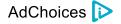
# **AdChoices ACCOUNTABILITY PROGRAM**

**2017 Compliance Report** 

Ad Standards is responsible for the Accountability component of the Digital Advertising Alliance of Canada



AdChoices Program.







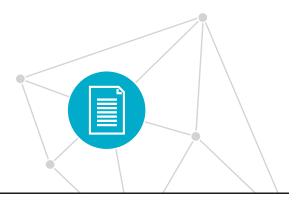
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Executive Summar

AdChoices
Accountability
Program Overvies

2017 Highlights Detaile Finding



### **Foreword**

Consumers have the right to expect transparency and choice regarding online interest-based advertising. That is why the Canadian advertising industry, through the Digital Advertising Alliance of Canada (the DAAC), launched the AdChoices Program in 2013. To ensure that participating companies were meeting their DAAC AdChoices Program commitments, the DAAC requested that Ad Standards develop a robust accountability program.

Ad Standards is pleased to publish our third annual AdChoices Accountability Program Compliance Report. The report documents continuing compliance in meeting AdChoices Program requirements by the overwhelming majority of participating companies (Participants). We recognize that achieving compliance is not without its challenges, and acknowledge the significant efforts expended by Participants to achieve success. This year, in addition to our ongoing monitoring efforts, Ad Standards conducted research on

popular websites to further test the robustness of the AdChoices Program. The results were gratifying and are a further testament to Participant commitment.

While high Participant compliance is both the expectation and the norm, we have identified a small number of companies that signed on to the Program, but have failed to meet their Program obligations and have not committed to corrective action. This is a serious concern. With the program achieving maturity, Ad Standards is redoubling our efforts to ensure that only compliant companies maintain the privilege of Program participation.

Ad Standards wishes to acknowledge and thank Genie Barton, Vice President and Director, and John Brescia, Director, Adjudications and Technology, of the Online Interest-Based Advertising Accountability Program and Mobile Marketing Initiatives of the U.S. Council of Better Business Bureaus for their continuing support and partnership.

What's next? In January 2018,
Ad Standards' AdChoices Accountability
Program will expand to include
monitoring Participants for compliance
with the DAAC Application of the
Self-Regulatory Principles to the
Mobile Environment. This is an
important step, and we look forward
to this opportunity to further advance
Canadian advertising self-regulation.



Jani Yates
President and CEO, Ad Standards



#### September 2013

The DAAC launches the Canadian Self-Regulatory Principles for Online Behavioural Advertising



#### January 2014

Ad Standards (previously known as ASC) implements Consumer Complaint Procedure for the DAAC Principles



#### September 2014

Ad Standards launches AdChoices Accountability Program



#### December 2015

Ad Standards releases AdChoices Accountability Program: 2015 Compliance Report

# Executive Summary

Online interest-based advertising (IBA) benefits both consumers and digital advertisers. It provides consumers with messages aligned with their interests and allows advertisers to more effectively reach their target market. For advertisers however, there are responsibilities attached to the benefits of IBA. Advertisers must ensure that consumer privacy is respected. The companies participating in the DAAC AdChoices Program have agreed to abide by a set of principles to ensure that consumers are made aware of the collection and use of data for IBA purposes, and that they can exercise choice regarding use of this information.

Ad Standards developed the AdChoices Accountability Program in 2015. Since that time, we have conducted regular reviews of participating company (Participant) websites and worked cooperatively with Participants to help them facilitate Program compliance.

This 2017 Compliance Report details continuing DAAC Program growth. At year-end, 83 companies had committed to the Program – a year-over-year net increase of four after factoring in gains and losses, which resulted primarily from company mergers. Because the Program provides companies a

six-month grace period to achieve compliance after sign-up, the scope of this report includes the 76 companies reviewed to date by Ad Standards.

With full Program compliance achieved by 64 Participants, and work in progress for most of those remaining, there is no question that solid progress has been made, and the Program is achieving its objective of providing consumers with transparency, control, and choice with respect to IBA. Regretfully, there are a few companies that have not met Program requirements and have not been responsive to Ad Standards - notwithstanding repeated requests for cooperation. Going forward, we are managing these companies on a priority basis. The use of the AdChoices icon is a privilege earned by responsible and committed advertisers.

As detailed in this report, and consistent with 2016 research, Ad Standards found that Participants provide Transparency and Consumer Control mechanisms required for IBA more often than companies that have not signed on to the Program. This is a further testament to the importance and viability of this Program.

Also, through our monitoring activity, Ad Standards found websites for a number of non-participating companies that refer users to the DAAC *youradchoices.ca* website to find out more about IBA and to opt-out. This demonstrates that the value of the Program extends beyond current Program signatories.

The Program continued to evolve in 2017 with the expansion to encompass the mobile environment. Participants now have the additional Program obligation to comply with the DAAC *Application of the Self-Regulatory Principles to the Mobile Environment*. Ad Standards will commence mobile compliance reviews in 2018.

Ad Standards' goal is to bring companies into compliance with Program requirements. It is simply a matter of respecting consumers. We encourage both participating and non-participating companies to review their Transparency and Consumer Control mechanisms for IBA using the Summary of Requirements for compliance in Appendix IV of this document. As well, we invite all companies to contact us for assistance with compliance issues.



