



POLISH CORPORATE FOUNDATIONS – KEY FACTS

WARSAW, NOVEMBER 2012



About the Polish Donors Forum

The Polish Donors Forum was established to develop strategic institutional philanthropy through fostering cooperation between grant-making organizations and encouraging new entities to engage in philanthropy. The Forum's goal is also to create and popularize standards of good operations, in particular of disclosure and transparency, among Polish organizations.

Since 2004, we have uninterruptedly been conducting educational and research activities, building relations between organizations in Poland and abroad, supporting our members, and systematically organizing open conferences and seminars, where we present good grant practices and new and innovative solutions from different countries to wider audiences. We promote wise and effective institutional philanthropy and corporate social engagement, among others in the annual contest of Leaders of Philanthropy.

One of the Forum's undertakings with particularly great importance for foundations was the series of meetings and conferences entitled "The Role and Models of Foundations in Poland and in Europe" organized in the years 2008–2009. It bore the fruit in the form of an analysis of existing legal solutions pertaining to foundations and a debate on whether the Polish and European law favours social initiatives and creation of new private sources of financing for socially useful activities. From the very onset of its existence, the Forum has been systematically monitoring the law, consulting drafts of amendments to the law and presenting own proposals concerning better legislative solutions for social engagement and philanthropy. Through its activities of educational and promotional character, it popularizes self-regulation mechanisms of non-governmental organizations and high standards of management and governance.

The Polish Donors Forum is the only organization of its kind, representing Polish private grant-making organizations also on the international arena. Since its establishment, it has been contributing to the works of the European DAFNE (Donors and Foundations Networks in Europe) network, which it is a member of. Currently, DAFNE is composed of 24 national donors associations – the Forum's sister organizations from the EU member states and Russia, Ukraine and Turkey. Furthermore, the Forum cooperates with the European Foundations Centre.

The Polish Donors Forum is membership organization, currently comprised of private, corporate and community foundations. Membership in the Forum is open to organizations which for at least three years have been providing subsidies, grants, gifts, scholarships, awards or other forms of support to no fewer than 10 entities per year, allocating for its grant-making activities not less than 300 000 PLN and 20% of its annual budget for programme activities, and in the case of local funds – at least 100 000 PLN. Becoming member of the Forum, each organization undertakes to obey the Bylaws and standards of functioning adopted by the Polish Donors Forum. Member organizations operate on non profit basis and are apolitical.

The Forum is open to new members who are ready to abide by high standards of functioning, engage in own development and exchange of experiences with others, and take care of the future of philanthropy and non-governmental sector in Poland.



Polish Corporate Foundations

– Key Facts

This summary information about the corporate foundation sector in Poland is based on a survey conducted in June-September 2012. The survey was completed in two steps:

- Quantitative: CAWI survey of 55 corporate foundations;
- Qualitative: in-depth interviews with 17 foundations.

Researchers found that there were around 117 registered corporate foundations in 2012, but only 89 were confirmed as active. The two oldest foundations were established in 1990. However, most (55%) were created in 2004 or later. The highest number of corporate foundations was formed in 2004 and 2010 (11 new foundations, respectively).

