VINO.COM

Impact assessment

of individual user profiling

Version 1.0 of 24/05/2018

1. Introduction

The new European Data Protection Regulation 2016/679 ("**GDPR**"), applicable as of 25 May 2018, places the responsibility on the data controller to take all necessary measures to ensure data security and protection.

Specifically, in accordance with Article 35 of GDPR, to the data controller is required to conduct a prior evaluation of the impact of the intended processing operations on data protection ("**DPIA**") whenever a type of processing presents «a high risk of the rights and freedom of the individuals».

1.1. Documents purpose

This document has the purpose to describe the results of the DPIA regarding the processing applied by **3ND S.r.l.**, with registered office in Florence, Via del Tiratoio, 1, Tax Code and VAT number 06031960484 ("**VINO.COM**") consisting in the profiling of users on the basis of their preferences and purchasing habits for wines, spirits and alcohol in general on the e-commerce website reachable via www.vino.com address, by an automated process.

1.2. Regulatory environment

The Article 35, comma 7, GDPR stipulates that the DPIA includes at least:

a) A systematic description of the process analysed and its purpose, including, where applicable, the rightful interest pursued by the data controller;
b) An assessment of necessity and proportionality of processing in relation to the purposes;
c) An assessment of risks for the rights and the liberties of the persons concerned;
d) Measures provided to address the risks, including the warranties, security measures and mechanisms to ensure the protection of personal data and demonstrate compliance with the GDPR.

Further clarification regarding the DPIA can be found in the WP guidelines, which comments on the criteria to be observed to establish the risks of a processing operation.

1.3. Reference regulations and standards

This document considers the following reference regulations and standards:

- Article 6 of GDPR;
- Article 35 of GDPR;
- Considering nn. 71, 72, 75, 76, 84, 89, 90 and 91 of GDPR;

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- Guidelines no. 248 of WP 29 concerning “the impact evaluation on data protection as well as the criteria for determining whether a treatment may present a high risk” in accordance with GDPR, the latest version of which is dated 4th October 2017;
- Guidelines no. 251 of WP 29 on automated decision-making and profiling in accordance with GDPR, the latest version of which is dated 3rd October 2017.

2. Area

2.1. Description of the area under evaluation

The table below contains information that describes the treatment and allows its identification:

Purpose of processing	Profiling of users based on their preferences and buying habits for wines, spirits and spirits in general on VINO.COM e-commerce portal.
Description of processing	Data analysis in order to place the user in a homogeneous cluster, to which targeted commercial communications will be sent.
Interested parties categories	Customers who have placed orders on the portal www.vino.com
Data processed categories	Common data, data on orders placed with an indication of the products purchased, the average purchase value, the total amount purchased over time and the total number of orders placed.
Period of data retention	12 months
Internal data controller	CEO – Andrea Nardi-Dei
Treatment type	Automated
Lawfulness condition	Legittimo interesse del titolare

With reference to the treatment outlined above, the following risk factors were identified as having led to the need to conduct the DPIA:

I. Evaluation o assigning of a score:

The purpose of the processing is aimed to create behavioural profiles or for marketing based on the use of the owner's website or navigation on it;

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II. **The processing of data processed on a large scale:**

The processing operations concern the personal data of VINO.COM's customer base, with the consequence that - since a large number of data subjects are involved - the volume of personal data processed is high.

III. **Data on vulnerable data subjects:**

The choice of basing the processing operations analysed on the legitimate interest of VINO.COM creates a greater imbalance in the relationship between the position of the data controller and the data subject, who would not be in a position to give express consent to the processing of his data.

2.1.1. Analysis of lawfulness and privacy by default

The collection of data for processing is carried out on the basis of the legitimate interest of VINO.COM pursuant to Article 6(1)(f) of the GDPR, after balancing it against the interests and fundamental rights of the data subject. This balancing was carried out on the basis of the criteria provided by WP29 in its Guidelines on automated decision-making processes and profiling. Specifically, profiling is individual but aimed at creating very simple and generic demographic profiles. The so-called 'vertical' nature of VINO.COM, in fact, as an e-commerce specialising in the wine and spirits sector, does not allow the construction of all-encompassing profiles relating to users' preferences. On the contrary, the processing analysed here, although using a series of keys aimed at giving a precise idea of customers' tastes and purchasing habits, is carried out with reference to a single product sector and limited to the activity of the individual customer on the VINO.COM e-commerce portal. The creation of profiles of this type appears not only to meet the expectations of the data subject, but does not even, on closer inspection, produce significant effects on the legal sphere of the data subject, who, on the contrary, would benefit from the possibility of receiving more targeted and qualitatively more satisfactory offers, reducing the risk of undesired promotional communications. The profiled customer, in fact, receives these communications to a lesser extent than the non-profiled user, since promotions not relevant to the profile are excluded. The advantages for the profiled customer also manifest themselves in the service phase: in the event of a request to replace a product received and not liked, for example, the customer is able to receive from the outset alternative proposals congruent with his profile so as to orientate himself more quickly on a type of product more suited to his preferences. To this may be added the legitimate interest of VINO.COM in optimising its purchasing

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procedures by offering products and services that are more functional and useful to the specific needs of its customers.

