and technological practices continue to conform with the 2013 Code of Conduct, even as those practices evolve with the rapid and perpetual emergence of various digital innovations.

Evaluated Member Companies

[x+1]	Legolas Media
24/7 Media (now Xaxis)	LiveRail
33 Across	Lotame
Accuen	Magnetic
Adap.tv	Markit On Demand
Adara Media	MaxPoint Interactive
Adblade	Media6Degrees (now Dstillery)
AddThis	Media Innovation Group
AdRoll	MediaForge
Aggregate Knowledge	MediaMath
AOL Advertising	DG MediaMind (now Sizmek Inc.)
AppNexus	Microsoft Advertising
Atlas Solutions	Mixpo
AudienceScience	MLN Advertising
Batanga Network	Netmining
Bazaarvoice	Netseer
Bizo	TARGUSinfo (now Neustar)
BlueKai	OwnerIQ
Break Media (now Defy Media)	PointRoll
Brightroll	Proclivity Media
Brilig	PubMatic
Burst Media	PulsePoint
Buysight	RadiumOne
Casale Media	RichRelevance
Chango	Rocket Fuel
ChoiceStream	The Rubicon Project
Cognitive Match	ShareThis
Collective Media	Specific Media
Core Audience	SteelHouse
Cox Digital Solutions	TellApart
Criteo	Tribal Fusion
Cross Pixel	Triggit
DataLogix	TruEffect
DataXu	TubeMogul
Datonics	Tumri
eXelate	Turn
eyeReturn Marketing	Undertone
FetchBack (now eBay Enterprise)	ValueClick, Dotomi and Mediaplex (now Conversant)
Glam Media	Vibrant Media
Google	Videology
I-Behavior	Yahoo!
IDG Tech Network	YuMe
IgnitionOne	ZEDO
Intent Media	
Kontera	

Written Questionnaire and Supporting Documentation

Evaluated member companies submitted written responses to a detailed, newly expanded 2013 compliance questionnaire. The questionnaire required evaluated member companies to describe their business practices and policies in juxtaposition to the obligations of the Code requirements. Where relevant, the questionnaire also requested that members provide supporting documentation. The questionnaire covered such issues as the collection and use of data for IBA purposes; policies governing those practices; contractual requirements imposed on business partners concerning notice and choice around IBA activities;¹⁷ other protections for data collected and used for IBA purposes, such as data retention schedules; and processes for oversight and enforcement of contractual requirements.

While most evaluated member companies provided thorough answers to the questionnaire, NAI staff required some evaluated member companies to re-submit their questionnaires, in whole or in part, when responses were deemed to be materially inadequate or incomplete to be addressable during the compliance interviews. A minimum of two NAI staff members reviewed each evaluated member company's submitted materials to assess compliance with the Code, including, as applicable: (1) representations of business practices as set forth in the evaluated member company's public and non-public materials, including evaluated member company's (a) public website, (b) privacy policy, (c) terms of service, (d) advertising contracts, and (e) marketing materials; and (2) responses to the extensive questionnaire.

Interviews

Following the review of questionnaire submissions and other supporting materials, at least two NAI staff members interviewed representatives from evaluated member companies. These interviews were primarily with high-level management and engineering staff. During these interviews, the compliance team reviewed Code requirements to help ensure that evaluated member companies were aware of their responsibilities as members. NAI staff discussed the evaluated member company's business and policy issues covered in the questionnaires. NAI staff pressed for additional clarification on the calls in the event that questionnaire answers were incomplete, vague, or unclear. The NAI team also queried technical representatives about data flows, opt-out functionality, data retention, all technologies used for IBA on desktop and related purposes, and technical measures to prevent the use of PII¹⁸ for IBA purposes.

These interviews helped provoke internal discussions around data collection and use within the evaluated member companies. The interviews also gave NAI staff additional in-depth insight into evaluated member company businesses and the industry in general. In turn, this further enhanced the NAI's understanding of evolving business models and boosted the staff's existing knowledge about the industry, which enriches their ability to flag potential privacy issues, possible Code violations in general, and shape future versions of the NAI Code.

¹⁷ See *supra*, note 10.