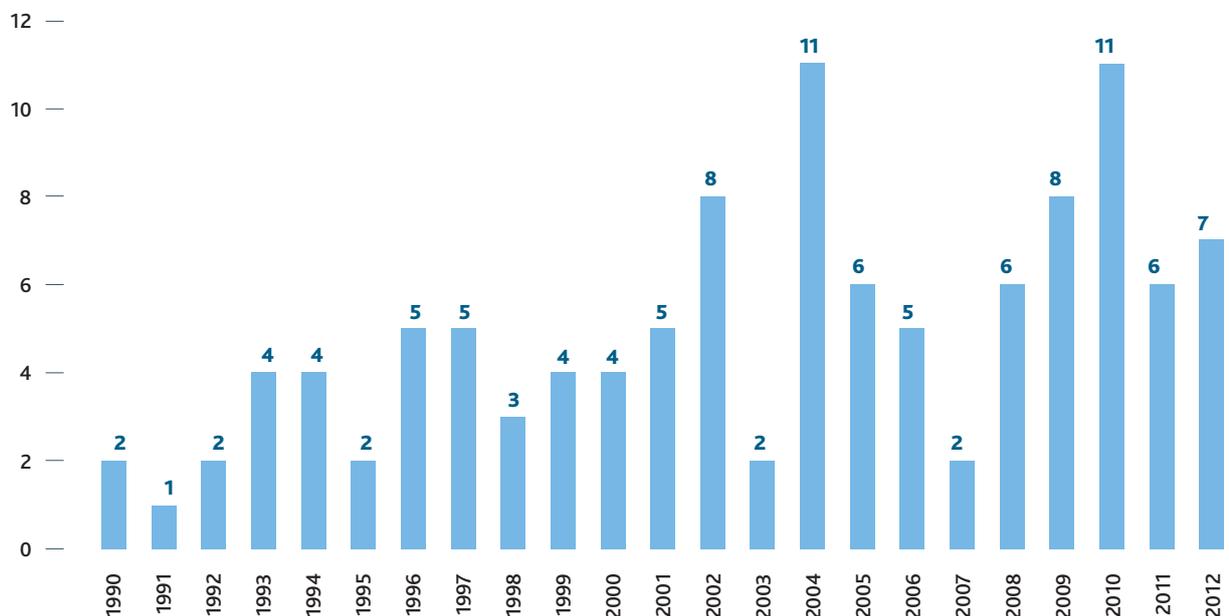


CHART 1. The number of corporate foundations established between 1990 and 2012



Corporate Founders

Corporate foundations have primarily been established by businesses in the financial services, banking and insurance sector (36%). A relatively high percentage has been

created by media and publishing organisations (15%). Fewer foundations are linked to FMCG, energy, fuel and natural resources, consulting and chemical industries.

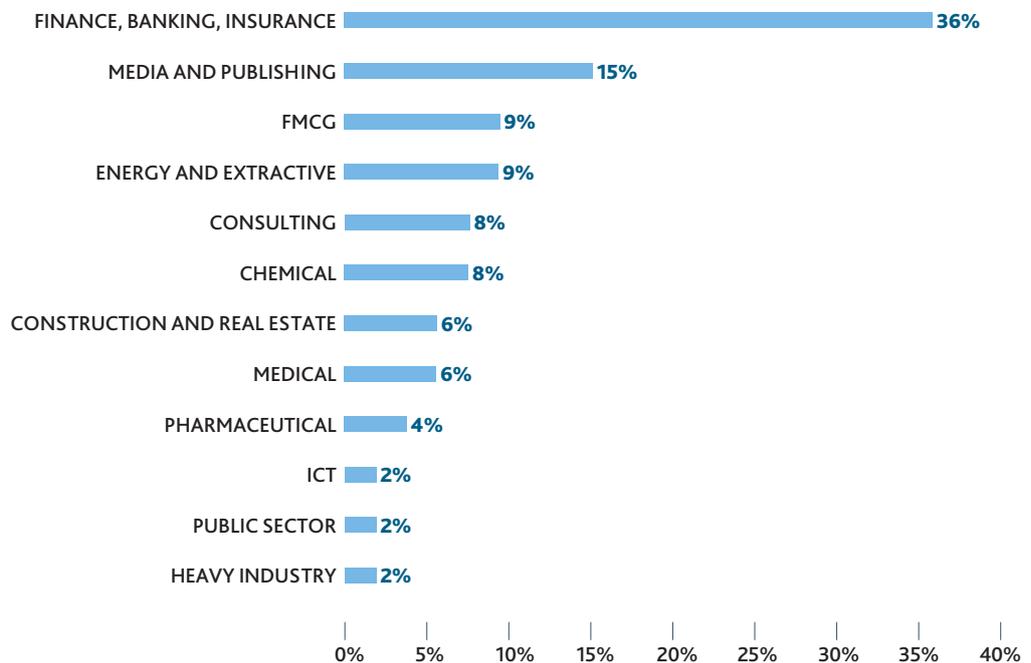


CHART 2. Industries where businesses have started corporate foundations



Motivations for Setting up Corporate Foundations

There are several reasons why corporate foundations have been established in Poland. Separating social responsibilities from business operations is the number one answer provided by respondents. Secondly, corporations want a comprehensive CSR strategy in place and some respondents felt such strategies would not be complete without their own foundation. Further, reputation considerations have clearly

played a role. Sometimes, foundations have been set up in connection with non-business engagements of executives or with values they personally support. Respondents mentioned spontaneous compassion, empathy and social sensitivity demonstrated by founders. Finally, some respondents claimed the motivations were rooted in their corporate culture.





Areas of Operation

Three out of four corporate foundations (76%) operate nationally (across Poland or in several regions). One out of ten (11%) claim to operate internationally. Regional scope is reported by 9% of respondents and 4% claim local focus (neighbourhood, village, town or county). The geographic scope of corporate foundations is often correlated with the geographic scope of the underlying business organisations: foundations formed by businesses that operate across the country often operate nationally as well.