#### February 2017

Ad Standards releases
AdChoices Accountability Program:
2016 Compliance Report



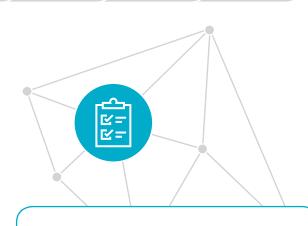
#### May 2017

The DAAC publishes
Application of the SelfRegulatory Principles to the
Mobile Environment



#### January 2018

Ad Standards begins monitoring Participants for compliance with the DAAC Application of the Self-Regulatory Principles to the Mobile Environment Ad Standards, the national, independent, not-for-profit advertising self-regulatory body, is responsible for the accountability function for the Digital Advertising Alliance of Canada (the DAAC) AdChoices Program. The DAAC AdChoices Program is an industry self-regulatory program for online interest-based advertising (IBA).



#### DAAC, DAA, and EDAA

Consumer online activity transcends regional boundaries and borders. Therefore, industry-developed programs for responsible online interest-based advertising (IBA) demand a global approach. The DAAC, the U.S. Digital Advertising Alliance (DAA), and the European Interactive Digital Advertising Alliance (EDAA) operate self-regulatory programs to set consumer-friendly standards for IBA practices in their respective jurisdictions. Many features of the DAAC, DAA, and EDAA programs are similar, enabling global companies to seamlessly implement the programs in each jurisdiction. The most recognizable feature of these programs is the AdChoices icon, which appears on website headers or footers, and in advertisements that are delivered using IBA to inform users that their information may be collected or used for IBA purposes.

Ad Standards' compliance efforts help ensure that participating companies (Participants) achieve the requirements set out in the DAAC *Canadian Self-Regulatory Principles for Online Behavioural Advertising* (the Principles). Details about Ad Standards' AdChoices Accountability Program can be found online at *adstandards.ca/adchoices*. Ad Standards administers the AdChoices Accountability Program by:



Monitoring participating companies' websites and practices for compliance with the Principles.



Accepting and handling consumer complaints concerning possible non-compliance with the Principles.



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Working collaboratively with participating companies to achieve compliance.



Publishing compliance reports.

#### **Non-Compliance**

The vast majority of Participants have demonstrated commitment to the Principles, diligently working to comply with Ad Standards' recommendations for corrective action. In the event that a Participant ultimately chooses not to comply with Ad Standards' recommendations for corrective action, Ad Standards may:

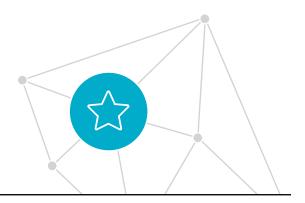
Refer the company to the DAAC Board of Directors and recommend that the DAAC terminate the company's membership in the Program and revoke its license to display the AdChoices icon;

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.

Foreword Executive AdChoices 2017 Detailed 2017 Consumer Guide to Mobile Appendices

# **2017 Highlights**



#### **Highlight 1: Overall Program Compliance**

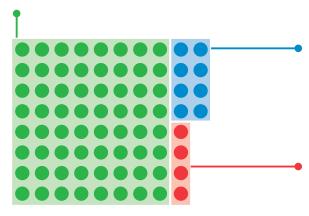
At the end of 2017, there were 83 Program Participants – a year-over-year net increase of four companies. The websites of 76 Participants were reviewed for this report.

# 64 Participants

84% (64) of Participants reviewed had websites with fully compliant Transparency and consumer Control mechanisms as specified in the DAAC Canadian Self-Regulatory Principles for Online Behavioural Advertising (the Principles).

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This means they have the required Transparency and Consumer Control mechanisms in place to respect consumer privacy with regard to online interest-based advertising (IBA). See <u>Appendix IVa</u>.



8 Participants

A further 11% (8) of Participants have a compliance work plan in place, and are committed to achieve compliance in the near term.

4 Participants

Four Participants failed to achieve compliance and are subject to Program non-compliance measures (see Non-Compliance section on page 4).

n=76

Ad Standards

Under the Program, First Party (publishers and other websites) and Third Party (ad tech companies) Participants have different Transparency and Consumer Control requirements associated with their role in the IBA ecosystem. These requirements fall under the categories of Notice, Enhanced Notice, and Choice Mechanism. At year-end:



90% (36) of First Parties

provide a compliant Notice of IBA practices in their privacy policy.



90% (36) of First Parties

provide Enhanced Notice at the time of data collection or use for IBA purposes. 75% (30) of these display the Enhanced Notice prominently, as required by the Program.



95% (38) of First Parties

provide a Choice Mechanism. 90% (36) provide opt-outs for all Third Party companies active in IBA on their website(s).

See Appendix V for Methodology.

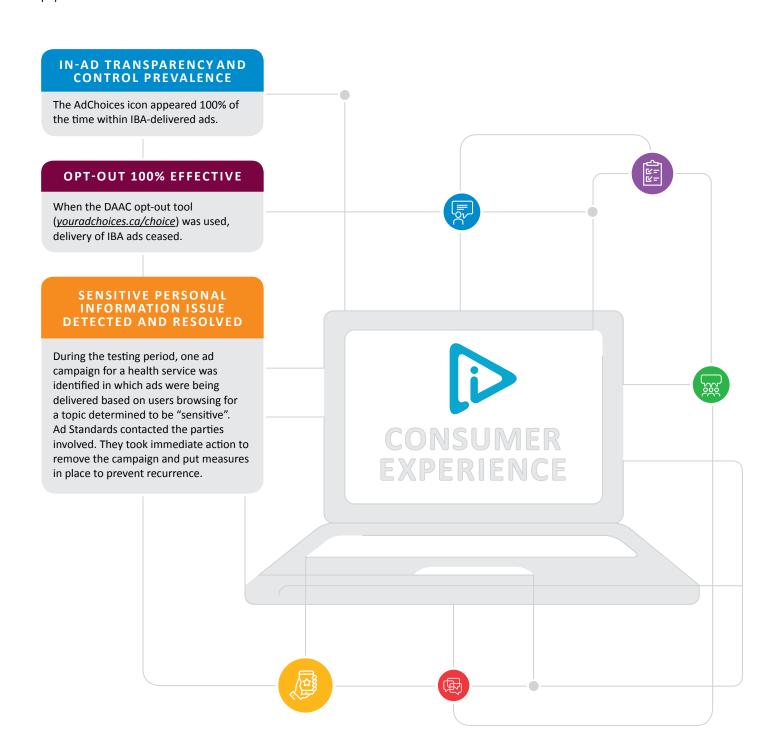
#### **Highlight 3: Participants vs. Non-Participants**