¹⁸ As defined in the Code, Personally Identifiable Information includes "name, address, telephone number, email address, financial account number, government-issued identifier, and any other data used or intended to be used to identify, contact or precisely locate a person." (Code § II.7)

During these interviews, NAI staff provided evaluated member companies with general guidance, reminders of certain new requirements of the 2013 NAI Code, and best practice suggestions. In most cases, the NAI provided recommendations on alternative language for privacy disclosures and encouraged evaluated member companies to minimize the amount of data they collect for IBA. Staff also provided extensive feedback to evaluated member companies to help them improve messaging around opt-out successes or failures due to browser level controls. For example, NAI recommended that evaluated member companies provide a clear, visual confirmation of a successful opt out or a corresponding error message if a consumer's browser prevented an opt-out cookie from being set.

Attestations

After the completion of the questionnaire and interview process, and as a final step in the annual compliance review, evaluated member companies were required to attest in writing to their ongoing compliance with the Code. They also had to attest to the veracity of the information provided in the review process, including any necessary amendments to the questionnaire.

FINDINGS OF 2013 ANNUAL REVIEW

The Code requires the NAI to publish the results of its annual review. The following sets forth the findings of NAI staff with respect to the 2013 annual review. This section also more fully summarizes the obligations imposed by the Code, but does not restate all principles set forth in the Code. It should not be relied upon for that purpose. The full Code, including definitions of relevant terms, can be found through the links provided in this report.

Compliance is the heart of the NAI self-regulatory program.

TRANSPARENCY/EDUCATION

It is important for a self-regulatory program to educate consumers about its mission and underlying principles. In 2013, member companies continued to meet the obligation to both collectively¹⁹ and individually educate consumers about the NAI self-regulatory program.

First, members maintained the centralized, consumer-friendly NAI education site.²⁰ The NAI education pages provide consumers with a general understanding of the IBA activities of NAI members and the choices available to them. The site also provides a prominent opt out, offers a description of how data may be collected and used by NAI members, and presents a general description of IBA.

Evaluated member companies also promoted the NAI's education pages through a digital advertising campaign, donating over 2 billion impressions to the campaign. During the same period, members

3.14 million consumers visited the NAI education site in 2013.

also donated impressions to the Digital Advertising Alliance's (DAA) educational campaign around IBA.²¹ The DAA is an umbrella industry self-regulatory organization in which the NAI participates. Collectively, through these various efforts, evaluated member companies expended considerable effort and resources to educate consumers about IBA.

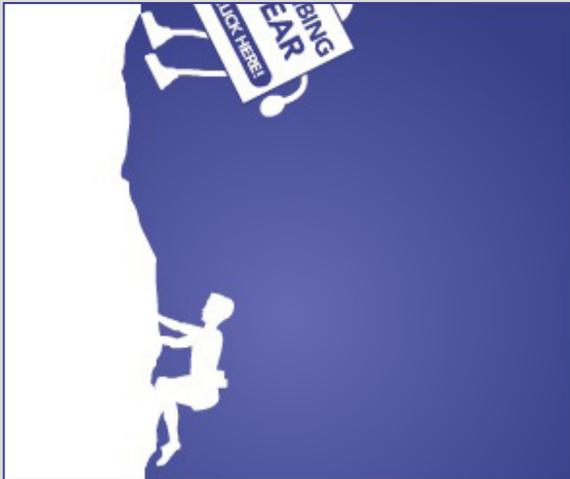
Beyond maintaining a centralized consumer education page, the Code further encourages member companies to individually educate consumers about IBA and the choices available to them. (§ III.1(b).) Staff found that, overall, NAI members satisfied this requirement. For instance, some evaluated member companies provided consumer education content on their own websites, including digital videos on IBA.

¹⁹ Under the transparency obligation in the Code, members are required to take on education efforts individually and collectively. Members can collectively educate consumers through the NAI website, which serves as a centralized portal for offering explanations of IBA and for providing consumers access choice mechanisms. Members also provide links to the NAI through their own websites where consumers can learn about the IBA. (§ III.1(b))

²⁰ See <http://www.networkadvertising.org/understanding-online-advertising>.

²¹ The DAA education site is hosted at <http://www.youradchoices.com/>. Similar to the NAI's education page, the DAA's education page presents information about IBA and the DAA's "Advertising Option" icon, explaining how IBA works and the choices available to consumers.