A vast majority of corporate foundations have chosen to engage in education (29%) or health and disabilities (29%). Less popular among respondents are activities in support of institutions, non-governmental organisations and civic initiatives (13%) and social services and social assistance (9%). While health and disabilities are closely related to social service and social assistance it can be argued that most corporate foundations focus on broadly defined welfare assistance (37%).

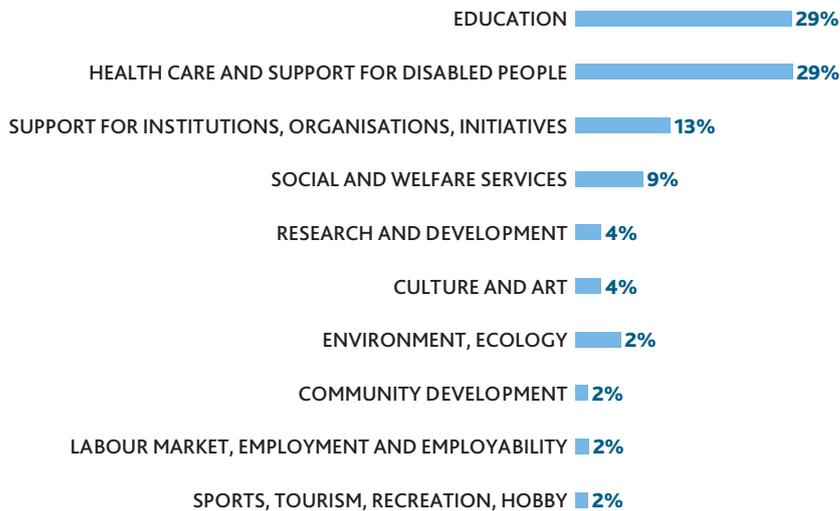


CHART 3. Key areas of operation

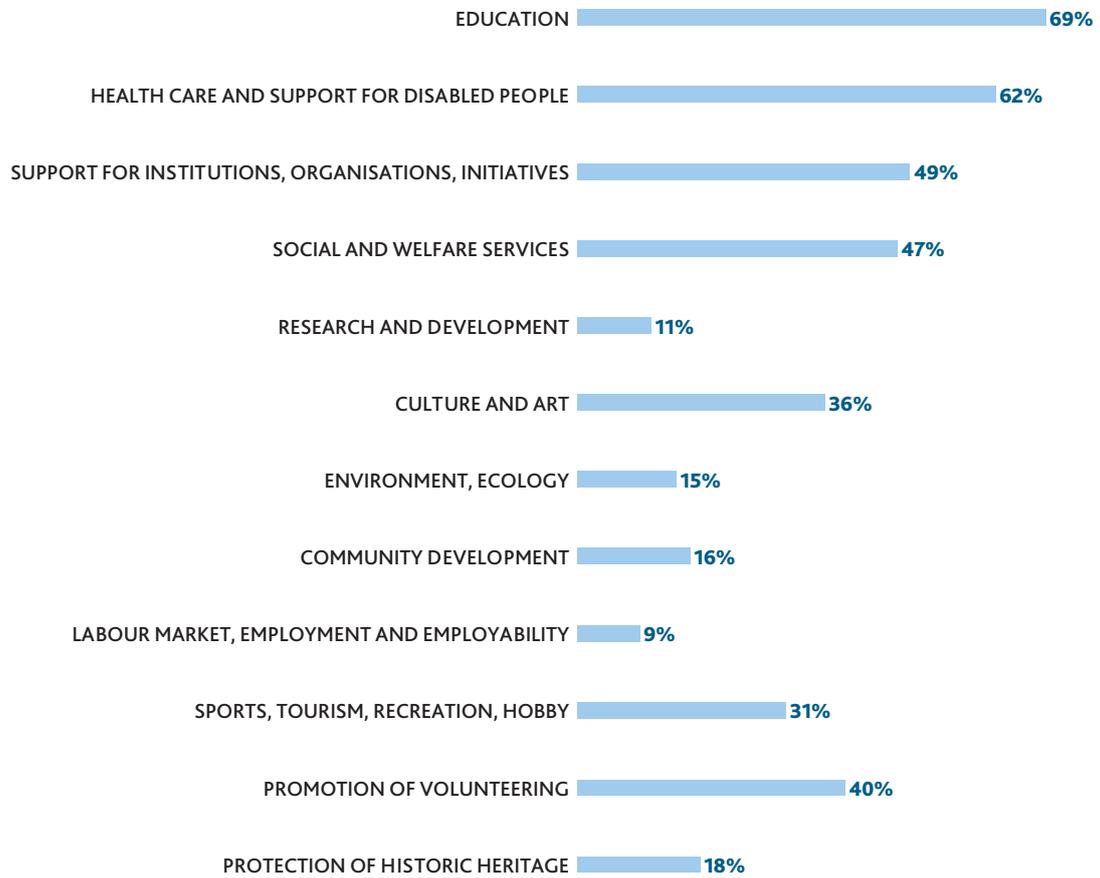


CHART 4. All areas of corporate foundations' operations



Relations with Corporate Founders

The prevailing manifestation of the founder's relation with its corporate foundation is the membership of its representatives in foundation's executive board, the board of directors or any other type of official body. This type of relationship is present in three out of four foundations. Further, this is the primary communication channel between the two organisations. In a vast majority of cases (89%), foundations have both an executive body and an internal steering body (board of directors). On average, 60% of members of both bodies are representatives of the founders or their families. There is a notable diversity of the membership, though. In nearly half of corporate foundations (43%), all members of its executive board are linked to the corporation. However, they accounted

