

ASC AdChoices Accountability Program

2015 Compliance Report



Advertising Standards Canada
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ASC AdChoices Accountability Program

Advertising Standards Canada (ASC), the independent national advertising industry self-regulatory body, is responsible for developing and managing the enforcement mechanisms for the Digital Advertising Alliance of Canada (DAAC) AdChoices Program. ASC's compliance efforts help ensure that participating companies achieve the requirements set out in the DAAC Self-Regulatory Principles for Online Behavioural Advertising (the Principles). Details about ASC's AdChoices Accountability Program can be found online at adstandards.com/adchoices.

ASC's responsibilities under the DAAC AdChoices Program (DAAC Program) include:

- Monitoring participating companies' websites and practices for compliance with the Principles;
- Accepting and handling consumers' complaints concerning possible non-compliance with the Principles;
- Working collaboratively with participating companies to achieve compliance; and
- Publishing compliance reports.

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Throughout this Report, the terms "Online Behavioural Advertising" (OBA), "Interest-based Advertising" and "Online Interest-based Advertising" (IBA) are used interchangeably.

Forward

Maintaining consumer trust in advertising is essential. The Canadian advertising industry has long recognized the need to regulate itself responsibly – founding our organization, Advertising Standards Canada (ASC), for this sole purpose over 50 years ago.

The 21st century has seen profound changes in the advertising ecosystem with the explosion of online advertising, giving rise to opportunities and concomitant challenges for both industry and consumers. Online interest-based advertising (IBA) has become an increasingly popular form of online advertising. On the opportunity front, IBA provides consumers with advertising that is aligned with their interests and advertisers with a means to effectively reach their target market. However, with these opportunities comes the challenge for industry to ensure consumer privacy is respected.

The fundamental tenets of responsible IBA are to provide consumers with transparency and control. Consumers must be made aware when IBA is occurring and have control over whether they choose to receive it. This is consistent with Canadian privacy legislation and the reason that industry, through the Digital Advertising Alliance of Canada (DAAC), created guiding principles for responsible IBA and implemented the Canadian DAAC AdChoices Program (the DAAC Program) in 2013.

Over the past year, momentum for the DAAC Program has increased and the number of participating companies now stands at 65. DAAC Program participation is voluntary and tangibly communicates a company's commitment to the DAAC Canadian Self-Regulatory Principles for Online Behavioural Advertising (the Principles).

In light of ASC's role as the national advertising industry self-regulatory body, the DAAC asked ASC to develop and manage the compliance mechanisms for the DAAC Program. ASC took on this responsibility and developed the AdChoices Accountability Program, which operates independently from the DAAC Program. Our responsibilities include monitoring and evaluating

the IBA activity of participating companies; accepting and handling consumer complaints involving concerns about IBA; and reporting our findings and recommendations.

In establishing ASC's AdChoices Accountability Program, we received wise counsel from our colleagues in the US. We acknowledge and thank Genie Barton, Vice President and Director, Online Interest-Based Advertising Accountability Program and Mobile Marketing Initiatives of the Council of Better Business Bureaus, and her team for their partnership, support, and encouragement.

ASC has recently completed its first round of DAAC Program reviews. In this first review, ASC's primary objective was to ensure that participating companies have the requisite structures in place to achieve full compliance with the DAAC Principles.

The pages that follow provide our findings. ASC has been gratified by the overwhelmingly positive response from participating companies following their receipt of our recommendations. We thank them for their cooperation, commitment, and enthusiasm for achieving the DAAC Program requirements.



Linda J. Nagel
President and CEO
Advertising Standards Canada
December 16, 2015

Overview

This is Advertising Standards Canada's (ASC) first compliance report under our AdChoices Accountability Program. As we began our review of the companies participating in the Digital Advertising Alliance of Canada AdChoices Program (the DAAC Program), we immediately recognized that many companies participating in the Canadian DAAC Program (Participants) had previously implemented the US self-regulatory programs (through the US Digital Advertising Alliance [DAA] or the Network Advertising Initiative [NAI]), or the European program (through the European Interactive Digital Advertising Alliance [EDAA]). These programs predate the DAAC Program. While all of these programs share the goal of helping to ensure transparency and consumer control with respect to online interest-based advertising (IBA), their requirements are not identical. This creates implementation challenges for those operating in multiple jurisdictions.

