1.

TCF governance

The WG agreed four pillars of attributes that would form the framework for evaluation of the governance proposal
- Competency/effectiveness
- Independence/balance/inclusive
- Transparency/accountability
- Sustainability/scalability/flexibility

TCF Governance WG - TCF Governance
Proposal, presented to IAB Europe Board
March 3 2020

TCF Governance WG 'TCF Governance Framework' - IAB Europe APPROVED 3 March 2020
MO Open Items Report ("loose ends") addendum to 'TCF Governance Framework' updated
in-line with IAB Europe Board Q&A meeting 7 May 2020 – IAB Europe APPROVED 19 May 2020

2.

TCF governance

The identification of stakeholders is broad. The WG therefore proposed that stakeholders be considered at different levels as follows

- **core stakeholders** - companies in the digital value chain that implement TCF or have publicly committed to implement the TCF in less than a year of their declaration to do so
- **partners** - organisations and entities that have an interest in the uptake of the TCF
- **beneficiary/ultimate stakeholder** - the consumer
- **interlocutors** - DPAs, EU institutions and other regulatory authorities

TCF Governance WG - TCF Governance
Proposal, presented to IAB Europe Board
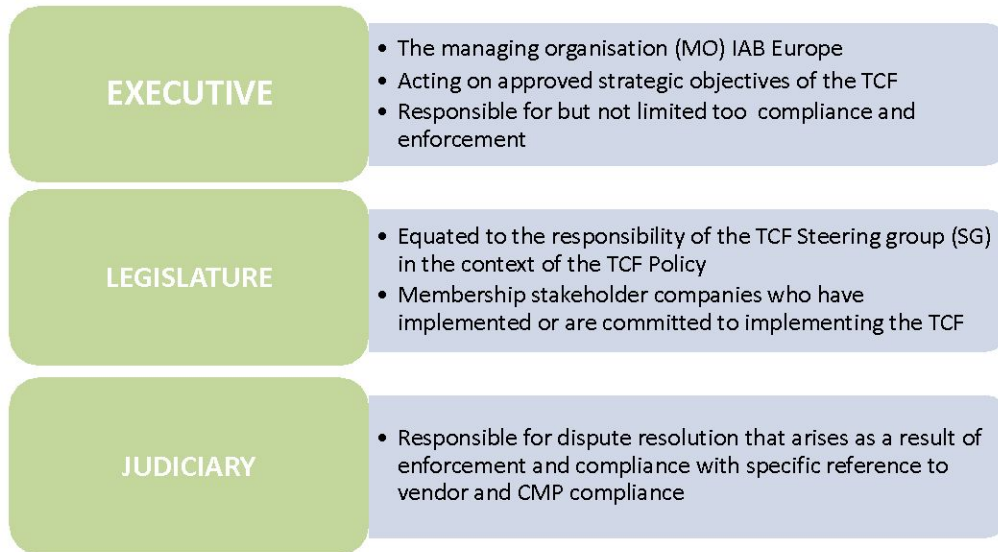March 3 2020

3.