Ad Standards repeated its 2016 research to assess the IBA practices of companies participating in the AdChoices Program against those that are not. Consistent with 2016 findings, Participants provide the Transparency and Consumer Control mechanisms required for IBA far more frequently than do the non-participating companies in Ad Standards' tests, particularly with regard to providing notice before or at the time of data collection or use for IBA purposes.

oreword / Executive / AdChoices / 2017 / Detailed / 2017 Consumer / Guide to Mobile / Appendice Summary / Accountability / Highlights / Findings / Complaints / Compliance

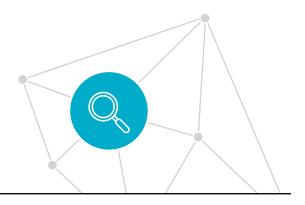
#### **Highlight 4: Consumer Experience with IBA**

Ad Standards tested the consumer experience with IBA on 30 websites popular with Canadians.



Ad Standards AdChoices Accountability Program

# Detailed Findings



The Digital Advertising Alliance of Canada (the DAAC) provides a framework for online interest-based advertising (IBA) through its Canadian Self-Regulatory Principles for Online Behavioural Advertising (the Principles). Companies voluntarily join the DAAC and, in doing so, become

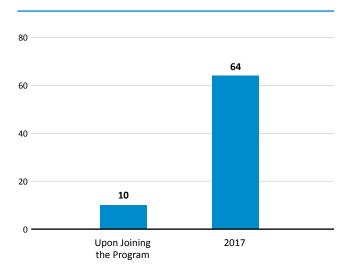
participants of the DAAC AdChoices Program (the Program) with an agreement to adhere to the Principles. Participating companies (Participants) ensure disclosures and choice mechanisms are clearly presented, complete, and easy for consumers to understand. Ad Standards, through its AdChoices Accountability Program, has developed monitoring and complaint handling processes to identify areas of possible non-compliance, inform Participants of potential non-compliance, and, as needed, work with Participants to help them achieve compliance.

#### **Overall Compliance – Transparency and Consumer Control**

To date, Ad Standards has conducted reviews of 76 Participant websites (See <u>Appendix V</u>: Ad Standards Review Methodology). The reviews examine Participant websites for the required Transparency and Consumer Control mechanisms; namely, Notice, Enhanced Notice, and Choice Mechanism (as defined in <u>Appendix IV</u>).

Upon joining the Program, the vast majority of Participants had websites that were not fully compliant and required input from Ad Standards. By the end of 2017, 64 Participants had fully compliant websites. Note that this represents hundreds of websites that Canadians visit, since, often, Participants own several and sometimes many websites.

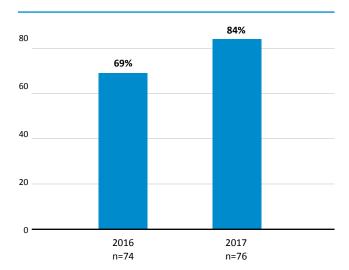
#### Compliance Rates (# of Participants)



At the end of 2017, 84% (64) of Participants had fully compliant websites, compared to 69% (51) one year ago.

Of the remaining Participants, 11% (8) are actively progressing towards compliance with the Principles, most having presented Ad Standards with compliance work plans.

#### **Overall Participant Compliance** (%)



# Third Party Transparency and Consumer Control Compliance

Third Parties are ad tech companies, such as ad

networks and data brokers.

Ad Standards reviewed 41 Third Party Participant websites to evaluate compliance with the Transparency and Consumer Control requirements. Compliant Transparency includes a Notice with a description of the company's IBA data practices, a statement of adherence to the DAAC Principles, and an easy-to-use Choice Mechanism.



By the end of 2017, 98% (40) of Third Party Participants had fully compliant websites. The one remaining Participant is in the process of coming into compliance.

Ad Standards



First Parties are website owners, including publishers, retailers, and brands.

# First Party Transparency and Consumer Control Compliance

Ad Standards reviewed 40 First Party Participant websites for the requisite Notice, Enhanced Notice, and Choice Mechanism. A fully compliant website provides all three requirements in a manner consistent with the Principles: 73% (29 of 40) of First Party Participants meet these criteria.

When First Party websites are not fully compliant, common compliance issues include: the required statement of adherence to the Principles is not present; Enhanced Notice links are not sufficiently prominent; and Choice Mechanisms do not provide a link to a Canadian opt-out tool, or do not provide an opt-out option for each Third Party active in IBA on the website.



90% (36) of First Parties

provide a compliant Notice of IBA practices in their privacy policy.