Ensuring consistency with the requirements of Canada's overarching privacy legislation – the *Personal Information Protection and Electronic Documents Act* (PIPEDA) – was top of mind in the development of both the DAAC Program and ASC's AdChoices Accountability Program. The DAAC Program was designed to be consistent with the legislative framework and guidance provided to industry by the Office of the Privacy Commissioner of Canada.

With this in mind, ASC reviewed Participants' websites to ensure that the following transparency and consumer control mechanisms were in place, when required by the Principles:

- **Notice** – The Transparency Principle requires Participants to provide a disclosure to users that includes: a meaningful description of their data practices as they relate to IBA; a statement of adherence to the DAAC Principles; and a link for users to opt out of data collection and use for IBA purposes;
- **Enhanced Notice** – The Transparency Principle also requires a clear, meaningful, and prominent link (Enhanced Notice) on each webpage where data is collected and/or used for IBA purposes. Enhanced Notice should link to a disclosure that provides consumers with notice of, and an Opt-Out Mechanism for, Third Parties collecting or using

data for IBA purposes on the website. The Enhanced Notice must be prominent, and should be placed above the fold, to ensure website visitors see the notice upon entering the website; and an

- **Opt-Out Mechanism** – The Consumer Control Principle requires Participants to provide consumers with the ability to exercise choice with respect to the collection and use of data for IBA purposes.

As of November 30, 2015, ASC completed its first review of the websites of almost 80% of DAAC Program Participants. Given that many Participants have multiple websites, ASC's review encompassed over 200 websites. Upon completion of each review, ASC sends the Participant detailed findings, identifying areas that require corrective action, and requesting a response by a specified date.

As of the publication of this report, ASC has sent its findings and recommendations to 32 Participants. ASC's recommendations for corrective action have been very well received. Many companies have already made the requested changes and are now in compliance with the principles related to notice and choice, while other companies are currently developing plans to bring their websites into compliance.

Going Forward

While ASC's first review of each Participant focused on the aspects of the DAAC Program noted above, ASC is reminding each Participant to regularly review their data practices against both the DAAC Principles and Canadian privacy law. Participants and other companies engaged in IBA should ensure their websites include a description of their data practices in their privacy statements as they relate to IBA; an upfront notice to consumers when data is collected or used for IBA purposes; and an easy-to-use opt-out mechanism for all parties engaged in data collection on their websites.

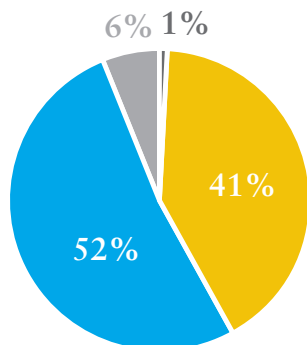
Over the course of the next several months, ASC will complete its first review of all Participant websites and continue monitoring Participant efforts to ensure our recommendations are implemented.

After the first quarter of 2016, ASC will shift its focus from structural reviews to evaluating DAAC Program outcomes, including the provision of, and consumer experience with, transparency and control mechanisms at the time of IBA delivery.

Participant Categories

DAAC Participants

(as of November 30, 2015)



1st Party

3rd Party

1st + 3rd Party

1st + 3rd Party

+ Service Provider

Total number of Participants: 65

The specific obligations under the DAAC Program differ depending on the nature of the participating company's involvement in IBA. Participating companies may fall into one or more of the categories below.

First Parties (Websites, such as Publishers and Advertisers)

A First Party is the entity that is the owner of the website or has control over the website with which the consumer interacts.

Third Parties (Ad Tech companies, such as Ad Networks and Data Brokers)

An entity is a Third Party to the extent that it engages in IBA on another entity's website.

Service Providers

An entity is a Service Provider to the extent that it collects and uses data from all or substantially all URLs traversed by a web browser across websites for IBA in the course of the entity's activities as a provider of Internet access service, a toolbar, an Internet browser, or comparable desktop application or client software, and not for its other applications and activities.

Enforcing the DAAC Principles

ASC has a 50+ year track record of motivating and guiding companies to comply with the provisions of various advertising self-regulatory instruments. In this consensus-driven, high-integrity environment, ASC expects the incidence of non-compliance to be low.

Under the DAAC Program, we continue to be gratified by and appreciative of Participants' commitment to the DAAC Principles, and their prompt and positive response to ASC's recommendations for corrective action. Despite ASC's best efforts, in the unlikely event that a company ultimately chooses not to comply with ASC's recommendations for corrective action, ASC may:

- advise the DAAC Board of Directors, which would determine whether or not the involved company is permitted to continue as a Participant in the DAAC Program and use the AdChoices icon (DAAC Participants only);
- publish a case report that identifies the involved company and the non-compliance issue; or
- refer the matter to the Office of the Privacy Commissioner of Canada.