NAI animated ad campaign



THE RIGHT ADS
MAKE THE INTERNET
BETTER.

[Find Out How >](#)

NOTICE

The Code requires members to provide notice to consumers about their IBA activities in two distinct locations.

First, members must describe their data collection, transfer, and use for IBA related activities on their websites, along with a data retention statement. (§ III.2(a).) The notice must also provide a description of whether the member merges PII and non-PII for IBA, and how such data will be used. Further, the notice must include an easy procedure for exercising an appropriate choice mechanism. (§ III.2(a)(v).)

During the annual review, NAI staff assessed the privacy policies and disclosures of evaluated member companies and confirmed that they substantially met Code requirements. Staff also reviewed these disclosures to help confirm that they corresponded with each evaluated member company's current IBA practices. Throughout this process, staff found that evaluated members' privacy policies had become increasingly easier to find and understand. For example, evaluated member companies had made simple changes such as making the font and color of the privacy policy link more prominent on their site, making it easier for consumers to find the link.

Second, through contractual requirements, members helped ensure that the digital properties with which they partner for IBA activities post notice and choice around these activities. (§ III.2(b).) Based on answers to the NAI compliance questionnaire and a review of evaluated members companies' sample partner contracts, the NAI found that evaluated member companies took this obligation seriously.

In addition, NAI members continued to lead industry efforts to provide notice and choice to consumers in and around the ads delivered to them. Evaluated member companies served the DAA's "Advertising Option Icon," or provided a

Nearly 278,481 websites included a link to the NAI website.

similar link, in or around online advertisements trillions of times per month. That icon or link provides just-in-time notice by NAI members to consumers, offering yet another means by which consumers can be informed of IBA activities of members and the choices available to them.²²



Health Transparency

Under the NAI's health transparency policy,²³ members are required to publicly disclose standard segments used for IBA that are based on health-related information. The goal behind the policy is to allow consumers to make educated decisions about whether to opt out of the collection and use of certain health-related data for IBA purposes by member companies. The public disclosure is separate and distinct from the requisite Opt-In²⁴ Consent (see the next section) required under the Code for the collection and use of Sensitive Consumer Information. No other self-regulatory organization in the ecosystem for IBA has this requirement.

Through the questionnaire, staff found that, overall, evaluated member companies complied with this policy in a variety of formats. Some disclosed all standard interest segments available to partners, whether or not the

segments were related to health topics, while others listed all health-related segments on pages linked from their privacy policies.

NAI staff found that many evaluated member companies did not offer standard interest segments associated with health topics, and as a result, those members were not required to publicly disclose a list of all such segments.²⁵ However, some member companies offered customized, non-sensitive health segments (such as an exercise segment) created for individual campaigns. NAI staff encouraged those companies to publicly provide examples of such segments as a best practice in order to better educate the public about their activities. When applicable, staff also recommended that evaluated member companies publicly post a statement if they did not serve interest-based advertisements to consumers based on sensitive health-related interests. NAI staff will consider whether it can provide additional guidance to members that will enhance the consistency of these types of notices across its membership in 2014.

²² Though enhanced notice is not a requirement of the current Code, the 2013 Code requires that members provide, and support the provision of, notice in or around Interest-Based Ads.

²³ See <http://www.networkadvertising.org/blog/extra-dose-of-transparency-shedding-greater-light-use-of-health-related-data-online-advertising>.

²⁴ Under the Code, Opt-In Consent means that "a consumer expressly consents to allow OBA, either in response to a clear and conspicuous request for such consent or at the consumer's own initiative, prior to engaging in OBA about the consumer. A consumer's Opt-In Consent requires some affirmative action on the consumer's part that manifests the intent to Opt-In." (§ II.4)

²⁵ Many evaluated member companies did not employ "standard" interest segments at all, but rather engaged only in practices such as retargeting, search retargeting, and custom segmentation.

CHOICE: OPT-OUT CONSENT

Presence of Opt-Out Mechanisms

NAI member companies are required to provide choice for the collection and use of data for IBA purposes. (§ III.2(a)(v).) They must also honor that choice. (§ III.3(a).) The level of choice required by the Code, Opt-In or opt out, depends on the intended use and type of data collected. (§ III.3(a).) With respect to the use of non-PII for IBA, for example, member companies are required to provide and honor an opt-out mechanism

in two discrete locations: on the NAI member's website and on the NAI consumer website. (§ III.3(a).) As discussed below, the NAI confirmed with evaluated member companies that they do not currently collect and use PII for IBA. As a result, this report addresses the provision and honoring of opt-out choices for the use of non-PII for IBA only.

