October 10, 2018

Senator Ron Wyden 221 Dirksen Senate Office Bldg. Washington, D.C., 20510

Dear Senator Wyden:

This letter responds to your question raised during Ms. Sandberg's September 5, 2018, hearing before the Senate Intelligence Committee, regarding PricewaterhouseCoopers LLP's ("PwC") assessment of Facebook's privacy program, and specifically PwC's assessment of Facebook's controls governing its relationship with certain service providers during the initial 180-day period following the FTC consent order of August 15, 2012 to February 11, 2013 (the "180-day assessment").

As an initial matter, the FTC consent order distinguishes between "service providers" and other types of "third party" entities. *See* FTC Consent Order, Definitions, at ¶ 8. You asked specifically about "Facebook Experience applications," a type of "integration partnership" whereby select partners (acting as "service providers") were able to build Facebook experiences for their devices, operating systems, or other products for Facebook users who requested these services on the partners' products. These integrations were reviewed by Facebook, which had to approve these partner implementations of Facebook experiences. Facebook has previously provided Congress with background regarding, and a list of, its integration partners by way of letters to Senators Thune and Nelson, Chairman and Ranking Member of the Committee on Commerce, Science, and Transportation (dated June 29, 2018); Senator Grassley, Chairman of the Committee on the Judiciary (dated June 29, 2018); Senators Markey and Blumenthal (dated June 29, 2018); and Congressman Lance (dated June 29, 2018).

With respect to the 180-day assessment, this was the first assessment after the FTC consent order was executed, and it sets forth PwC's assessment of Facebook's Privacy Program and related controls. PwC concluded in its assessment report that "In our opinion, Facebook's privacy controls were operating with sufficient effectiveness to provide reasonable assurance to protect the privacy of covered information and that the controls have so operated throughout the Reporting Period, in all material respects as of and for the 180 days ended February 11, 2013, based upon the Facebook Privacy Program set forth in Management's Assertion."

As you noted during the hearing, PwC noted an exception to one of the six controls in the assessment related to Facebook's selection and retention of service providers. For this control, PwC selected for testing two of Facebook's seven Facebook Experience application developers at the time, Microsoft (Facebook for Windows) and RIM (Facebook for Blackberry). This selection was based on PwC's



professional judgment. With respect to the exception, PwC noted that "[t]here is limited evidence retained to demonstrate that Facebook monitored or assessed the service provider's compliance with Facebook's Data Use Policies. Lack of comprehensive monitoring makes it more difficult to detect inappropriately implemented privacy settings within these third-party developed applications."

Importantly, the assessment makes clear that the exception to the controls for service providers did not impact PwC's overall opinion regarding the effectiveness of Facebook's privacy controls for the reporting period. We further underscore that PwC's testing of the other five controls regarding service providers during this assessment period — which addressed, for example, Facebook's privacy policies, contractual agreements for privacy/security language, and security assessment procedures — did not note any exceptions.

The control described above required Facebook to perform a Mobile Application Certification process for Facebook Experience applications, which process included Facebook Experience application developers validating that they were in compliance with Facebook's data policies and procedures. In the two subsequent assessment periods, a new control required all developers that accessed non-public APIs (including Facebook Experience application developers and other integration partnership developers) to, as relevant here, agree to Facebook's Data Use Policy, Terms, and Platform Policies. There were no exceptions listed in PwC's testing of this new control in the two subsequent assessment periods.

We appreciate the opportunity to respond to your question. Please do not hesitate to contact me should you need any additional information.

Sincerely,

Kevin Martin

Vice President, U.S. Public Policy