Findings

1. Most Participants Have Taken Steps towards DAAC Program Implementation

Virtually all Participants have begun to implement the DAAC Program requirements. However, because implementation in Canada typically started after Participants implemented US IBA programs, most Participants still require adjustments to their websites to achieve compliance within the Canadian context. For those Participants already reviewed by ASC, this work is in progress.

2. DAAC Program Requirements for Enhanced Notice are Not Universally Understood

First Party Participants must provide “prominent” Enhanced Notice before or at the time of data collection or use for IBA purposes. To meet this requirement, such notice should be placed “above the fold” so that it is clearly visible to visitors when they enter the Participant’s website.

- While 75% of First Party Participants reviewed included Enhanced Notice, only 25% met the DAAC requirement for “above the fold” notice – most often in the form of a banner or pop-up notice. For the balance, Enhanced Notice was typically only available in the webpage footer, and thus not always visible to website visitors upon site entry or otherwise at the time of data collection or use.

Now that this DAAC Program requirement has been widely communicated, Participants are in the process of amending their websites.

3. Opt-Out Lists are Often Not Complete

Consumers who choose to opt out from receiving IBA expect they will have the ability to opt out from *all* Third Parties collecting or using data for IBA purposes on that website.

- While many Participants provided an opt-out mechanism in their Enhanced Notice, 75% of the websites reviewed by ASC did not include opt-outs for all companies that appeared to be collecting or using data for IBA purposes.

Participants have been receptive to ASC’s recommendations and are taking measures to provide opt-outs for all Third Parties collecting or using data for IBA purposes on their websites.

4. The AdChoices Icon is an Important Consumer Education Tool

The AdChoices icon with its accompanying text is an important DAAC Program feature. The icon was developed to provide a uniform and consistent mechanism for Participants to communicate their adherence to an accepted set of principles that provide consumers with transparency and control with respect to IBA activity.

- 72% of First Party Participants used the AdChoices icon and accompanying “AdChoices” text to provide Enhanced Notice.

While Participants are not required to display the icon, ASC considers it an important education and communication tool, and the vast majority of Participants have been receptive to its use.

5. Participant Links to the Canadian Self-Regulatory Program Website

To provide consumers with additional information about IBA, many Participants include links on their websites to self-regulatory programs. A number of Participants link to a US self-regulatory program, but not to the DAAC Program.

- 58% of all Participants included a link to an IBA self-regulatory program in other jurisdictions (i.e. DAA, NAI, EDAA), but did not include a link to the DAAC website.

The inclusion of links to non-Canadian programs typically occurred when a company joined the DAAC Program subsequent to its enrolment in the US program(s). While linking to self-regulatory program websites is not a requirement, to avoid confusion, ASC is requesting that Canadian Participants wishing to provide such a link ensure it leads to the DAAC website.

By the Numbers

At the time of this Report's publication, there were 65 Participants in the DAAC Program. ASC reviewed the websites of 78% of Participants and contacted 49% with our findings and recommendations.

Of all Participants reviewed by ASC:

- 96% have begun to implement DAAC Program requirements;
- 86% provided the key program features of Notice, Enhanced Notice, and an Opt-Out Mechanism, when required, on their websites; and
- Most Participants require some degree of adjustment to achieve full compliance with DAAC Program requirements.

Observations on Notice

Of all Participants reviewed by ASC:

- Almost 100% provided a meaningful description of their data practices as they relate to IBA;
- 16% provided a statement of adherence to the DAAC Principles in their privacy policies;
- 80% provided appropriate opt-out links in their Notice; and
- 58% included a link to an IBA self-regulatory program in other jurisdictions (i.e. DAA, NAI, EDAA), but did not include a link to the DAAC website.

Of Third Party Participants reviewed by ASC:

- 100% provided Notice in their privacy policies; and
- 100% provided a meaningful description of their data practices as they relate to IBA in their Notice.

Observations on Enhanced Notice (First Party Participants only)

Of the First Party Participants reviewed by ASC, 75% provided an Enhanced Notice. Of these:

- 72% used the AdChoices icon and accompanying AdChoices text to provide Enhanced Notice;
- 83% provided a link to an Opt-Out Mechanism;
- 77% used the services of a DAAC-approved provider (i.e. Ghostery, TRUSTe); and
- 33% provided the Enhanced Notice "above the fold".