90% (36) of First Parties

provide Enhanced Notice at the time of data collection or use for IBA purposes. 75% (30) of these display the Enhanced Notice prominently, as required by the Program.



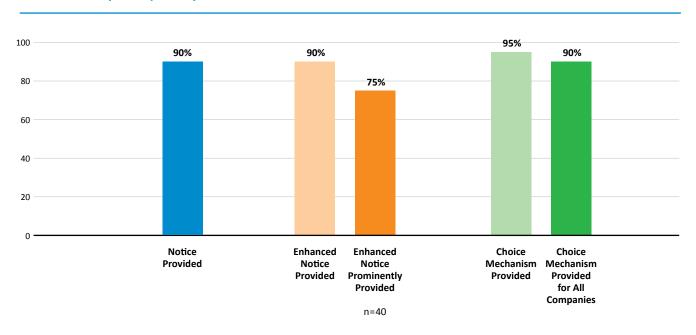
95% (38) of First Parties

provide a Choice Mechanism. 90% (36) provide opt-outs for *all* Third Party companies active in IBA on their website(s).

See  $\underline{\mathsf{Appendix}\;\mathsf{V}}$  for Methodology.

preword / Executive / AdChoices / 2017 / Detailed / 2017 Consumer / Guide to Mobile / Appendices

#### 2017 First Party Transparency and Consumer Control Mechanisms (% of Participants reviewed)



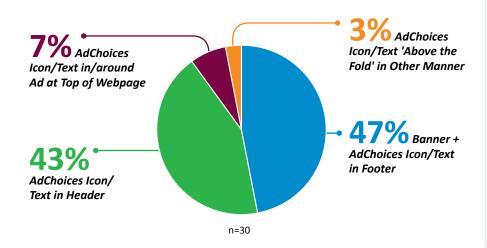
#### **How First Parties implement a Prominent Enhanced Notice**

The Program requires
First Parties to provide
Enhanced Notice that is
clear, meaningful, and
prominent on webpages
where data is collected
or used for IBA purposes.

# Prominent Enhanced Notice means it should be 'above the fold' or otherwise displayed in a conspicuous manner that is visible to website users.

#### **Prominent Enhanced Notice by First Parties** (%)

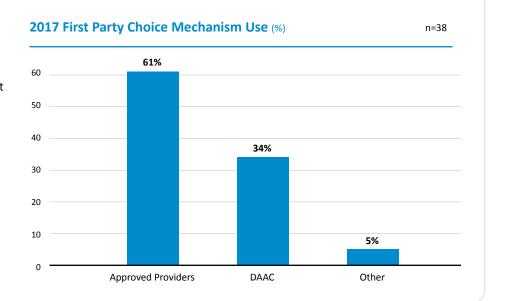
First Party Participants meet the requirement for prominent Enhanced Notice utilizing various methods. The majority (47% or 14) deploy a banner or pop-up in combination with the AdChoices icon and text in the website's footer; 43% (13) use the AdChoices icon and accompanying "AdChoices" or "Choix de pub" text in the website's header; 7% (2) use the AdChoices icon and accompanying text within an advertisement placed at the top of the webpage; and 3% (1) use the AdChoices icon and accompanying text 'above the fold' in another manner.



Ad Standards AdChoices Accountability Program

#### **Choice Mechanisms in use by First Parties**

First Party Participants can provide opt-outs for Third Parties active in IBA on their website(s) through a link to an industry-developed website designed specifically to provide opt-out tools. The DAAC provides a website for this purpose at *youradchoices.ca/choices*, and the DAAC's Approved Providers, Evidon and TrustArc, offer a similar service. Of the 38 First Party Participants providing an opt-out tool, 61% (23) use the DAAC Approved Providers, 34% (13) use the DAAC opt-out tool, and 5% (2) use another mechanism.

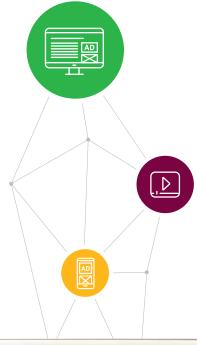


#### AdChoices Choix de pub First Parties' use of the AdChoices icon and accompanying text for Enhanced Notice 2017 First Party Use of the AdChoices The DAAC's preferred Icon and Accompanying Text (%) mechanism for providing a clear and meaningful Enhanced The icon is a universal Notice is the AdChoices icon symbol that informs website users, in and accompanying "AdChoices" a consistent and or "Choix de pub" text. Most First obvious manner, that Party Participants (78% or 28) information about their interests may be use the AdChoices icon or text as collected or used for their Enhanced Notice link. IBA purposes. Do Not Use **AdChoices** 78% (28) Icon/Text **Use AdChoices** Icon/Text n=36

#### **Native Advertising**

"Native advertising is a type of paid-for content marketing in which users experience advertisements organically as part of the content, for example with news, entertainment, or sponsored content". (Consolidated ICC Code of Advertising and Marketing Communication Practice)

Native advertisements are sometimes delivered to users using IBA. When this occurs, the DAAC Principles apply as they do with any other form of IBA, and both First and Third Party Participants should provide the Transparency and Consumer Control mechanisms required by the DAAC Principles. For more information on native advertising, please see The Native Advertising Playbook by the Interactive Advertising Bureau (IAB).