The NAI confirmed that evaluated member companies provided an opt-out mechanism both on their own website and on the NAI consumer website. Additionally, the NAI also found that an increasing number of evaluated member companies

had made their opt-out disclosures even easier for consumers to locate on their websites through such efforts as providing a prominent "opt out" button at the top of their websites or links to their opt-out pages from the footer of every page on their websites.

During the annual compliance training and interviews, NAI staff provided evaluated member companies with recommended best practices around providing a more-consumer friendly opt-out link on their company sites. Some sample opt-out link recommendations included:

- Making the opt-out link more obvious and easy to find (e.g., using a different colored font for the opt-out link and providing the link on the evaluated member company's homepage);
- Labeling the opt-out link appropriately to convey the importance, nature and relevance of the information it leads to (e.g., "privacy"; "consumer information"; "opt out"); and
- Eliminating extra steps or links in the opt-out process and instead taking consumers directly to the opt out page or mechanism.

Over the past five years, the NAI website had nearly 33 million visits, including 64 million page views. The opt-out page had over 26 million page views.

Functioning of Opt-Out Mechanisms

To help confirm that evaluated member companies were honoring consumer choice, NAI staff supplemented its automated opt-out testing²⁶ with a detailed questionnaire about the functionalities of evaluated member companies' opt-out mechanisms, and extensive manual testing during the annual review. The questionnaire required evaluated member companies to list the name, value, domain, and purpose of every cookie they continued to set following an opt out.

NAI staff manually examined the life span, behavior, and content of more than 500 IBA cookies of its evaluated member companies.

²⁶ As detailed above, in 2013, the NAI increased its technical automated monitoring of member companies' opt outs. The testing flagged potential issues with members' opt-out mechanisms, including the inability to set an opt-out cookie. A more thorough discussion of the findings from the automated tool is set forth above.

Staff manually tested the opt out of each evaluated member company. Staff reviewed the behavior of the opt-out scripts, the lifespans of the opt-out cookies, names and values of all opt-out cookies and any potentially unique cookies that were used after an opt out. The manual testing, combined with questionnaire responses, indicated that evaluated member companies did not continue to collect data for IBA purposes where an opt-out cookie is present. In testing, NAI staff noted any cookies with potentially unique identifiers used by a member following an opt out. If a unique identifier was found, NAI staff inquired about the use of all such cookies. Staff confirmed with the evaluated member companies that the cookies were not used for IBA purposes. Of those evaluated member companies that continued to set cookies with unique identifiers after an opt out, all confirmed that such use was for non-IBA purposes only, such as for analytics, frequency capping, and attribution. Additionally, all evaluated member companies' opt outs appeared to include functioning P3P information, increasing the likelihood of proper functionality across a wide range of browser settings. Staff also reviewed the messaging to consumers following successful and unsuccessful opt-out attempts.

Evaluated member companies also affirmed in the questionnaire that their opt-out mechanism prevented the collection and use of data for IBA. In fact, many evaluated member companies reported that they ceased collecting all data following an opt out. Further, all evaluated member companies set opt-out cookies with a lifespan of at least five-years, as required by the NAI.²⁷

Based on the annual questionnaire answers, the NAI further found that evaluated member companies had sophisticated systems and policies in place in attempting to verify the effective operation of their opt-outs. For example, evaluated member companies conducted manual testing of their opt outs, had employed automated monitoring tools, conducted regression tests for any code changes on their servers and monitored consumer complaints about opt out functionality through their website. NAI staff reviewed the effectiveness of each member company's monitoring program to maintain opt-out functionality, and where necessary, recommended improvements such as industry standard QA/unit/regression testing for any vital product or service. Staff further suggested that evaluated member companies conduct ongoing logging and monitoring of choice mechanisms.

The manual testing, in conjunction with evaluated member companies' responses to the compliance review questionnaire and their own checks around their opt outs, demonstrated that overwhelmingly opt-out mechanisms appeared to function as intended and that potential technical problems resulting in downtime of an opt out were quickly identified and rectified.

