

Standards of Conduct for Non-Profit List Rentals & Exchanges

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Introduction and Purpose

For several decades, direct response fundraisers have participated in, and benefited from, the system of exchanging and renting donor files. These open and dynamic relationships are founded upon a mutual covenant of trust, honor and ethics. Over time, many practices have become commonly accepted as industry standard and most veteran list professionals, fundraisers, database providers and other participants are aware of these “rules of the road.”

Today, we face two challenges. First, the historical knowledge carried by our industry’s founders is at risk of being lost or misconstrued as new professionals enter the industry because these best practices and ethical standards have, to our knowledge, never been chronicled.

Second, as technology evolves and the challenges associated with cost-effective prospecting increase, new techniques are being employed and these new practices should be considered in the context of fairness to all parties. They must protect the rights of the list owners while allowing for mailers to take advantage of new technologies and innovation while still protecting the interests of the donating public.

The purpose of this document is to create a written understanding that all list brokers, list managers, non-profits organizations, agencies, and other related parties will abide by as commonly accepted “**Standards of Conduct for Nonprofit List Rentals and Exchanges.**”

In designing these standards, we have attempted to record and preserve the best practices of the past and present while allowing for future innovation and creativity to further the causes of the non-profits we serve.

Our position is to advocate for the rights of list owners (most of whom are nonprofit organizations) and to simultaneously accommodate the need for mailers to become more effective in their fundraising strategies. We do so with full regard for the privacy interests of the general public.

Deviations from these standards are, of course, permitted, but only if both parties are aware of, and agree to, the altered terms and only if the deviations do not violate other ethical or legal requirements.

Clearances & Purchase Orders – Submission and Approval

Every attempt should be made by list managers/owners to provide the list broker with a response to clearance requests within seven (7) to ten (10) business days of receipt. Every test clearance must be accompanied by a sample mailpiece and managers may request samples for any continuation order. If the mailpiece changes for continuation orders the broker should submit an updated sample with the clearance or order. If a sample is not ready in time for clearance, the list manager may choose to accept or decline the order when the sample is received.

The first time that a mailer requests usage of a file, the broker or mailer must provide a copy of the mailer’s EIN (employer identification number) letter from the IRS or equivalent proof of the

mailer's tax status. If the mailer is not a nonprofit organization, this should be stated on the clearance.

Brokers should not intentionally over-clear to an extent that can be reasonably expected to result in wasted efforts due to unplaced orders. The recommended standard is to over-clear no more than 15% of your intended mail-volume. Brokers should promptly notify the list manager and release the mail dates of lists that will not be used.

Purchase orders should be placed for every rental or exchange. Approval or denial of orders that have not been pre-cleared should occur within five (5) business days of submission. An industry standard time frame from receipt of order to delivery to service bureau for list cutoff is seven (7) to ten (10) business days.

The purchase order is the place to note any intended deviations from these Standards. However, it is also recommended that the list broker contact the list manager directly by phone or email to inform them of any deviations when possible. Brokers or list users must provide reasonable notice of deviations in some fashion or list managers have a right to assume compliance with these standards. It is the responsibility of list users to assure compliance with these requirements when managing relationships with their vendors such as modelers, analysts, etc.

Approved mail dates are valid on any date within the standard week of the requested mail date. A standard week is defined as Monday through Friday of the week in which the requested mail date falls. A mailer who intends to mail outside the standard week defined above should clear a range of weeks to encompass all anticipated drop dates.

Pricing of Lists & Related Charges

All pricing of lists will be determined by list owners based on a free market. Each list and select, or segment thereof, has a unique value that can best be determined by market forces.

Exchange volumes are based on gross names shipped when calculating exchange balances.

There are no standard net name arrangements for exchange orders. Net name arrangements are typically issued for rental orders of 50,000 names or more at a standard net name discount of 85%. To be considered for net name arrangements, the computer verification-merge report ("CV") provided must indicate that the merge was random for outside lists. For the purpose of calculating net name deductions, suppression files will consist of no more than 0-36 month house files. This does not limit in any way the suppressions that may be used by a mailer, except with regard to determining net name deductions. Therefore, suppressions beyond 36 months should be logged separately on the CV so as to facilitate accurate reconciliation by managers and brokers.

If an "all available" order quantity comes in higher than the agreed upon net threshold and / or if a mailer increases the volume of names needed in excess of the net threshold on a list at the point at which the orders are being processed, the standing negotiated net name arrangement should be requested by the broker.

There is a history of professional courtesy in our industry and while it remains at the manager's discretion to disallow net name agreements that were not requested at time of order, it is encouraged—for the good of both the mailer and the owner—for the manager to extend professional courtesy and process back-end discounts that are legitimate requests.

Orders cleared for reuse are understood to mean that all names provided into the initial merge will be reused in a subsequent merge. Orders cleared for net reuse are understood to mean that only the output names from the initial merge will be input into the secondary merge. Orders cleared for net-net reuse are understood to mean that the mailer will only pay for the names that are output from the secondary merge. A CV must be provided for both rental and exchange orders if a reuse is in effect.

Minimum name charges may be assessed to cover the fixed costs of processing orders. The accepted minimum volume is 5,000 names.