The personal data collected and processed do not exceed what is necessary to carry out the profiling treatment under consideration and are anonymised or deleted at the end of the storage period. The profiles created are not further combined with other data. The sending of commercial communications, whether generic or “profiled”, remains in any case subject to the consent of the person concerned collected during registration on the platform.

2.1.2. Legal measures

1. Limitation of Purposes, art. 5 par. 1 lett. b)

Personal data is collected only for the purposes indicated in the information provided to the data subject, in which these are detailed.

2. Data minimisation, art. 5 par. 1 lett. c).

Only personal data that is sufficient and at the same time necessary for the achievement of the purposes justifying their processing are processed.

3. Accuracy of data, art. 5 par. 1 lett. d).

The personal data processed is accurate. If necessary, they are updated.

4. Conservation period, art. 5 par. 1 lett. e).

Profiling is carried out on data collected in the previous 12 months, on a rolling basis. This period is identified by the Garante for the protection of personal data by general order of 24 February 2005, which has not been expressly repealed to date.

5. Disclosure, art. 13.

When registering an account on the VINO.COM e-commerce platform, the user is informed of the processing of his/her personal data. The information provided complies with the requirements of the GDPR and contains a specific indication of the legitimate interests of the owner on which the profiling treatment is based pursuant to art. 13, par. 1, lett. d) of the GDPR. The user is also informed of the processing through a brief information notice visible on the home page in a special pop-up box.

The data subject is clearly informed of the duration of the processing and of the rights he/she is entitled to exercise, including the right of access to his/her personal data, the right to rectification, to erasure and restriction of processing, and the right to object to processing, on which particular emphasis is placed.

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5. Outcome of the impact assessment

Taking into account the nature, the context, the methods and the type of data, the profiling processing carried out by VINO.COM could entail a high level of risk for the rights and freedoms of the data subjects, given that - although it takes the form of profiling limited to purchases made through its e-commerce portal - it is carried out on the basis of the legitimate interest of the data controller and not on the basis of the express consent of the data subject. The Guarantee for the Protection of Personal Data, in a provision of 22 February 2018, in fact qualified as highly risky 'per se', all those processing operations based on the legitimate interest of the data controller or of third parties, and suggested some good practices to mitigate the risk in such circumstances.

Suitable legal, logistical and technical measures have therefore been identified to guarantee the transparency of the processing as well as the quality, accuracy and security of the data. In particular, an initial briefing is provided to the user by means of a pop-up banner on the home page of the portal. The extended information notice highlights the results of the balancing of interests carried out by VINO.COM as well as the possibility of activating, by means of a streamlined and easily accessible procedure, the data subject's right of objection pursuant to art. 21 GDPR.

The retention period for profiling data is set at 12 months, a period deemed appropriate by the Data Protection Authority in a general order of 24 February 2005, in order to guarantee the quality and accuracy of the user's inclusion in a particular cluster and to avoid the user being identified with a profile that no longer reflects the purchasing habits expressed in an earlier period.

In compliance with the minimisation requirement, profiling is carried out on the basis of data relevant and not exceeding the type of goods marketed, namely, the average purchase

value, the average value of the product purchased, the total amount of purchases over time and the total number of orders placed. These data is not combined or cross-referenced with information from different sources, thus avoiding the enrichment of clusters with data relating to other aspects of the personal life of the data subject that do not concern his or her purchasing preferences within the wine sector.

Data protection is ensured by means of the technical and organisational measures referred to in paragraph 4 above, aimed at mitigating the risks pertaining to each privacy-relevant threat and, in particular, to the risks arising from the inefficient or incorrect handling of the data that contribute to the user's inclusion in the individual cluster.

In the light of the above, the residual risk in relation to the profiling processing subject of this DPIA is qualified as Medium Low. In any case, VINO.COM undertakes to periodically re-examine the present DPIA and the processing assessed if the relative risk changes.

6. Sharing and approval

6.1. Sharing with the Authority

Pursuant to Article 36 of the GDPR, the controller consults the supervisory authority whenever it is unable to identify suitable security measures to mitigate the risk associated with the processing performed.

On the basis of this DPIA, given the existence of appropriate legal and security measures, it is not deemed necessary to make the disclosure referred to in Article 36 of the GDPR.

6.2. Sharing with users

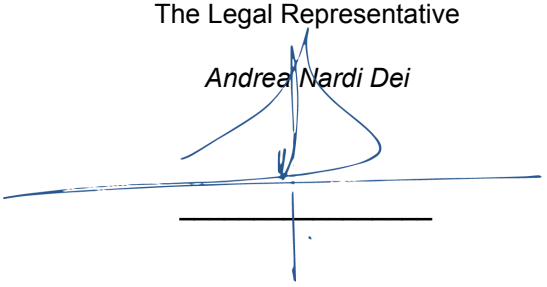
The aforementioned provision of the Garante of 22 February 2018 includes among the good practices that the data controller should adopt whenever it wishes to base a processing operation on its own or others' legitimate interest the publication of the DPIA (or part of it) in order to make it knowable to the data subjects.

VINO.COM undertakes to make public the findings of this DPIA as a demonstration of its transparency and accountability and with the desire to reinforce the trust of the data subjects with regard to the processing of their data for profiling purposes.

3ND S.r.l.

The Legal Representative

Andrea Nardi Dei



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