TCF governance

In addition for the purpose of evaluation and consideration three common areas of governance functionality were considered. These functions are conceptual to aid understanding. Descriptions of how these paradigms are applied is explored on next slide
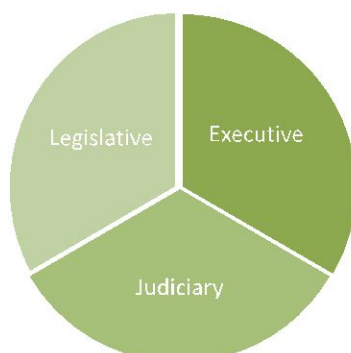
TCF Governance WG - TCF Governance
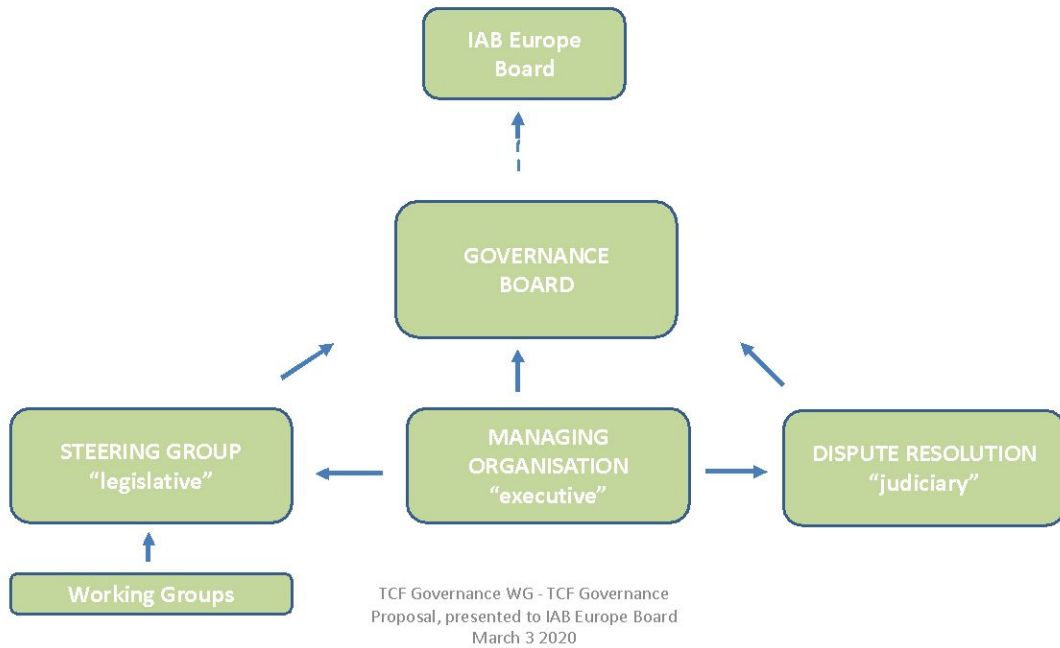Proposal, presented to IAB Europe Board
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TCF Governance WG 'TCF Governance Framework' - IAB Europe APPROVED 3 March 2020
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4.

TCF governance founding principles

EXECUTIVE	• The managing organisation (MO) IAB Europe • Acting on approved strategic objectives of the TCF • Responsible for but not limited too compliance and enforcement
LEGISLATURE	• Equated to the responsibility of the TCF Steering group (SG) in the context of the TCF Policy • Membership stakeholder companies who have implemented or are committed to implementing the TCF
JUDICIARY	• Responsible for dispute resolution that arises as a result of enforcement and compliance with specific reference to vendor and CMP compliance

TCF Governance WG - TCF Governance
Proposal, presented to IAB Europe Board
March 3 2020

5.

TCF governance

TCF Governance WG - TCF Governance Proposal, presented to IAB Europe Board March 3 2020

TCF Governance Board

Functional responsibilities: oversight of the MO, SG and the dispute resolution process, ensuring that processes and outputs align to the strategic objectives of the TCF on behalf of all stakeholders that implement the TCF

Membership (15 seats):

- Voting (IAB Europe Membership)
- Contributor (SG Chair and IAB Europe and WG Chairs when required)
- Observer (advisory capacity limited to 3-4 seats)

TCF Governance WG - TCF Governance
Proposal, presented to IAB Europe Board
March 3 2020

Slide 6 Note: clarification to these points was requested by IAB Europe Board and are detailed in the " MO open items report" section TCF GOVERNANCE BOARD this included the increasing of the number of observer seats from 3-4 to a maximum of 9 with equal mix of EU level organisations and National IAB's plus an observer seat for IAB TECH LAB

7.

TCF Steering Group (SG)

Functional responsibility: **signs off on the Policies that companies implementing the TCF need to comply with.** The SG approves, oversees and holds to account the Working Groups (WG)

Membership: those companies that implement the TCF and are members of IAB Europe

Voting: as defined by the current voting structure of the 3 bucket paradigm buy-side/sell-side/intermediary

TCF Working Groups (WG)

Functional responsibility: **created to gather industry opinion, guidance and agreement on specific projects and objectives of the TCF**

Membership: from the TCF community (IAB Europe membership) and where appropriate to include industry experts in an advisory capacity

TCF Governance WG - TCF Governance
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TCF Governance WG 'TCF Governance Framework' - IAB Europe APPROVED 3 March 2020
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8.