Technologies Used for IBA

The Code is intended to be technology-neutral²⁸ with respect to the technologies that can be used for IBA, though NAI members have historically used HTTP cookies for IBA. Member companies wishing to use any technologies for IBA must do so in compliance with the Code. This includes, at minimum, provision of requisite transparency, notice and choice requirements set forth in the Code.

Again in 2013, the NAI found that all evaluated member companies used only HTTP cookies for IBA in the desktop space.²⁹ All evaluated member companies attested, through the questionnaire and

²⁷ See <http://www.networkadvertising.org/faq/#n178>.

²⁸ See footnote 3 of the 2008 Code.

²⁹ The Code and this NAI policy do not currently cover IBA activities on mobile devices or mobile companies. As a result, NAI staff's review and testing was limited to desktop devices.

interviews, that they did not use any technology other than standard HTTP cookies for IBA purposes in desktop browsers. Additionally, NAI staff evaluated data from its' technical monitoring tool to look for any locally stored objects set by evaluated member companies, as well as for any evidence of a unique identifier in a targeting cookie "respawning" after such cookie is deleted.. The NAI's testing did not uncover any evidence of evaluated member companies using alternate technologies for IBA.³⁰

OPT-IN CONSENT

Under the Code, member companies are required to obtain Opt-In Consent for the use of "Sensitive Consumer Information" (§§ III.3(a)(iv), II.8) and the merger of PII with previously collected non-PII for IBA purposes. (§ III.3(a)(iii).)

Once again, NAI staff found that evaluated member companies did not use Sensitive Consumer Information for IBA purposes. The NAI also found that evaluated member companies had a uniformly high awareness of the sensitivity of this data. Consequently, evaluated member companies had protections in place to ensure that Sensitive Consumer Information was not used for IBA.

Similarly, as detailed below, evaluated member companies reported that they did not merge PII with non-PII for IBA purposes. Accordingly, no evaluated member company sought to obtain Opt-In Consent under the Code.

PERSONALLY IDENTIFIABLE INFORMATION (PII)

The Code is designed to encourage data minimization by setting higher standards for the use of PII³¹ for IBA. The most notable of these incentives is the heightened notice and choice requirements that apply to the use of PII for IBA purposes. As a result of the disincentives imposed by the Code to use PII for IBA purposes, NAI staff found that evaluated member companies did not intentionally use PII for IBA purposes.

Evaluated member companies, in fact, set up strong mechanisms to help ensure that they did not collect or receive PII for IBA purposes. First, they generally imposed contractual restrictions forbidding their data providers or partners from passing PII to them. They reinforced these contractual requirements through technical controls in the event that PII is passed to them inadvertently. Some evaluated member companies, for example, set up their platforms to not accept data with the "@" symbol. This would indicate that the data could include an email address, which is considered PII under the Code. Evaluated member companies generally designed their systems to ensure that any PII that is inadvertently collected is immediately discarded and is not stored or used for IBA purposes.

³⁰ *Id.*

³¹ The Code also restricts member companies from collecting PII for IBA purposes in the absence of a contractual relationship with the other; partner companies (§ III.4(c)); provides that if a member changes its own privacy policy with regard to PII and merger with non-PII for IBA purposes, prior notice must be posted on the member's website, and any material change shall only apply to data collected following the change in policy (§ III.4(d)); specifies that if data is collected under a privacy policy that states that data would never be merged with PII, such data may not be later merged with PII in the absence of Opt-In Consent from the consumer (§ III.4(e)); requires members to contractually require any third parties to which they provide PII for IBA or Multi-Site Advertising to adhere to applicable provisions of the Code (§ III.5(a)); and requires members to provide consumers with reasonable access to PII and other information associated with that PII retained by the member for IBA or Multi-Site Advertising purposes. (§ III.6(a).) Multi-Site Advertising is defined under the Code as "Ad Delivery and Reporting across multiple web domains owned or operated by different entities." (Code § II.2)

CHILDREN

Evaluated member companies were found to be in compliance with the Code requirement that requires verifiable parental consent for the use of non-PII, such as unique identifiers stored in cookies, to create segments targeted at children under 13 years of age. (§ III.4(a).) No evaluated member company was found to create segments specifically targeting children under 13. Evaluated member companies were highly aware of the sensitivity of data related to children, and had processes, policies and procedures in place to ensure that segments specifically targeted at children under 13 are not created or used.³²

MARKETING PURPOSES

Evaluated member companies were also found to not use, or allow the use of, IBA data for any purposes other than for “Marketing Purposes.”³³ (§ III.4(b).)