for less than half of the executive body membership in one out of three foundations; one out of five did not have anyone from the corporation in the executive board).

A vast majority of corporate foundations are funded by their mother corporations: 85% claimed this support but some said funds were not always available every year; a review of 2011 budgets reveals that 78 per cent of corporate foundations did receive funding from their founders. Besides funding, founders support their foundations through knowledge and talent transfer, in-kind contributions, free use of communication channels and facilitating interactions with the founder's stakeholders.

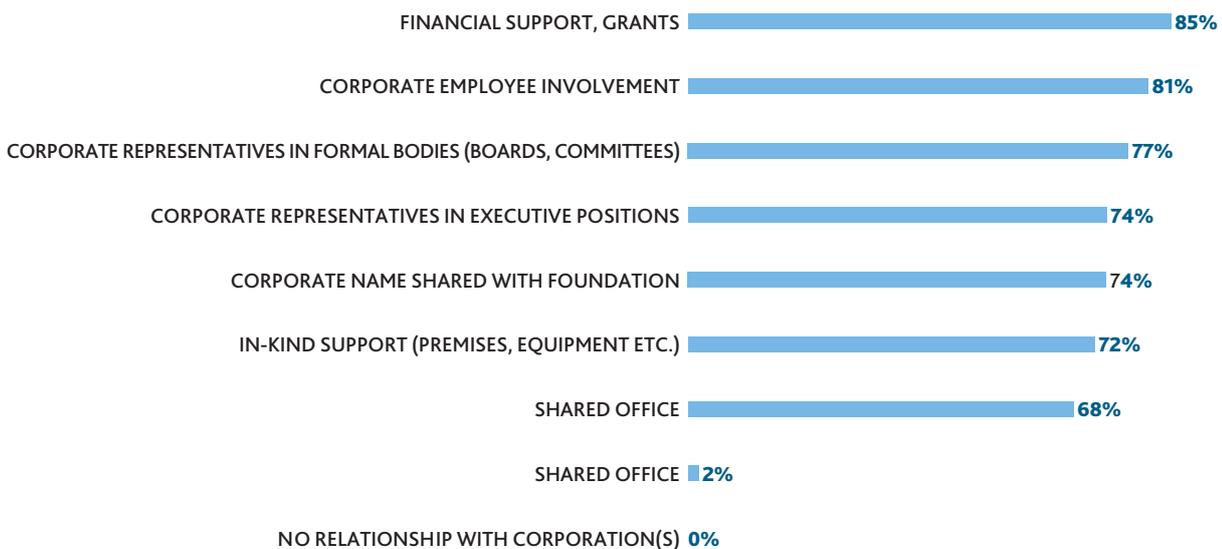


CHART 5. The nature of the relationship between corporate foundations and their corporate founders

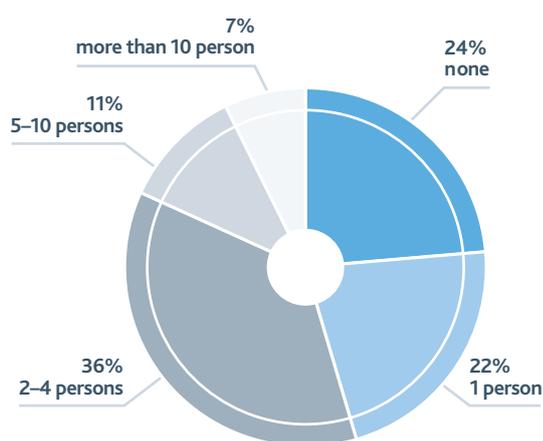


Staff and Volunteers in Corporate Foundations

Three out of four foundations employ staff but no more than three individuals in most cases. One out of five has one member of staff; one third has 2-4 and only 18 per cent of foundations employ more individuals. Some members of staff are employed on a part-time basis (they share their working time between the corporation and the foundation). Foundations are often supported by outsiders: employees of their founder and volunteers.