Observations on the Opt-Out Mechanism

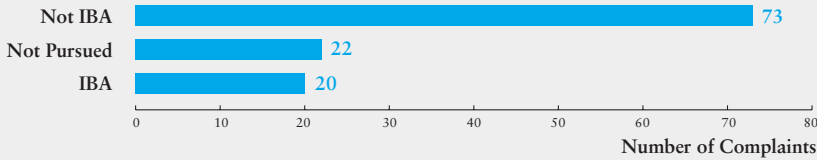
- 96% of Third Parties reviewed provided an Opt-Out Mechanism.
- 75% of First Parties providing Enhanced Notice did not provide an Opt-Out Mechanism for all Third Parties collecting data for IBA purposes on their websites.

2015 Consumer Complaints

January 1 – November 30, 2015

From January through November 2015, ASC received 115 complaints from consumers for review under its IBA complaints procedure.

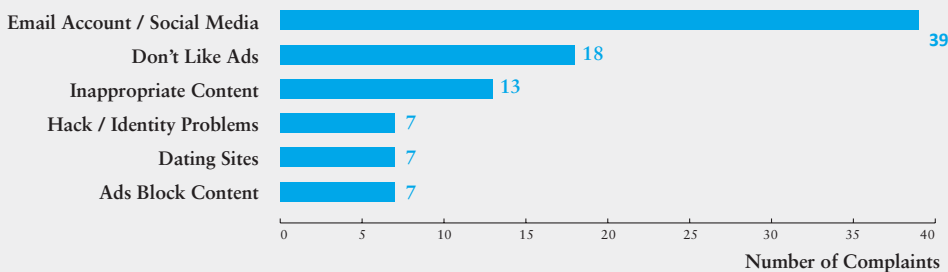
2015 Consumer Complaints – IBA



Of the total number of complaints submitted to ASC, following assessment, 20 (or 17%) were determined to raise potential IBA concerns. All of these involved allegations that an “IBA Opt-Out” did not work. In most of these cases, complainants incorrectly believed that after opting out they would not receive any advertising at all. This is clearly not the case, and an area where consumer education is required. In several cases where consumers correctly understood the purpose of the opt-out, ASC ultimately found that targeted campaigns were not used to deliver advertisements.

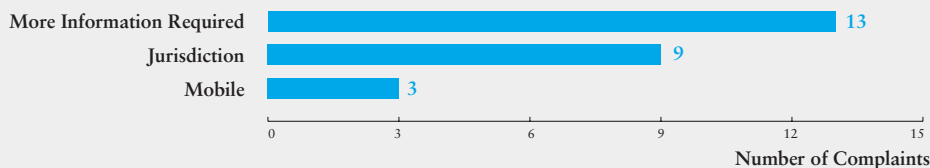
The majority of complaints, 73 (or 63%), were about issues that did not raise concerns relating to the DAAC Principles. Some consumers simply did not want to see advertising in their browsers, and others cited concerns about the appearance of advertisements in free email or social media services. Other consumers had concerns about the content of an advertisement, or concerns about being hacked, or getting computer viruses.

Not IBA Related



ASC was unable to pursue 22 (or 19%) complaints for a number of reasons, including: the advertising was out of ASC’s jurisdiction, i.e. not Canadian or directed to Canadians; the complaint involved IBA in mobile applications, which is not currently encompassed under ASC’s AdChoices Accountability Program, or ASC was not provided with sufficient information to pursue the complaint.

Not Pursued



ASC’s Processes for Consumer Complaint Handling

An effective consumer response mechanism is essential to maintaining public confidence in advertising. For over 50 years, ASC has maintained a robust Consumer Complaints Procedure to manage consumers’ complaints about the content of advertising appearing in Canadian media. Complaints are reviewed under the provisions of the *Canadian Code of Advertising Standards*, which sets the standards for acceptable advertising content. Information about the complaint process and ASC’s Ad Complaints Reports can be found on ASC’s website at adstandards.com.

Concurrent with the implementation of its AdChoices Accountability Program, ASC began to accept and adjudicate complaints from consumers about IBA under the DAAC Principles. Because complaints about IBA are often technical in nature and involve the **methods** of data collection or use for IBA, rather than the **content** of an advertisement, ASC handles these complaints through a separate procedure. See: adstandards.com/adchoices

Digital Advertising Alliance of Canada & the AdChoices Program

The Digital Advertising Alliance of Canada (the DAAC) is a consortium of the leading national advertising and marketing trade associations, whose members share a commitment to delivering a robust and credible program for responsible online interest-based advertising (IBA). See more at youradchoices.ca.