**FOCUS ON...** 

Video Advertising and the AdChoices Icon with **Accompanying Text** 

The DAAC recently published the Ad Marker Implementation Guidelines for Video Ads (the Video Ad Guidelines). The AdChoices icon and accompanying text (the DAAC Ad Marker) provide consumers with access to enhanced transparency and choice for the collection of data under the **DAAC Principles**. The Video Ad Guidelines supplement the DAAC Principles to provide implementation guidelines specific to video, and should be read in conjunction with the DAAC's previously-issued Ad Marker Creative Guidelines. The DAAC issued these guidelines to promote a consistent consumer experience with the DAAC Ad Marker in video ad formats.

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**Ad Standards** 

#### Comparing First Party Participants and Non-Participating Companies, the DAAC AdChoices Program is Working.

90% of Participants provide an opt-out mechanism, compared to 63% of the non-participating companies sampled.

To gauge the effectiveness of the DAAC AdChoices Program, Ad Standards wanted to understand whether non-participating companies active in online interest-based advertising (IBA) were respecting consumers' privacy through means other than the tools provided in the DAAC AdChoices Program (the Program). To conduct this assessment, Ad Standards identified 30 popular French and English language

websites in Canada. These websites are operated by companies not participating in the Program and all allow data collection or use for IBA purposes. Ad Standards assessed whether the websites in this sample provided an IBA disclosure, a real-time alert to notify users of data collection or use for IBA purposes, and an opt-out tool.

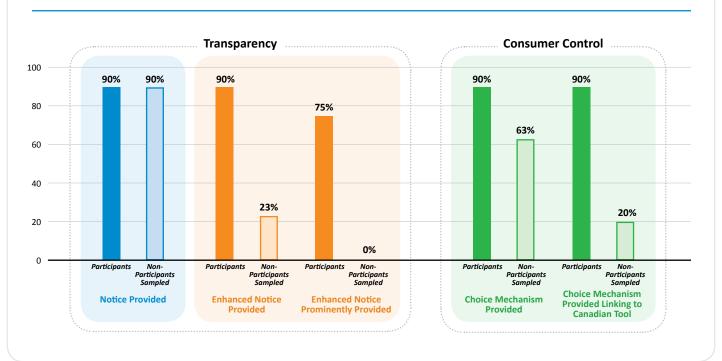
It is clear that provision of Transparency and Consumer Control mechanisms by First Party Participants is more prevalent than by those in the sample of non-participating companies. While the same number (90%) of Participants and non-participating companies provide a notice statement, 90% of Participants provide real-time notice of data collection or use for IBA purposes, compared to only 23% of the non-participating companies sampled.

75% of Participants provide prominent real-time notice, compared to none of the non-participating companies sampled.

90% of Participants provide an opt-out mechanism, compared to 63% of the non-participating companies sampled. And 90% of Participants provide a link to opt-out webpages designed for the Canadian marketplace (rather than to websites designed for other jurisdictions), compared to only 20% of the non-participating companies in the sample.

When reviewing the privacy statements of the non-participating companies in the sample, Ad Standards noted that almost a quarter of non-participating company websites sampled rely on the DAAC's website to provide consumers with a Choice Mechanism.

2017 First Party Participants vs. Non-Participating Companies Transparency and Consumer Control Mechanisms (% providing)



#### In-Ad AdChoices Icon, Opt-Out Effectiveness, and Sensitive Personal Information

Ad Standards conducted three tests to measure the effectiveness of Program features:

- 1) frequency of use of the AdChoices icon in IBA-delivered advertisements;
- 2) effectiveness of the DAAC opt-out tool;
- 3) whether sensitive topics were being used in the delivery of IBA.

To conduct the tests, Ad Standards selected 30 websites popular with Canadians that were known to contain IBA-delivered advertisements.



The AdChoices icon and accompanying text were provided for all interestbased advertisements found on the 30 tested websites.



No interest-based advertising was found on any of the tested websites after utilizing the DAAC opt-out tool.

# FINDING

The single campaign using data considered to be sensitive was removed immediately after Ad Standards contacted the company involved. The company also took steps to prevent a recurrence.

#### **In-Ad Transparency and Consumer Control Rates**

For Test 1, following the selection of 13 common interest topics, automated searches were performed and the top 75 resulting webpages were opened to inform the browser of the interests of the user. Multiple visits were then made to the 30 websites during which advertisements, both interest-based and otherwise, were tallied and icons counted. A total of 330 webpages were viewed. The AdChoices icon and accompanying text were provided for all interest-based advertisements found on the 30 tested websites.

#### **Opt-Out Effectiveness**

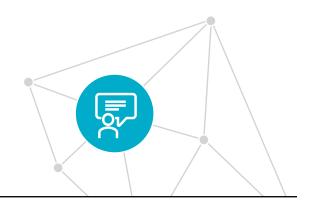
Following completion of Test 1, the DAAC's opt-out tool was used to opt out of IBA. The 30 websites were again visited multiple times. No interest-based advertising was found on any of the tested websites after utilizing the DAAC opt-out tool.

#### **Focus on Sensitive Personal** Information

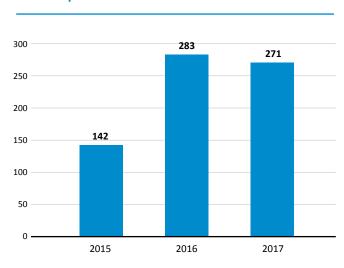
Finally, Test 1 was repeated substituting topics known to be of a sensitive nature. In this test, one IBA campaign was delivered on several of the 30 websites following a search for information about a health service that was categorized as sensitive (see Principles excerpt below). Ad Standards contacted the Third Party company facilitating the delivery of the ad. The campaign using data considered to be sensitive was removed immediately and the company took steps to prevent a recurrence.