Corporate employees often regularly support their foundations in their working time (two out of three foundations). In most cases, not more than three individuals are involved; however, five or more corporate employees support their foundations within their work hours in one out of five cases.

PAID STAFF



CORPORATE EMPLOYEES SUPPORTING THEIR FOUNDATIONS IN THEIR WORKING TIME

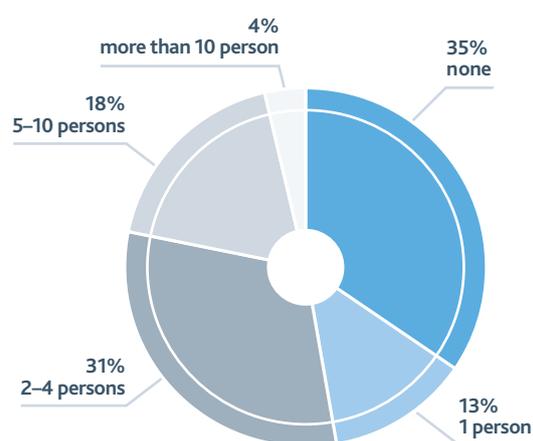


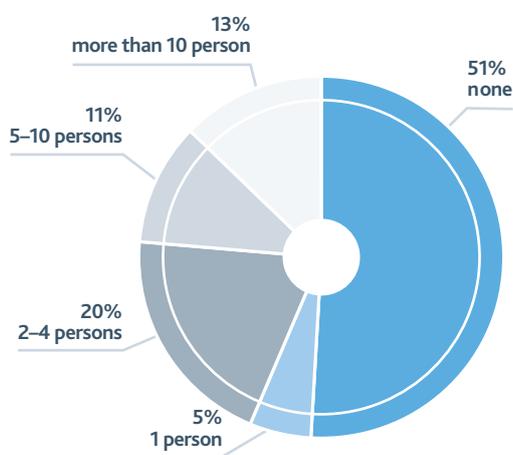
CHART 6. Number of individuals working regularly (at least once a week) for the foundation



Volunteers are not only present in corporate foundations that do not employ paid staff. In fact, two out of three foundations regularly use volunteers. One out of four foundations has no more than four volunteers. Some foundations, however, have more than 50 corporate employees volunteering their free time. One out of two foundations use outside volunteers (individuals not employed by the founder). At least five such volunteers are present in 30 per cent of foundations.

Fifty five per cent of corporate foundations said "yes" to the question: "Did employees of the mother corporation volunteer their time to support the foundation or their projects in 2011?" On average, 35 corporate employees were involved but the picture is quite diverse: no more than eight individuals were involved in one out of four cases yet one out of ten corporate foundations was supported by more than 100 corporate volunteers; one organisation reported having been supported by 2,000 corporate employees.

CORPORATE EMPLOYEES CONTRIBUTING THEIR TIME AFTER HOURS



VOLUNTEERS WHO ARE NOT CORPORATE EMPLOYEES

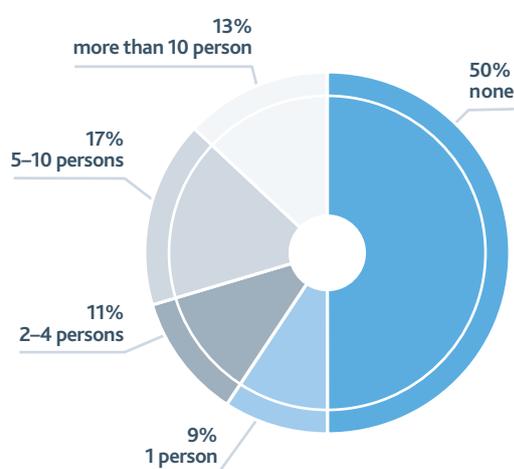


CHART 7. Number of individuals who regularly (at least once a week) volunteer their free time to the foundation



Beneficiaries and Types of Services

Children and youth have been the largest group of corporate foundations' beneficiaries in Poland. As many as 71 per cent of foundations support this target group. A significant proportion of corporate foundations support people

with disabilities, ill, poor and homeless people; one out of four supports university students and academics. Notably, one foundation in ten has not been targeting a specific beneficiary group.