Code restricts member companies from using, or allowing the use of, data collected for IBA for any other purpose other than Marketing Purposes.

As stated above, members may create and use health segments for IBA purposes, provided that they publicly disclose those segments per the health transparency policy obligations. It is essential to re-emphasize here that this principle prohibits members from using, or allowing the use of, these publicly disclosed health-related interest segments (or any segment at all) for any purpose other than Marketing Purposes.³⁴ In other words, members are prohibited from using or allowing others to use any data they collect from IBA activities, including the health segment data that they are required to publicly post under the health transparency policy, for making eligibility decisions such as for health care, insurance, credit, or employment.³⁵

DATA RETENTION, SECURITY, AND TRANSFER RESTRICTIONS

The Code imposes requirements designed to help ensure that data collected from IBA activities is adequately secured and is retained only so long as necessary. During the annual review, NAI staff confirmed through the questionnaire answers that evaluated member companies were in compliance with the Code requirement to retain data only as long as necessary for a legitimate business purpose. (§ III.9). Members were required to attest to the longest duration of IBA data storage on their servers. Independently, NAI staff manually examined the expiration dates of members’ cookies and posed additional questions when those cookies’ lifespans exceeded the stated retention period. Staff then confirmed that members’ privacy disclosures clearly and

³² Member companies are, of course, expected to abide by the laws applicable to their businesses. In consideration of helping members keep up with changing laws, the NAI provided an education seminar to its member companies about the requirements of the Federal Trade Commission’s updated Children’s Online Privacy Protection Act.

³³ Under the Code, Marketing Purposes includes “any activity undertaken to collect, aggregate, analyze, maintain, update, or sell information in order to tailor content or services that allows or induces consumers to take action to purchase, rent, or exchange products, property or services, to solicit a charitable donation, to utilize market research or market surveys, or to provide verification services to marketers.” (§ II.9.) Based on this narrow limitation on data usage, members may not use data collected for IBA or ADR for any other purpose, including to determine a consumer’s employment eligibility, credit eligibility, health insurance eligibility and insurance eligibility and underwriting pricing.

³⁴ See (§ III.4(b).)

³⁵ Section II(D)(2) of the 2013 Code expressly prohibits the use of the data collected from IBA activities for eligibility purposes.

conspicuously explained these retention practices. In certain cases, NAI staff suggested methods for members to make such disclosures more thorough and accessible. During this process, NAI staff also encouraged members to further reduce their data retention periods, while highlighting the need for data minimization in general.

Evaluated member companies also attested that they were in compliance with the obligation to secure data appropriately. (§ III.8). Additionally, evaluated member companies attested and explained in interviews, that they obtain data from reliable sources. (§ III.7). Evaluated member companies reported conducting appropriate due diligence on data sources to help ensure their reliability, including reviewing the potential partners' business practices, particularly of those partners that were not members of the NAI. Other due diligence steps included reviews of potential partners' privacy policies, data collection practices and choice mechanisms.

Evaluated member companies were found to be in compliance with the obligation to contractually require any third parties to which they provide non-aggregate non-PII, to be merged with PII data possessed by that third party for IBA or Multi-Site Advertising services, to adhere to the applicable provisions of the Code unless the non-PII is itself proprietary to that third party. Additionally, a majority of evaluated member companies reported that they do not share any user-level data at all.

SANCTIONS

A detailed compliance assessment process, coupled with strong sanctions, are essential components of the NAI self-regulatory program. Investigations and analysis of alleged violations and review of reports generated through the NAI automated technology tool are completed by NAI staff, which is composed of experienced attorneys and technologists. If NAI staff find during any of the compliance processes that a member company may have materially violated the Code, then they may refer the matter to the Board of Directors with a recommendation for sanctions.³⁶ If the NAI Board determines that a member has materially violated the Code, then the NAI may impose sanctions, including suspension or revocation of membership. The NAI may ultimately refer the matter to the Federal Trade Commission if a member company refuses to comply. The NAI may also publicly name a company in this compliance report, and/or elsewhere as needed, when NAI determines that the member engaged in a material violation of the Code.