TCF Judiciary

- A college of "wise women and men" sanctioning MO decisions brought against CMPs and Vendors for alleged non-compliance with TCF Policy - election process to be decided

- To note that the judicial body only reviews sanctioning decisions by the MO; the judicial body does not review the MO's requests to CMPs and Vendors to comply with the TCF for example to alter a CMP design or to obey to the TCF string

TCF Governance WG - TCF Governance
Proposal, presented to IAB Europe Board
March 3 2020

Slide 8 Note: clarification to these points was requested by IAB Europe Board and are detailed in the " MO open items report" section DISPUTE RESOLUTION PANEL ('JUDICIARY')

9.

TCF Managing Organisation (MO)

Functional responsibility that includes but is not limited too
- Providing Secretariat services to the SG and WG
- Acting as the body to which vendors and CMPs implementing the TCF are bound by written Terms & Conditions
- Co-ordination and oversight of the Tech Lab development of the Technical Specifications
- Operating the GVL and CMP registration portals and lists
- Leading compliance-checking and enforcement of compliance with the TCF Policies and Technical Specifications
- Representing the TCF externally, including vis-à-vis the DPAs and with media and influencers and defending the TCF in the context of complaints lodged with DPAs
- Driving adoption of the TCF across the market

TCF Governance WG - TCF Governance
Proposal, presented to IAB Europe Board
March 3 2020

10.

IAB Europe Board

TCF governance and oversight responsibility would move from the IAB Europe Board to the TCF Governance Board, with IAB Europe retaining the right to review and intervene if a TCF Governance Board decision posed financial or reputational risk to IAB Europe, and if any decision compromised the mission of IAB Europe

TCF Governance WG - TCF Governance
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March 3 2020

TCF Governance WG 'TCF Governance Framework' - IAB Europe APPROVED 3 March 2020
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The following detail was added post the TCF GOVERNANCE Q1 BOARD MEETING, JANUARY 22, 2021 following its presentation by the Board Chair to the Board members

Ground rules for observer seat participation

Board observers include National IABs, IAB Tech Lab and European-level advertising ecosystem associations

- Board only
  - each agenda item will begin with board-only discussion;
- Open discussion
  - after board discussion the Chair will invite comments and questions from the board observers, marking a transition to an open discussion period;
- Board only discussion
  - if necessary or in the interests of time, the Chair may propose that board the reverts to board-only discussion.

MO OPEN ITEMS REPORT ("LOOSE ENDS") TCF GOVERNANCE WORKING GROUP

MAY 13 2020 APPROVED BY IAB EUROPE BOARD MAY 19 2020

<u>TCF GOVERNANCE BOARD</u>

Responsible for holding all TCF instances to account and ensuring that the correct process(s) was followed by the SG and MO in the development of outcomes that aligned with the strategic objectives.

<u>Membership (voting members)</u>:

Election process
- Elected by the SG from its membership (for the avoidance of doubt, both the "electorate" within the Steering Group and the members who are elected by the Steering Group to sit on the Governance Board must be full members of IAB Europe)
- Candidates must clearly demonstrate that they have time to commit to the Board equating to a minimum of 8 days/annum *in addition to their SG time commitment*
- Candidates must also demonstrate that they have a strong understanding of the features and functionality of the TCF and a good knowledge of EU privacy and data protection law and regulatory enforcement
- Elections will follow the 3-bucket paradigm that is used by the TCF SG (5 sell-side: 5 buy-side: 5 intermediary), with allocation of seats on the Governance Board mirroring the allocation of voting power across the SG (viz. one third to buy-side, one third to intermediaries, and one third to sell-side); each bucket within the SG elects five delegates from within its ranks to sit on the Governance Board (e.g. buy-side members of the SG elect the buy-side participants in the Governance Board, sell-side elect sell-side, etc.)
- Term is for 2 years, renewable once

Election process, Chair and Vice-Chair
- MO calls for nominations from the Board membership (full/voting members only)
- Interested parties must demonstrate they have time to commit to the Chair and Vice Chair positions equating to 4-plus days/year *in addition to Board membership commitment*
- If more than one candidate for either position, then Board membership will vote by closed/secret ballot
- Both terms are for 1 year, renewable twice

<u>Membership (non-voting)</u>:

- CEO of the MO
- Chair of the SG

Voting process in all instances:

- Quorum, the minimum number of attendees at the TCF Governance Board meeting that must be present to validate the proceedings of that meeting, are 3 sell side, 3 buy side and 3 intermediary
- To attain the requisite "super" majority vote will depend on more-than-two-thirds of those present voting in favour

Meeting cadence & secretariat:

- The Governance Board will convene 3-4 x/year – 2x face-to-face and 1-2x via conference call
- Meetings will be minimum of 2 hours and maximum of 4 hours
- MO will perform the secretariat duties
  - Draft the proposed agenda
  - Distribute the report from the SG incorporating WG updates
  - Prepare the CEO report for the Governance Board providing MO perspective on developments in the previous quarter, upcoming challenges, etc.
  - Prepare the minutes

Observer status:

- EU-level advertising ecosystem organisations with an upper limit of 4
- Candidate EU orgs would be ones whose members are currently implementing TCF, who have good knowledge of the TCF and European privacy and data protection legislation and enforcement and a record of engagement on same, and who actively promote the TCF amongst their members and across the European market. An MoU capturing candidate EU organisations' rights and obligations would be drafted to govern their participation in the Governance Board
- National IABs with an upper limit of 4, in parity with EU level organisations
- IAB Tech Lab

Expert witnesses

- Expert witnesses (or "external subject-matter experts") may be invited at any time to present to the Board or be interviewed on a specialist area pertinent to the TCF or to be heard at their request on a subject that is pertinent to the development of the TCF
- Expert witnesses are approved by the Chair of the Governance Board

- End of Q2 2020 – Governance Board Elections including the election of the Chair and Vice-Chair
- End of Q3 2020 – First convening of the Governance Board

STEERING GROUP (SG) ('LEGISLATURE')

Membership & voting:

- No change from current approach to membership and voting

Meeting cadence & secretariat:

- No change from the current cadence of monthly meetings with secretariat tasks performed by the MO (calls could be convened more frequently if circumstances so dictate)
- Minutes are recorded by the Secretariat and available for review by all SG members

Working groups:

- As described in the proposal, accountable to the SG
- Detailed WG and SG guidance FYI is provide in Appendix 1 of this report (the 'Vademecum')

DISPUTE RESOLUTION PANEL ('JUDICIARY')

Mission:

The role of the Dispute Resolution Panel ("the Panel") is to act as an instance of appeal in case of a dispute arising in the context of enforcement of CMP or Vendor compliance with the TCF Policies and Technical Specifications (and publishers when/if they are required to sign the TCF Terms & Conditions in future) by the Managing Organisation (MO). Where the MO has found a CMP or Vendor to be in breach of the TCF Policies and/or Technical Specifications and the CMP or Vendor contests the MO's finding, the CMP or Vendor may request that the Panel be convened to assess whether the MO has correctly interpreted and applied the Policies and/or Technical Specifications. Decisions by the Panel will be binding and

final. The Panel must be completely independent of, and free from, any influence by IAB Europe, the CMP(s) or Vendor(s) whose cases are brought before it, or members of any other TCF instance.

Structure:

- Panel of 5 is proposed covering the following backgrounds & areas of expertise:
    - Legal & policy (x2);
    - Digital media & advertising technical (x1);
    - Academia (x1);
    - Civil Society (x1);

Membership & selection:

- MO to support by defining the required skill-set based on the above, and identifying a selection of qualified parties (selection to exceed the number of seats)
- The selection of qualified parties, or candidates, will then be presented to the Governance Board for individual consideration and approval or rejection, the process will be repeated until all seats filled
- If a vote on a particular candidate is necessary then this would be by more than two-thirds (11-plus members)
- Candidates could be proposed informally by the members of the Governance Board for the MO to consider, the MO would not be obliged to short-list
- Panel term will be for 3 years, renewable once
- The Chair will be proposed from the membership of the Panel

Meeting cadence:

- The Panel can be convened ad hoc on request of any aggrieved party in the context of an enforcement action conducted by the MO.

Timeline:

- Q3 – Governance Board to conduct Panel selection at its first meeting

APPENDIX 1

Vademecum

Transparency and Consent Framework (TCF) - Guidance for the TCF Steering Group and Working Groups

1. Descriptions

<u>The TCF Steering Group (SG)</u> is the "plenary" formation of all IAB Europe members that wish to actively support the roll-out of the current version of the TCF above and beyond implementing it within their own companies, and to contribute to iterating on it. It is the key decision-taking body for matters relating to the TCF Policies. It reports to the TCF Governance Board at regular intervals throughout the year in line with the meeting cadence of the Board.

Decisions made by the SG can be reviewed by the IAB Europe Board if they imperil the financial sustainability or image and reputation of the Association.