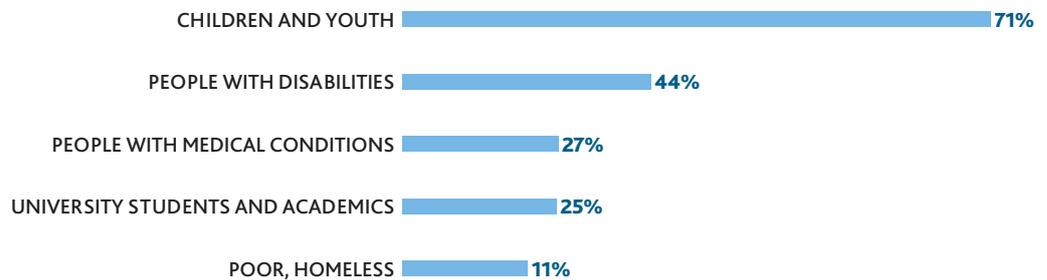


CHART 8. Target beneficiary groups of corporate foundations



Foundations pursue their goals by supporting public institutions, non-governmental organisations, businesses and/or private individuals. A vast majority of respondents (87%) claim to be supporting institutional beneficiaries, mainly public services such as orphanages, schools and hospitals. Sixty nine per cent of foundations directly support private individuals.

The prevailing form of support for institutional beneficiaries is financial assistance in the form of grants, subsidies and donations. Nearly half of corporate foundations also provide in-kind support. Free services are provided by only 1 out of 4 foundations. With regard to support given to individuals, financial assistance also comes first. Fifty per cent of foundations engage in this type of support, mainly in the form of various donations and benefits other than scholarships (36%); scholarships are slightly less common (29%).

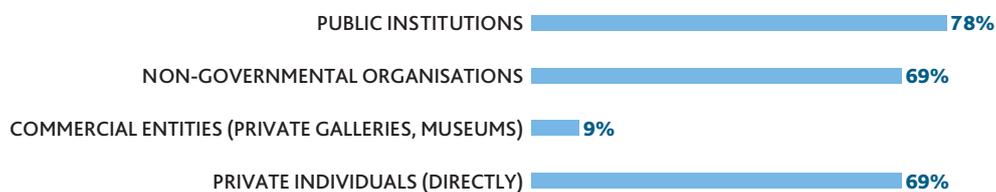


CHART 9. Direct beneficiaries

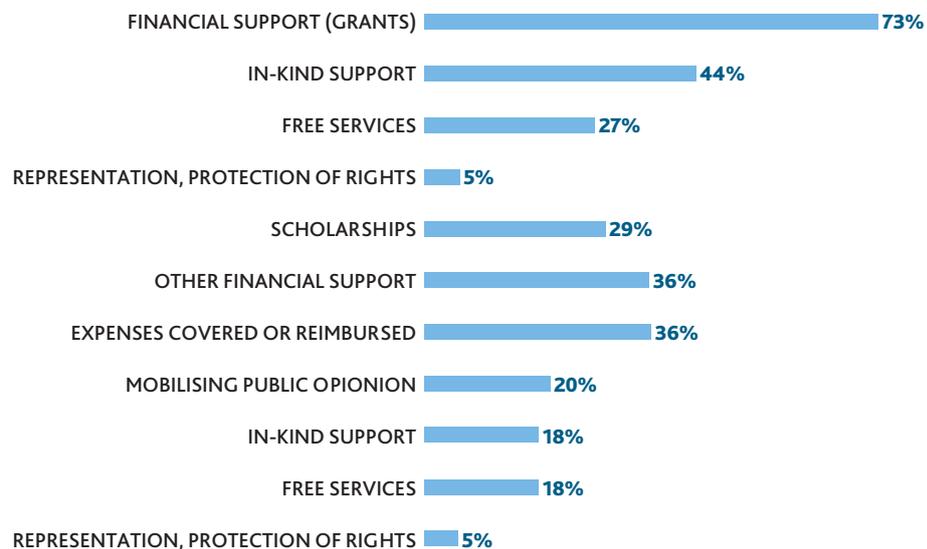


CHART 10. Support given by corporate foundations to NGOs, public institutions, businesses and private individuals



Budget and Revenue Sources

The corporate foundation sector in Poland is extremely diverse in terms of financial capacity. One out of five foundations established before 2012¹ had a budget of over PLN 5 million in 2011; in contrast, 6 per cent of them (three foundations in the sample) had a budget of no more than PLN 50,000. The average revenue² was PLN 1.25 million.