Available sanctions include:

- **Temporary suspension of membership status for a fixed or indefinite term.**
- **Permanent revocation of membership.**
- **Publication of revocations by press release.**
- **Referral to Federal Trade Commission or to state attorneys general.**

³⁶ For further details about the NAI enforcement procedures, see <http://www.networkadvertising.org/code-enforcement/enforcement>.

SUMMARY OF FINDINGS

In 2013, NAI staff found that evaluated member companies were overwhelmingly in compliance with the Code. NAI staff also found that evaluated member companies were even more sophisticated in their understanding of the Code than in previous years due to the fact that, for many evaluated member companies, this was their fifth compliance review under the Code.

Moreover, the 2013 annual review also demonstrated that evaluated member companies remain highly committed to the NAI's self-regulatory framework. As in prior years, representatives of the vast majority of evaluated member companies expressed commitment to, and a desire to learn from, the compliance process. They were eager for further guidance from the NAI on how to best align their business practices with the Code and industry best practices. Many evaluated member companies promptly implemented suggested changes in practices suggested by NAI staff during the annual review, even when not strictly required by the Code

IMPROVEMENT & DEVELOPMENTS IN 2013

Effective self-regulation must constantly evolve to reflect changes in the industry, technologies, and public policy. To this end, in its 2012 Annual Compliance Report, the NAI committed to: (1) update the Code, (2) adopt rules governing the collection and use of data through mobile applications and (3) develop guidance addressing the potential use of technologies other than standard HTTP cookies.

Effective self-regulation must constantly evolve to reflect changes in the industry, technologies, and public policy.

UPDATING THE CODE OF CONDUCT

On May 16, 2013, the NAI released the final 2013 Code of Conduct.³⁷ The 2013 Code consolidated several policy statements and imposed additional requirements on members. For example, the definition of “Sensitive Data,” which requires Opt-In Consent,³⁸ was expanded to include sexual orientation.³⁹ The expanded scope of the 2013 Code also offers the NAI and its members flexibility to accommodate existing and emerging business models and practices in the increasingly diverse third-party advertising ecosystem.

The 2013 Code will be enforced by NAI staff as of January 2014.

“When I read [the 2013 Code] the first time, it knocked me off my feet.”⁴⁰

Pam Dixon

Executive Director, World Privacy Forum

³⁷ See *supra*, note 16.

³⁸ See § I.(H) of the 2013 Code.

³⁹ See § I.(G) of the 2013 Code.

⁴⁰ See “Room 1 – Day 2” of the Computers, Freedom, and Privacy Conference at <http://new.livestream.com/accounts/1409343/events/2202468>.

MOBILE APPLICATION CODE

The NAI expanded the organization's self-regulatory program through its issuance of the NAI Mobile Application Code of Conduct in 2013.⁴² The Mobile Application Code, which is substantially similar to the 2013 Code, covers data collected across mobile applications, rather than desktop websites. It is specifically tailored for the rapidly evolving mobile advertising ecosystem. For example, it provides new guidance on how members can provide adequate notice and choice on small, mobile screens. It also provides requirements for the collection and use of precise location data and other types of personal data available in the mobile world, such as contact lists and photos. Consumers will benefit from enhanced transparency and control in the mobile world as they increasingly use tablets, smart phones, and other mobile devices to engage with brands, content, and digital services.

The Mobile Application Code establishes recommended practices not yet fully integrated into the NAI compliance program. Therefore, this compliance report does not address compliance with the Mobile Application Code.⁴³

"The best self-regulatory programs are nimble, keeping pace with rapid changes in technology and business practices in ways legislation and regulation cannot. The NAI demonstrates this benefit of self-regulation, evolving to take into account changes in data collection and use practices, technologies, and public policy."⁴¹

Maureen K. Ohlhausen

Commissioner, Federal Trade Commission

⁴¹ See http://www.ftc.gov/sites/default/files/documents/public_statements/remarks-commissioner-maureen-k.ohlhausen/130521naisummit.pdf.