Principle 5B: Sensitive Data, Sensitive Personal Information - Entities should not collect and use sensitive Personal Information for Online Behavioural Advertising without consent, as required and otherwise in accordance with applicable Canadian privacy legislation.

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#### **IBA Complaints**

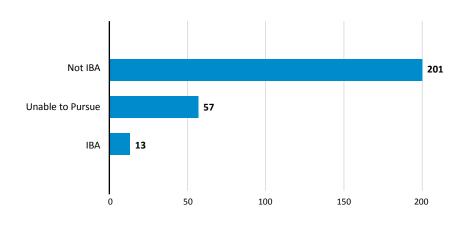


Ad Standards accepts and investigates complaints it receives regarding possible non-compliance with the DAAC Principles. For each complaint, Ad Standards conducts a preliminary review and determines whether there is sufficient evidence to pursue an investigation. When Ad Standards opens an investigation, the subject company is contacted and Ad Standards works collaboratively with the company to further investigate and remedy any resulting issue.

From January to December 2017, Ad Standards received 271 consumer complaints for review under the IBA Accountability and Complaint Procedure.

Of the total number of complaints submitted to Ad Standards, following assessment 13 were determined to raise potential IBA concerns. Most of these involved allegations that an IBA opt-out did not work. In five of these cases, Ad Standards found the opt-out tool was generally working, but there were some temporary problems with opt-outs for several companies. In such cases, Ad Standards reported these malfunctions to the DAAC, which has a mechanism to resolve opt-out malfunctions. In the other eight complaints, Ad Standards assisted the complainants with opt-outs on specific Third Party websites or with how to opt out of IBA entirely.

#### **2017 Consumer Complaints**



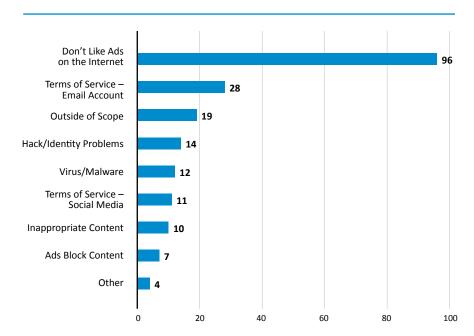
# The majority of complaints,

74% (201)

were about issues that did not raise concerns under the DAAC Principles.

Most of these consumers told Ad Standards they did not want to see advertising on the websites they visit, and others cited concerns about receiving advertisements in free email or social media services. Some complaints were about issues otherwise outside of the DAAC AdChoices Program scope, such as difficulty in reading the advertisement or annoyance at the frequency of receiving certain advertisements. Other consumers had concerns about being hacked, getting computer viruses, advertisements they found to be inappropriate, or that advertisements block the content they were trying to see.

#### **Not IBA-Related**



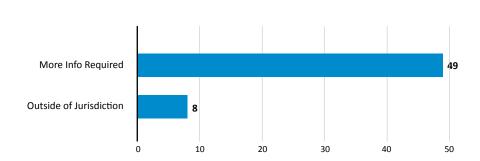
# Ad Standards was unable to pursue

21%(57)

of the complaints received.

Most of these involved complaints where Ad Standards was not provided sufficient information to proceed.

#### **Unable to Pursue**



# **Guide to Mobile Compliance**

The DAAC's original Canadian Self-Regulatory Principles for Online Behavioural Advertising (the Principles) were developed to apply an industry standard to interest-based advertising across the Internet. While the Principles are technology neutral and apply equally to mobile, desktop, and other digital advertising channels, the DAAC recognizes that compliance with the Principles in the mobile environment poses challenges. In 2017, the DAAC published the <u>Application of Self-Regulatory Principles to</u> the Mobile Environment (the Mobile Guidance) to provide guidance on how to apply the Principles to smartphones and tablets. This expansion of the Program's scope applies to the collection of Cross-App Data, Precise Location Data, and Personal Directory Data from a particular device. The Mobile Guidance should be read as a complementary document to the original Principles.

Consistent with the Principles, the Mobile Guidance has specific requirements for the provision of Transparency and Consumer Control mechanisms. Specifically, these are Notice (a disclosure of the company's mobile IBA practices), Enhanced Notice (a prominent notice that data is being collected or used for IBA purposes), and Choice Mechanism (to allow consumers to exercise choice with respect to participation in IBA). A detailed summary of the Mobile Guidance requirements can be found in Appendix IVb.

#### **Mobile Guidance Definitions**

#### WHAT IS CROSS-APP DATA?

Cross-App Data is data collected from a particular device regarding application use over time and across other applications for the purposes of delivering interest-based advertising in an application. Cross-App Data does not include Precise Location Data or Personal Directory Data.

#### WHAT IS PRECISE LOCATION DATA?

Precise Location Data is data obtained from a device about the physical location of the device that is sufficiently precise to locate a specific individual or device for the purposes of delivering interest-based advertising in an application.

#### WHAT IS PERSONAL DIRECTORY DATA?

Personal Directory Data is calendar, address book, phone/ text log, or photo/video data created by a consumer that is stored on or accessed through a particular device and obtained for the purposes of delivering interestbased advertising in an application.