Funds received from founders were reported as the number one revenue source in 2011: more than three quarters of foundations established before 2012 indicated this source. The second most popular source included interest on bank deposits, term deposits and shares – two out of three foundations reported this source but the amounts were not significant. Thirdly, more than half of corporate foundations receive donations from private individuals. Most of the donations come from individuals who are not employees of the mother corporation yet nearly one third of foundations do receive financial support from employees (including payroll deduc-

tion). One out of four foundations received donations during public fund-raising campaigns. Another important source of funding for corporate foundations includes the revenue from the 1% charitable tax deduction program (52% of foundations in 2011) and donations from companies and institutions other than the founder (48% of foundations).

Approximately 60 per cent of the total corporate foundation sector budget (sum total of all reported budgets) comes from founders. Other most important sources include donations from other companies, funds raised in public fund-raising campaigns and the 1% charitable tax deduction program (none of these sources secures more than about 10 per cent of the total sector budget). These data must be analysed with caution as they are only estimates and the total budget according to this methodology is hugely affected by foundations with the highest revenue.

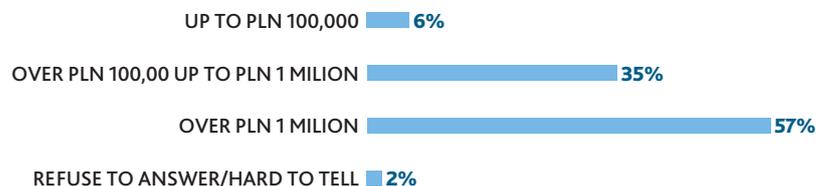


CHART 11. Corporate foundations' revenues in 2011

1 This calculation does not include one foundation that was established in 2011 but according to its representatives began operations only in 2012.

2 Median revenue.



Note that the founder's contribution is not the main source of funding in all corporate foundations and one out of five of them receive no support from its founder at all. This must be emphasised in the context of internally accepted definitions of corporate foundations, which emphasise the role of the founder and the key importance of its financial contribution³.

The review of budget data reveals that only 52 per cent of foundations received more than half of their annual budget from their founders in 2011 and only 38 per cent of them (19 out of 50 budgets examined in this section) received over 90 per cent.