IAB Tech Lab has an observer seat on the SG. External EU-level industry associations may be invited to participate as observers.

The SG approves recommendations agreed and presented by the Working Groups. It may also deliberate on matters not emanating from a Working Group, for example if it is called on by the MO to consider a particular course of action.

<u>Working Groups (WGs)</u> are created by the SG to enable a subset of its members with particularly relevant expertise to deliver specific projects, take leadership on particular work-tracks or develop recommendations for the consideration of the SG, or perform other tasks that are best carried out by a smaller group.

Once created, WGs are accountable to the SG and must provide regular updates to it on their on-going activities.

2. WG Structure

Each WG is composed of a Chairperson, 1-2 Vice Chairpersons, and ordinary members. The SG may impose a size limitation on any given WG to facilitate efficiency and encourage active engagement from all members.

2.1 SG and WG Participants

SG and WG membership are open to all IAB Europe member organisations (viz., IAB Europe corporate members and National IABs).   It is not necessary for an individual to participate in the Steering Group in order to join a WG.

In order to ensure effective stewardship of the Framework on behalf of the industry, it is important that WG corporate-member participants, in particular, have a deep understanding of the TCF and good knowledge of European privacy and data protection legislation and regulatory enforcement. WG members should be responsible for implementing privacy within their companies. Example job titles that could display this knowledge are CPO & Deputy CPO, privacy counsel, privacy manager, and privacy product manager[1].

Participation in each WG is limited to one individual per member organisation, whether corporate member or National IAB. Each Working Group's membership should include a fair representation from the three stakeholder buckets (viz. buy-side, intermediary and sell-side). This does not preclude the inclusion of additional specialists from the same company on an *ad hoc* basis where their occasional input would benefit an item on the agenda.

Companies may designate more than one delegate to sit on the SG, but each company and National IAB has only one vote.

Membership of the WG must be committed to investing adequate time in contributing to its deliberations and outputs.

2.2 Designation of Chairpersons and Vice Chairpersons for WGs and SG

The SG and WGs shall elect a Chairperson and 1-2 Vice Chairpersons (together the "officers"). Elections of the Chair and Vice Chair(s) shall be by simple majority (or a plurality where there are more than two candidates for a given post). The positions of Chairperson and Vice Chairperson are nominative and accrue to the specific individuals elected, rather than to their respective organisations. The duration of the term for both positions is two years, which is renewable twice, for a maximum of three terms in total.

Nominations of candidates must be communicated to the IAB Europe (the "Managing Organisation"- MO) at least two weeks before the holding of an election.

Elections are conducted according to the IAB Europe Committee Election Rules. By way of derogation from the Election Rules, elections need not be held during face-to-face meetings. Elections shall be by secret ballot where there is more than one nominee for the position for which the election is being held.

Should a Chairperson or Vice Chairperson leave the Member Organisation that he/she represents, or should that Member Organisation cease to be a member of IAB Europe, a by-election for the open position will be held. Pending the holding of the by-election, the duties of the discharged Chairperson or Vice Chairperson shall

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[1] An exception to this rule is made for the Communications WG., Framework Signals WG and future WG (s) where specialist skills are required that are not predominantly related to privacy and data protection *legal* compliance.

be temporarily carried out as appropriate by the remaining officer or a member of the MO. Should the SG and WG members decide unanimously that the remaining term is too short to justify running a by-election, the remaining Chairperson or Vice Chairperson may continue alone until expiry of the term.

2.3 Duties of SG and WG Chairpersons and Vice Chairpersons

The Chairperson chairs WG or SG meetings or calls, with the support of the Vice Chairperson(s) and of the MO, who acts as the secretariat.

The Chairperson shall:

   I.   Endorse the proposed agenda for each meeting;
   II. Proactively drive the SG or WG deliberations and ensure that decisions are taken in a timely and inclusive manner;
   III. Report regularly to the SG in the case of the WGs (and the Governance Board as per meeting cadence in context of the SG), providing details about ongoing and future work-tracks;
   IV. When needed and in exceptional circumstances, request the SG to decide on a specific topic on which the WG seeks guidance or has reached an impasse.

The Vice Chairperson(s) support(s) and replace(s) the Chairperson in his/her functions when needed.

The WG officers may actively participate in other WGs but no individual may act as Chairperson or Vice Chairperson for more than one WG at the same time.