#### **Sample Case:**

# App provider (First Party) allows Third Party Cross App data collection and/ or use in Application

- First Parties should provide a clear, meaningful, and prominent Enhanced Notice that is conspicuously displayed and provided at or before the user's engagement with the application, and is also provided in the application's settings or privacy policy. This Enhanced Notice should point directly to a disclosure that describes Cross-App Data collection and use practices, includes an easy-to-use Choice Mechanism, and a statement of adherence to the DAAC Principles.
- The Choice Mechanism should apply to the device from which or for which the choice is exercised.
   A Choice Mechanism or setting that meets DAAC specifications includes a link to the DAAC's AppChoices tool, youradchoices.ca/appchoices/, or an explanation of how to use "Limit Ad Tracking" and "Opt-Out of Interest-Based Ads" settings on iOS and Android.
- Third Parties should provide
   Enhanced Notice in or around
   advertisements delivered using
   Cross-App Data or through the First
   Party Enhanced Notice. A Third Party
   should also provide Notice on their
   own website in the privacy policy
   or accessible through the application
   from or through which it collects
   Cross-App Data.



#### **Precise Location Data and Personal Directory Data**

- First Parties must obtain consent to disclose Precise Location Data and Personal Directory Data to Third Parties, or for Third Parties to collect and use Precise Location Data and Personal Directory Data from or through the First Party's application or to disclose such information to another entity.
- Third Parties must obtain consent prior to the collection, use or disclosure of Precise Location Data and Personal Directory Data, or get reasonable assurances that the First Party has obtained consent for Third Party data collection practices.
- First and Third Parties must provide instructions for a process for users to provide and/or withdraw consent for use of Precise Location Data and Personal Directory Data.
- The Choice Mechanism should apply to the application and device from which or for which the choice is exercised.

19 Ad Standards

# **Appendix I: The DAAC Principles**

#### Canadian Self-Regulatory Principles for Online Behavioural Advertising

The DAAC 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 launched by the DAAC helps educate the public about the DAAC Principles, what online behavioural advertising is, and how to opt out.

#### 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 is 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, Ad Standards, 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. Ad Standards also accepts and responds to complaints about practices that may not comply with the Principles.

<sup>\*</sup> The terms 'online behavioural advertising' (OBA) and 'online interest-based advertising' (IBA) are used interchangeably.

# **Appendix II: The 2017 DAAC Program Participants**









































































































































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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). For more information, please visit <u>youradchoices.ca</u>.



The Canadian DAAC AdChoices Program (the Program) was developed by the DAAC. The Program was designed to educate consumers about IBA and provide mechanisms for consumers to recognize 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 Program is set out in the DAAC's <u>Canadian Self-Regulatory Principles for Online Behavioural Advertising</u>.















# **Appendix IVa: The DAAC AdChoices Program**

### **Summary of Requirements**

#### The DAAC Principles

Participants in the DAAC Program commit to a set of self-regulatory principles that include handling data securely and respecting sensitive data. Ad Standards' primary compliance focus is on the Transparency Principle and the Consumer Control Principle, under which Participants commit to provide consumers with Notice, Enhanced Notice, and a Choice Mechanism.

#### **Participant Categories**

Participating companies are categorized under the DAAC Program according to their online activities.

#### **First Party**

(Such as publishers, retailers, and brands):

A First Party is the entity that owns or has control over the website and/or application with which the consumer interacts.

#### **Third Party**

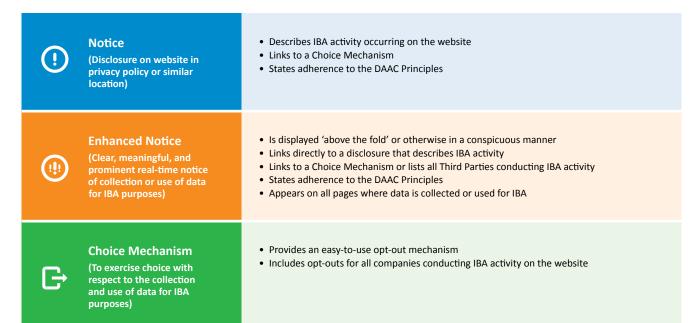
(Such as ad networks and data brokers):

An entity is a Third Party to the extent that it engages in IBA on another entity's website and/or application. More specifically for mobile applications, it collects Cross-App Data or Precise Location Data from or through another application, or collects Personal Directory Data from a device.

Ad Standards

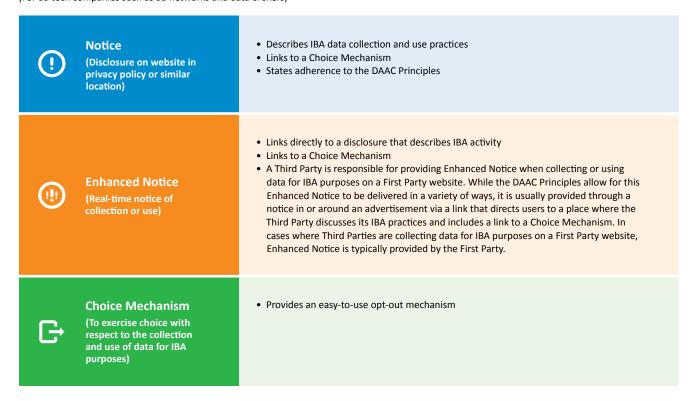
#### First Party Requirements for Transparency and Consumer Control

(For websites such as publishers, retailers, and brands)



#### Third Party Requirements for Transparency and Consumer Control

(For ad tech companies such as ad networks and data brokers)



# **Appendix IVb: The DAAC AdChoices Program**

### **Summary of Requirements for Mobile**

#### First Party Requirements for Cross-App Data

(For Application Providers)



#### **Enhanced Notice**

(Clear, meaningful, and prominent real-time notice of collection or use of Cross-App Data)

- First Parties should provide a clear, meaningful, and prominent Enhanced Notice link that points directly to a disclosure that:
  - a) describes Cross-App Data collection and use practices;
  - b) points to an easy-to-use Choice Mechanism/setting that meets DAAC specifications\* or lists all Third Parties with links to their opt-out; and
  - c) states adherence to the DAAC Principles.
- Enhanced Notice should be conspicuously displayed and provided at or before the user's engagement with the application either:
  - before installation;
  - as part of the download process;
  - on first opening of an application; or
  - at the time Cross-App Data is collected;

AND it should be provided in the application's settings or privacy policy.

