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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 and a summary of NAI staff investigations, as well as an overview of NAI policy efforts in 2017 and 2018

WASHINGTON, DC – May 3, 2018 – [The Network Advertising Initiative](#) (NAI) today released its 2017 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 Codes, these members actively worked with NAI staff during the course of the year to ensure that these issues were resolved quickly. The report also details six investigations undertaken by NAI staff, which ultimately did not result in findings of material noncompliance with the Codes. The report also details the NAI's policy initiatives during the past calendar year while outlining plans for the future. In conclusion, the NAI's compliance reviews indicate that all members appear to meet their obligations under the provisions of the Code.

The report is based on findings from the 2017 compliance period in which 96 member companies, all leading third-party digital advertising companies, were audited during the year by NAI staff for compliance with the Codes. This was the largest such review to date. All remaining member companies underwent an equally stringent review as part of their membership application process in 2017.

“The NAI sets high standards for its members for Internet-Based Advertising (IBA), Cross-App Advertising (CAA), and related business models, and our rigorous compliance program is meant to assist our member companies in meeting their requirements, and educate the membership base regarding new guidance and best practices. In those instances where a member company materially violates the Codes or refuses to cooperate with NAI staff we rely on our robust enforcement and sanctions procedures, although this has not been necessary in recent years” 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 advanced monitoring program, which keeps NAI staff informed regarding changes to member companies' disclosures and consumer choice mechanisms. These violations included occasional

problems with privacy links and disclosures that may not have provided adequate information regarding the linking of devices presumed to belong to the same user for advertising purposes.

“The laborious task of determining ongoing compliance involves hundreds of hours to conduct reviews, monitoring, and interviews,” explained Matyjaszewski. NAI staff worked directly with attorneys and engineers from member companies to address any complaints or concerns flagged by our automated systems, the press or through complaint mechanisms. This active monitoring and ongoing dialogue enables the NAI and its members to preemptively spot potential problems and to resolve issues promptly, before they turn into larger complications affecting greater numbers of consumers.”

“The NAI’s annual compliance review process is a massive undertaking, requiring intensive research and monitoring by NAI staff in preparation for each review, as well as the expenditure of considerable resources by evaluated member companies,” explained Matyjaszewski.

“Members must review their own internal products, processes, and technologies, as well as the associated disclosures and policies in order to complete the NAI’s questionnaire and respond to inquiries from NAI’s compliance team.”

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. For 2017, the NAI further broadened its reviews by incorporating its Guidance on Cross-Device Linking. During this first year of coverage NAI staff 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 Guidance, the NAI took additional steps to educate members regarding required and suggested disclosures pertaining to the linking of devices for digital advertising purposes and the effect of consumer choice mechanisms on such technologies. These efforts resulted in considerable improvement in device-linking disclosures throughout the year.

“The compliance process is the foundation of our work at the NAI,” said NAI President Leigh Freund. “We continue to update member requirements and raise the bar as technologies change each year, but accountability is the cornerstone of our self-regulation efforts. Establishing evidence of adherence to the Guidance is essential for building marketplace trust. 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 companies that join the NAI take their obligations to comply with our Code very seriously. As a result, we’ve not had to sanction members for material Code violations. When minor infractions are discovered, we engage with our members, which leads to quick resolutions that benefit the consumer, which also 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:

- **Work on synthesizing the Code and App Code into one document.** NAI staff and its Board of Directors combine the Code and App Code, while modernizing terminology, and published these updated Codes as the 2018 NAI Code of

Conduct. The NAI began enforcing this Code on January 1, 2018 and will report on member compliance in next year's Compliance Report.

- **Explore the potential for guidance regarding cross-device linking for digital advertising purposes.** NAI's staff and Board published the *Guidance for NAI Members: Cross-Device Linking*, which the NAI enforced during its 2017 compliance review
- **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 and led to an increase of over 100% in user visits to the NAI's consumer choice page in comparison to the prior year.
- **Launch a revised public service campaign.** The NAI launched a new consumer education campaign focusing on providing information regarding targeted advertising across devices and in a mobile environment. NAI members have pledged to support this campaign in 2018.
- **Enhance the functionality and stability of technical monitoring tools.** The NAI completely rebuilt its technical monitoring tools in 2017, in an ongoing effort to increase efficiency and keep up with evolving technologies. Some of these efforts, such as forays into machine learning, enabled NAI staff to more than double the amount of privacy-policy scans in order to help members maintain adequate disclosures.

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 further 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 preparing to publish guidance regarding data collection on internet-connected televisions.

“I congratulate our compliance team, led by Anthony Matyjaszewski and the rest of the NAI staff for applying the most comprehensive set of standards the NAI has ever enforced to more companies than ever in the 2017 report,” said NAI President and CEO Leigh Freund. “This growth trend is unlikely to slow down as we explore new principles for emerging technologies in 2018, and I am incredibly proud of team we've assembled and the knowledge base they possess. Their guidance to member companies of all sizes has helped the overall advertising ecosystem become a more trustworthy and reliable marketplace. The NAI is a model for effective self-regulation.”

To download the 2017 Annual Compliance Report, visit: www.networkadvertising.org.

About the NAI

Founded in 2000, the 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 105 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.