The Canadian DAAC AdChoices Program (the DAAC Program) was developed by the DAAC.

The DAAC Program was designed to educate consumers about IBA and provide mechanisms for consumers to know when IBA is occurring and the ability to control whether or not they choose to permit the collection and use of their browsing data for IBA purposes. The framework for the DAAC Program is set out in the DAAC's Canadian Self-Regulatory Principles for Online Behavioural Advertising.

DAAC Member Associations



DAAC AdChoices Program Participants

as of November 2015

Accordant Media, LLC
Accuen Inc.
AcuityAds Inc.
AdGear Technologies, Inc.
AdRoll, Inc.
Amex Canada Inc.
Amobee, Inc.
AOL Canada Corp.
ChoiceStream, Inc.
Criteo SA
Dell Canada Inc.
Education Management Corporation
Enterprise Holdings, Inc.
Epsilon Data Management, LLC
Evolve Media, LLC
Exponential Interactive, Inc.
Eyeturn Marketing Inc.
Facebook, Inc.
Ford Motor Company of Canada, Limited
Google Inc.
Hewlett-Packard Enterprise HP Inc.

IBM Canada Ltd.
IgnitionOne, Inc.
Index Exchange
Kellogg Canada Inc.
Kraft Canada Inc.
LinkedIn Corporation
Live Nation Entertainment, Inc.
Loblaw Companies Limited
Magnetic Media Online, Inc.
MediaMath, Inc.
Microsoft Online, Inc.
Mode Media Corporation
Netflix, Inc.
Oracle Corporation
ownerIQ, Inc.
RadiumOne, Inc.
Rocket Fuel Inc.
Rogers Communications Inc.
RUN, Inc.
S. C. Johnson & Son, Inc.
Say Media, Inc.
Taboola, Inc.
Tapad, Inc.

TC Media/Transcontinental Inc.
TD Canada Trust
The Bank of Nova Scotia
The Clorox Company of Canada, Ltd.
The Globe and Mail Inc.
The Procter & Gamble Company
The Rubicon Project, Inc.
The TJX Companies, Inc.
The Trade Desk, Inc.
Tourism New Zealand
TubeMogul, Inc.
Turn Inc.
Unilever Canada Inc.
Vanguard Investments Canada Inc.
Wal-Mart Canada Corp.
xAd, Inc.
Xaxis, Inc.
Yahoo! Inc./BrightRoll Inc.
Yellow Pages Digital & Media Solutions Limited
Ziff Davis, LLC



A copy of the Principles is available for download.

Canadian Self-Regulatory Principles for Online Behavioural Advertising

The Principles set out a consumer-friendly framework for the collection of online data in order to facilitate the delivery of advertising based on the preferences or interests of web users, in a manner consistent with applicable Canadian privacy laws and the core elements of the Self-Regulatory Principles for Online Behavioral Advertising created by the Digital Advertising Alliance in the United States.

Education

The Education Principle calls for entities to participate in efforts to educate individuals and businesses about online behavioural advertising. In an effort to educate consumers, a consumer-focused campaign will be launched by the DAAC to help educate the public about the Principles, what online behavioural advertising is, and how to opt-out.

Notice and Transparency

The Transparency Principle calls for clear, meaningful and prominent notice to consumers about data collection and use practices associated with online behavioural advertising. The Principle sets out requirements for enhanced notice on the page where data is collected through links embedded in or around advertisements, or on the webpage itself.

Consumer Control

The Consumer Control Principle provides consumers with an ability to choose whether data is collected and used for online behavioural advertising purposes. This choice will be available through various means, including a link from the notice provided on the webpages where data is collected.

Data Security

The Data Security Principle calls for entities to provide appropriate security for, and limited retention of, data collected and used for online behavioural advertising purposes. Additional requirements are in place to address the treatment of OBA data by Service Providers under this Principle as well.

Sensitive Data

The Sensitive Data Principle prohibits entities from collecting personal information for OBA purposes from children they have actual knowledge are under the age of 13 or from sites directed to children under the age of 13 for OBA, or otherwise engaging in OBA directed to children they have actual knowledge are under the age of 13, unless such collection and other treatment of personal information is in accordance with Canadian privacy legislation. Entities are also prohibited from collecting or using sensitive personal information for OBA purposes without consent, as required and otherwise in accordance with Canadian privacy legislation.