\* A Choice Mechanism or setting that meets DAAC specifications include a link to the DAAC's AppChoices tool <u>youradchoices.ca/appchoices</u>/, or an explanation of how to use "Limit Ad Tracking" and "Opt-Out of Interest-Based Ads" settings on iOS and Android.

(For ad tech companies such as ad networks and data brokers)

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#### **Notice**

(Disclosure in privacy policy or accessible in application from which Third Party collects data)

- · Found on Third Party's own website or accessible through any application from or through which it collects Cross-App Data
- Describes Cross-App Data collection, use, and disclosure practices
- Links to an easy-to-use Choice Mechanism
- States adherence to the DAAC Principles

#### **Enhanced Notice**

(Real-time notice of collection or use of Cross-App Data)

- Found
  - a) In or around advertisement delivered using Cross-App Data or
  - b) In collaboration with First Party, is provided at or before users' engagement with the application either before installation, as part of the download process, on first opening of an application, or at the time Cross-App Data is collected AND in the application's settings or privacy policy or
  - c) Listed in a mechanism or setting that meets DAAC specifications and is linked from First Party disclosure or is listed in a First Party disclosure.
- Links to disclosure that
  - a) Describes Cross-App Data collection and use practices
  - b) Describes an easy-to-use Choice Mechanism
  - c) States adherence to the DAAC Principles



#### **Choice Mechanism**

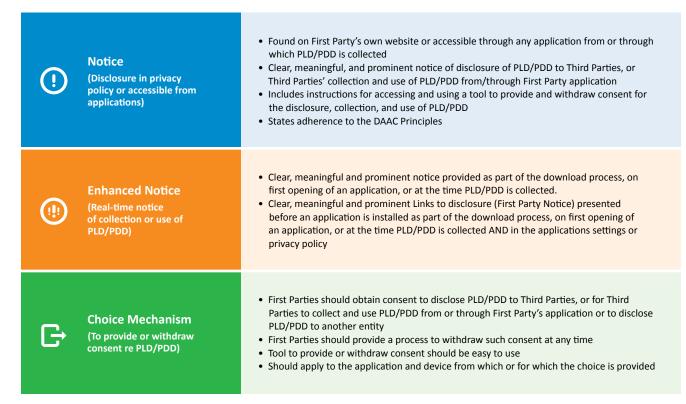
(To exercise choice with respect to the collection and use of Cross-App Data)

- Choice Mechanism/setting should meet DAAC specifications and be described and/or available from First Party or Third Party Enhanced Notice
- Should apply to the device from which or for which the choice is exercised

preword / Executive / AdChoices / 2017 / Detailed / 2017 Consumer / Guide to Mobile / Appendices

#### First Party Requirements for Precise Location Data and Personal Directory Data (PLD/PDD)

(For Application Providers)



#### Third Party Requirements for Precise Location Data and Personal Directory Data (PLD/PDD)

(For ad tech companies such as ad networks and data brokers)



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# **Appendix V: Ad Standards Review Methodology**

#### Methodology

Ad Standards reviews DAAC AdChoices Program Participant websites and/or applications to evaluate the Transparency and Consumer Control mechanisms in place. These reviews include examining the websites and/or applications in detail and monitoring the collection and use of data for IBA purposes. Ad Standards uses HTTP debugging tools, cookie viewers, and other technical tools to analyze data transfers related to IBA. In addition, Ad Standards reviews privacy policies and other similar statements, and tests any control tools presented to the consumer.

When Ad Standards identifies a compliance issue, staff work cooperatively with the involved company on corrective action.

#### **DAAC AdChoices Program Participants**

In 2017, the DAAC AdChoices Program included 83
Participants. Since the inception of the AdChoices
Accountability Program, Ad Standards has reviewed the
websites of 76 of the Participants at least once. The remaining
seven Participants are new to the DAAC AdChoices Program
and will be reviewed in the first quarter of 2018.

	# of Participants			
Participant Category	2015	2016	2017	
First Party	28	37	39	
Third Party	33	36	39	
First and Third Party	4	6	5	
Total	65	79	83	

#### **Ad Standards Reviews**

Some Participants (five in total) are classified as both a First Party and a Third Party under the DAAC AdChoices Program, which required Ad Standards to conduct a separate review for each set of requirements. This resulted in the total number of website reviews exceeding the total number of Participants in each of the First and Third Party categories.

Participant Category	Participants Reviewed	Total Reviews
First Party	35	40
Third Party	36	41
First and Third Party	5	_
Total	76	81

#### **About Ad Standards**

Ad Standards is the national, independent, not-for-profit advertising self-regulatory body. We are committed to fostering community confidence in advertising and to ensuring the integrity and viability of advertising in Canada through responsible industry self-regulation.

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