WG officers may not simultaneously act as Chairperson or Vice Chairperson of the SG.

The WG and SG officers may not act in the name of IAB Europe unless specifically mandated to do so in writing by the WG or SG.

2.4. Role of MO

The MO staff actively supports the work of the SG and WGs by drafting and circulating meeting agendas, minutes, working documents and any other materials as appropriate, scheduling meetings, and liaising with other IAB Europe instances (e.g. the Legal Committee). The MO has no voting rights in the WGs or the SG.

If necessary, and upon agreement of the SG or WGs, the secretariat of the WG may perform the duties of Chairperson for a defined period.

The MO is responsible for the administration and management of the SG and WG elections.

3. WG Reporting

WGs must keep the SG apprised of their work at regular intervals, either in writing or via direct reporting by the Chair or Vice Chair during SG calls. Chairs and Vice Chairs may enlist the MO to present on their behalf if they are unable to participate in a given call. The SG may request an update from a WG or summon the Chair to report to a SG meeting.

Each WG is encouraged to prepare a short annual report for submission to the SG, with information about the WG membership, progress and activities carried out during the year, as well as upcoming plans.

Records of all WG meetings shall be kept in the form of minutes (capturing decisions made and actions agreed). Both meeting agendas and minutes should be available to SG members on request.

4. WG decision-making and reporting of decisions to the Steering Group

Decision-making in the Working Groups should be on the basis of consensus, defined as general agreement. Use of voting rules should be the exception. Where a vote is required, either weighted voting rules that distribute influence evenly across the three stakeholder buckets cited above can be used or a simple majority. The choice of the mechanic used is dependent on its practical application to the size of the group and should be made with by the Chair in consultation with the secretariat of the WG. Decisions must be communicated promptly to the Steering Group Secretariat, either as part of the regular updates provided to the Steering Group calls, or in writing.

5. Termination of the mandate of a WG

The SG may decide to end the mandate of any WG in at least the following circumstances:

   I. The final goal of the Working Group has been achieved.
  II. The tasks for which the Working Group was originally set up cannot be achieved or are no longer relevant.
 III. An insufficient number of Steering Group members are interested in participating in the Working Group.

APPENDIX 2

<u>Voting Rules</u>

1. Overview

The rules combine three simple concepts:

1. <u>Weighted voting</u>, with influence distributed evenly across the value chain, between three "buckets": buy-side (one-third), sell-side (one-third) and intermediaries (one-third).
2. <u>Simple majority voting</u> so that if more than half of the <u>total, combined "pool" of all stake-holders</u> support a motion, it is in principle adopted.
3. <u>Safeguards</u> for the situation where the threshold of 50%+ might be reached by adding up the votes of <u>two</u> buckets, but the third bucket is strongly opposed (defined as opposition of more than two-thirds). In this case, no motion can be carried.

2. Voting procedures

2.1. Weighted voting

The "weighting" of the votes is a means of allocating influence evenly amongst the three stakeholder groups (or "buckets") that are classically considered to constitute the digital advertising value chain (buy-side, intermediaries, and sell-side) even if in the SG or the WG in which a vote is being held, the *absolute numbers* of representatives from the different buckets are not the same. Each bucket will constitute one-third of the total.   Weighted voting ensures that if there are 40 representatives each in the buy-side and intermediary buckets, but only 38 in the sell-side bucket, the sell-side bucket still wields exactly the same proportion of influence on the final outcome (1/3) as the other two buckets.

Each company will need to self-assign into only one bucket. Where a company's business is mixed, with parts falling into two or even three different buckets, a choice will need to be made. An important factor in making the determination is which parts of its business the company implements the TCF in.

2.2. Simple majority

A simple majority is generally understood to mean more than 50% of the votes cast, disregarding abstentions. A motion that is supported by a simple majority of all votes cast will be carried unless it is strongly opposed by one stakeholder group (see below).

2.3. Safeguards for each stakeholder bucket

Notwithstanding the simple majority rule, there is a built-in safeguard to ensure that no single stakeholder group can be forced to accept an outcome to which it is strongly opposed, even if the two other buckets were unanimous in their support and the threshold of more than 50% support for the motion was reached. The safeguard is that if <u>more than two-thirds of the votes of any given bucket are opposed to a motion</u>, then even if that motion has garnered the required simple majority of <u>all</u> votes, it is not carried.