Accountability

Under the Accountability Principle, Advertising Standards Canada (ASC), the independent advertising self-regulatory body, monitors Companies participating in the Program for compliance with the Principles, and works cooperatively with them to effect compliance. ASC also accepts and responds to complaints about practices that may not comply with the Principles.

About Online Interest-Based Advertising

What is online interest-based advertising?

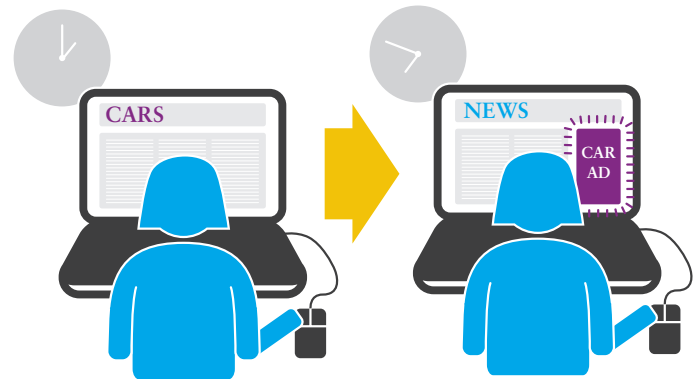
Advertisers want to ensure their advertisements are relevant to the consumer. One mechanism for providing consumers with advertisements that reflect their interests is online interest-based advertising (IBA), sometimes known as “online behavioural advertising” or “targeted advertising”. The Office of the Privacy Commissioner of Canada defines IBA as “tracking and targeting individuals’ web activities, across websites and over time, in order to deliver advertisements tailored to those individuals’ inferred interests.” IBA often uses “cookies” to learn about a user’s web browser activity.

What is a cookie?

A cookie is a small piece of data sent from a website a user visits and stored in the user’s browser. The cookie facilitates the collection of information associated with the browser activity, such as visits to other websites.

How does online interest-based advertising work?

Advertisers can provide advertisements to consumers based upon their inferred interests by using the cookies stored in a consumer’s browser. Website operators and their advertising partners share the information they collect about browser activity. They use this information to help predict the user’s interests, and advertisers may buy advertising space on websites based upon this knowledge. For example, consumers who frequently visit automobile review websites will likely receive advertisements for particular car models that interest them. Many websites and online services depend on revenue from this type of advertising in order to avoid charging users a fee for viewing or using content. Canadian privacy laws require advertising companies to ensure that consumers are made aware of IBA activity on websites, and to provide them with the opportunity to opt-out of data collection or use for IBA purposes.



What are the Canadian Self-Regulatory Principles for Online Behavioural Advertising?

To establish a consumer-friendly framework for IBA in a manner consistent with Canadian privacy laws, a consortium of leading marketing and advertising trade associations in Canada formed The Digital Advertising Alliance of Canada (the DAAC), which developed the Canadian Self-Regulatory Principles for Online Behavioural Advertising (the DAAC Principles). The DAAC Principles require companies participating in the Canadian DAAC AdChoices Program (the DAAC Program) to clearly inform consumers about their data collection and use practices as they relate to IBA and provide consumers with the means to exercise greater control over the types of advertisements they see.

What is the AdChoices icon? [AdChoices](#)

A central element of the DAAC Program is the clickable, identifiable icon, which provides a link to information where users can learn about and exercise control over IBA. The icon reinforces the DAAC’s participating companies’ dedication to a consumer-friendly online environment. When the icon is clicked, the user is able to identify the companies involved in serving such advertisements to them and see a description of each company’s data collection and use practices. The icon should also link users to a mechanism to opt-out from receiving IBA from these companies.

About Advertising Standards Canada

Founded in 1957, Advertising Standards Canada (ASC) is the independent, national not-for-profit advertising industry self-regulatory body. ASC members – leading advertisers, advertising agencies, media organizations and suppliers – are committed to responsible and effective self-regulation.

ASC administers the *Canadian Code of Advertising Standards* (the Code), the principal instrument of advertising self-regulation. The Code sets the criteria for acceptable advertising and provides a procedure for accepting, reviewing and reporting on consumers' complaints about advertising. Complaints are adjudicated by independent volunteer councils, comprising senior industry and public representatives.

As well, ASC provides preclearance of advertising in five regulated categories to help advertisers ensure compliance with specific laws, regulations and guidelines. ASC also administers several advertising self-regulatory initiatives, including the Canadian Children's Food and Beverage Advertising Initiative; the AdChoices Accountability Program; and the Voluntary National Automobile Advertising Guidelines.

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