⁴² The Mobile Application Code is available at: http://www.networkadvertising.org/mobile/NAI_Mobile_Application_Code.pdf.

⁴³ The NAI is currently accepting membership applications from mobile networks, exchanges, and other ad tech companies specializing in mobile advertising. It is also working with existing members to bring their mobile advertising services into compliance with the Mobile Application Code. New members will go through the standard pre-certification process to help confirm that they are in compliance with the Mobile Application Code prior to joining the NAI. Existing members engaged in IBA on mobile devices will work with NAI staff throughout 2014 to bring their operations into compliance with the Mobile Application Code, which is currently scheduled to go into effect in 2015.

GUIDELINES FOR NEW TECHNOLOGIES

Though the NAI Code is “technology neutral,” any technology used by members for IBA must meet the requirements of the Code. As noted in this report, in 2013, in compliance with the Code, members confirmed during their annual review that they only used HTTP cookies for IBA activities on desktop browsers.⁴⁴

In 2013, to address various changes and challenges in the industry, the NAI convened a working group to develop guidelines to address the potential use of other technologies for IBA. The group is drafting guidance around the use of these technologies in a manner consistent with the 2013 Code. It is the NAI’s goal in 2014 to help those members that choose to adopt these technologies to use them in conformance with the NAI’s strict requirements around transparency, notice, choice and accountability.

2013 Initiatives:

- **New consumer education website launched.**
- **Updated NAI Self-Regulatory Code of Conduct released after a notice and public comment period.**
- **Sanctions and Enforcement Procedures updated, consolidated, and posted online.**
- **Mobile Application Code released.**

⁴⁴ See *supra*, note 29.

CONCLUSION

Through this report, the NAI provides transparency into its various compliance efforts in reviewing member practices and helping to confirm that members observe the obligations of the Code. This report proves once again that the NAI has enhanced the overall health of the digital advertising industry through this rigorous process- from pre-certification reviews, to educational seminars, to technical monitoring, to questionnaire reviews and member interviews- is designed to detect potential Code violations as quickly as possible, and protects consumers by helping make sure its members follow the Code. Its staff also consults one-on-one with members throughout the year, providing guidance as needed.

While the NAI is pleased with its efforts to improve its self-regulatory program, and the hard work of its members to comply with the Code, the NAI constantly seeks to improve its program.

During 2014, NAI will work to bring member companies' practices into alignment with the 2013 Code of Conduct and the Mobile Application Code. The NAI will be updating its education page to more effectively inform consumers about IBA and Cross-App Advertising⁴⁵ in the mobile world. The NAI will also continue to further enhance its technical monitoring tool.

The NAI's overall mission is to raise the bar for privacy as a whole, with NAI's members leading by example, as the industry moves quickly toward the use of new technologies in the digital advertising space. It is the NAI's goal in 2014 to release final guidelines around use of these technologies and to guide its members and the industry in adapting and moving forward with these new technologies, including cross-device, with a privacy-centric approach.

NAI staff looks forward to working with its members in 2014 to further develop best practices for the collection and use of data for IBA across the ever-growing digital world.

⁴⁵ As defined in § I(A) of the Mobile Application Code.

HIGHLIGHTS OF THE 2013 NAI COMPLIANCE PROGRAM FINDINGS:

- NAI reviewed 88 companies during the 2013 annual review.
- 6,400,000 consumers visited the NAI site in 2013.
- In 2013, NAI still did not find any material noncompliance with the Code.

Education:

- Members donated 2 billion impressions to the NAI educational campaign.
- 3,140,000 consumers visited the NAI education site in 2013.

Notice:

- Nearly 278,481 websites included a link to the NAI website.
- NAI members delivered the "Advertising Option" Icon, or a similar Icon or link, trillions of times a month, to consumers.

Choice:

- 3,920,000 consumers visited the NAI opt-out page.
- NAI monitoring tool helped spot opt out glitches, which were fixed within an average of 24 hours from the time the member received notice from the NAI.
- NAI staff manually examined the lifespan, behavior, and content of over 500 IBA cookies of its evaluated member companies.

Consumer Communications:

- NAI received and reviewed 7,791 consumer queries through its website or via email.
- NAI staff also received approximately 1,000 telephone calls from consumers in 2013.

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