Standard allowable rental deductions for which mailers do not have to pay include:

- Conversion drops
- Deceased
- DMA pander file matches
- Errors
- Intra-file dupes
- NCOA undeliverables
- Prison matches
- No zip code (but not missing zip+4)
- Non-personal addresses (only if noted on PO)
- Non- DPV compliant
- SCF & zip omits (pre and/or post NCOA) as indicated on the order

The general rule for rental deduction allowances is that if a name is mailed, it gets paid for. If it is non-mailable due to any of the criteria above, it is eligible to be considered as a standard deduction and does not count against net name arrangements.

Names matching chronic non-responder files, co-op databases, or other aggregated list sources are not typically treated as standard deductions, drops, or granted discounted pricing.

Mailers are required to provide a CV with payment for all rental orders to verify standard deductions, to provide evidence as to the case for granting net name arrangements, and to generally assist with auditing of compliance to these standards.

Terms of Usage

All lists provided on exchange or rental are presumed to be for a one-time mailing usage. If a name appears on two or more non-housefile lists, it is deemed a multi-buyer. Multi-buyers may be mailed one subsequent piece per occurrence at no additional charge if the list manager/owner has been notified on the purchase order. Multi-buyers may only be mailed the same number of times as the number of lists they appeared on in the merge. For instance, if a name appears on

three outside lists, it may be mailed three times in total including the initial drop. Multi packages must be the same as the approved main package unless specifically approved by the list manager.

Other contacts including telemarketing or email are not acceptable unless specific authorization is provided by the list manager or owner.

Data/list Retention

After a list has been processed through merge purge, there are limited and specific purposes for which the data may be retained.

In performing any data analysis or modeling, the mailer and/or its agents are precluded from: 1) maintaining any information on a list specific basis, or 2) retaining or capturing the initial list source information, except for validating the efficacy of zip level models and performing standard direct mail, internet-source, and white-mail source matchbacks.

Data that is not list-specific (such as name, address, date of mailing, package mailed, etc) may be retained for trend analysis, prior mailing suppressions, chronic non-responder files, zip models, etc. The substitution of “interest codes” or other identifiers for list names or groups of lists is not permitted.

It is in the best interest of the list owner and the industry for individual mailers to eliminate individuals who have been mailed excessively without response, regardless of the list source of these names. Therefore it is recommended to allow the use of chronic non-responder files to reduce unwanted mail, reduce irritation to prospects, be environmentally responsible, and save on printing and postage. These files may not track list source or surrogate list identifiers such as “interest codes”.

Modeling & Enhancement

It is not appropriate to use list source or surrogates for list source such as interest codes as a factor in any modeling.

Modeling and enhancement of files shall be allowed without specific notification to the list manager/owner as long as such modeling and enhancement is not done on a list-specific basis and is not used to make additional unauthorized communications to the individuals on the list. As long as any modeling is not list-specific, it does not need to be brought to the attention of the list manager/owner.

Accuracy of Datacards and Promotional Materials

The accuracy of datacards is paramount to allowing list brokers to make informed decisions for their clients. List managers should ensure that any publicly available datacards are accurate. These include datacards on the major datacard systems, on company websites, printed materials, etc.

Datacard items which must be clear and accurate include:

- The date the fulfillment file was last updated – “updated monthly” is not sufficiently specific.
- The date the datacard was last updated with current counts.
- The dollar range included on each segment – both upper and lower dollar limits should be published.
- The recency included on each segment “Actives” is not acceptable. A specific recency must be included such as 0-6mos.

If reciprocal pricing policies are utilized (whereby a list owner/manager alters published rates on a case by case basis to reflect the same rates charged by the other party) this policy must be noted on the datacard.

Payment Procedures

The standard term of payment to list managers in our industry is 60 days from mail date.

List Hygiene and Donor Privacy & Rights

The privacy rights of donors are central to our ability to continue to attract new donors to fulfill the vital missions of the non-profits we serve. All non-profits, list professionals, service bureaus, and other related parties are ethically bound to act in a manner that first and foremost respects stated donor intent or preferences. This includes providing an opt-out opportunity to each donor at least once every six months.

List owners must make all reasonable efforts to abide by the DMA and USPS regulations regarding best practices for data hygiene. It is not in the best interests of the list owner to knowingly provide inaccurate or “dirty” data to mailers. This includes the DMA privacy promise, and the AFP Donor Bill of Rights.

Summary

Adherence by all parties to these Standards should result in a realization by non-profits and the public that direct response fundraisers continue to operate in an open and ethical manner with regard to handling donor exchange and rental files.

Compliance with these Standards will also reduce confusion, align expectations and obligations of all parties, and serve as continuing guidance for appropriate and ethical business practices in our industry. Furthermore, adoption and compliance of these Standards will serve as evidence of proactive self-regulation within our industry which may dissuade regulatory efforts by outside parties or government.

The list industry, and broader non-profit community, has historically done a remarkable job of self-regulation; however there has never been a commonly accessible set of written guidelines to define and clarify the accepted business practices. The goal of these Standards is to codify the commonly accepted standards of business for clarity, consensus, transparency, and to guide future generations of non-profit professionals.

Currently the list industry and our non-profit clients self-enforce ethical violations by denying access to lists and refusing to do business with known offenders. We expect that enforcement of the above Standards is most practically achieved by continuing to rely on this proven system and by leveraging the power of industry consensus and leadership by example. Two ways to strengthen this system are to encourage increased communication between broker/managers about specific instances of questionable practices, and to periodically revisit these Standards to ensure their continued adequacy and effectiveness.

It is our recommendation that the list industry formally review and update these Standards as necessary but at least every five (5) years.

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May Development Services	<i>Diana Estremera & Lauri Simone</i>
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