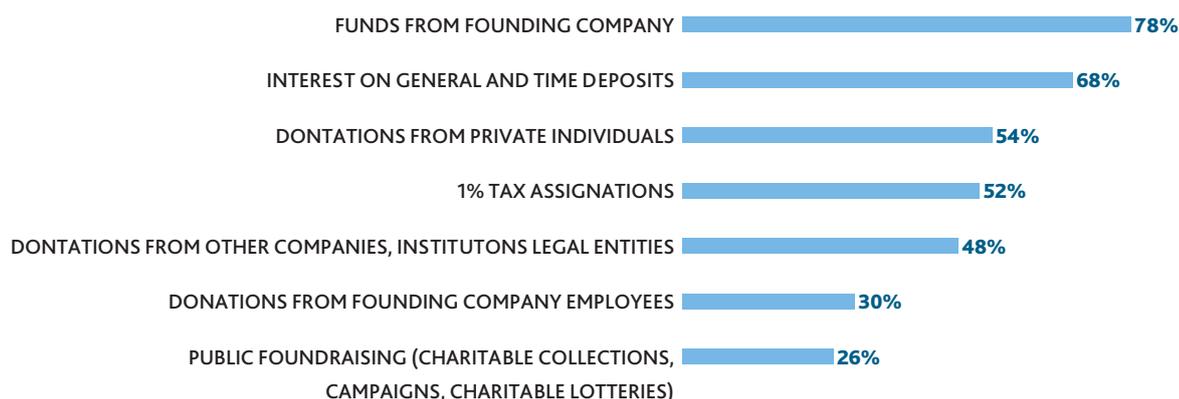


CHART 12. Key revenue sources reported by corporate foundations

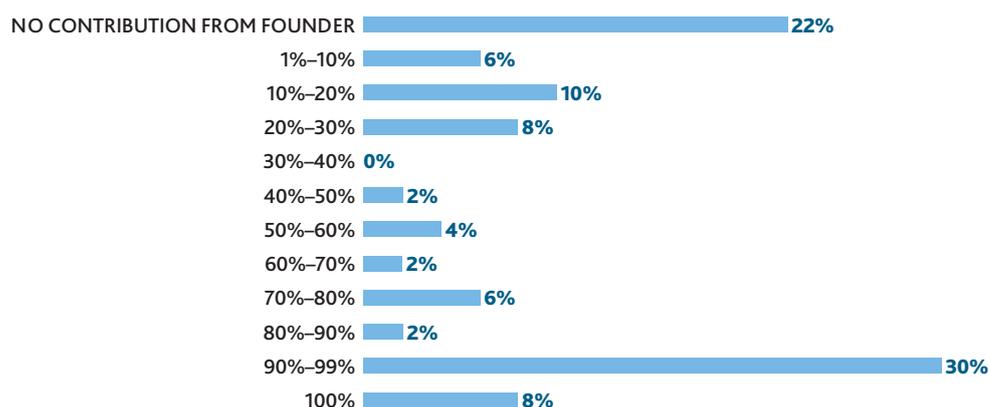


CHART 13. Share of founder's contribution in total revenue

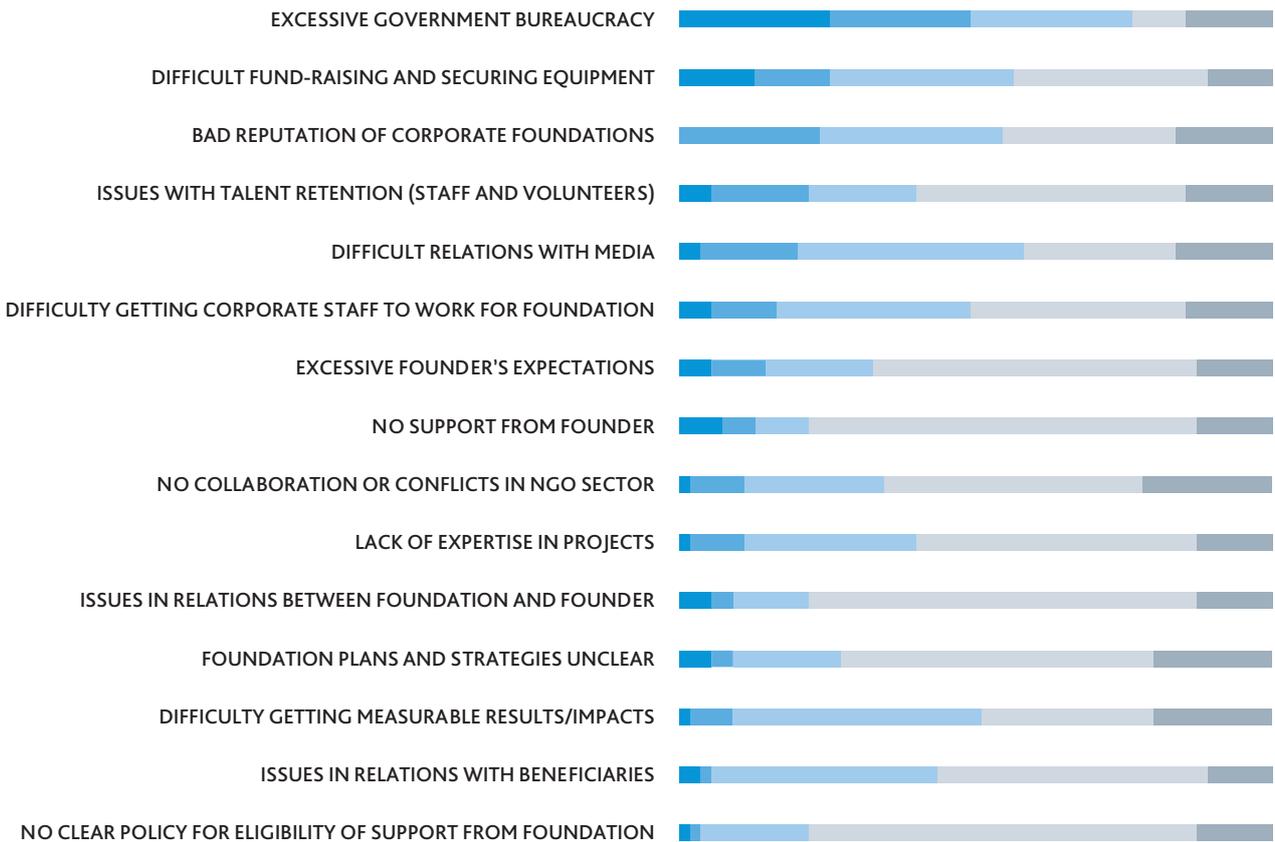
3 For example, definition included in *Revealing the foundations – a guide to corporate foundations in England & Wales*, The Smart Company, 2006.



Operational Challenges

The biggest day-to-day challenge for corporate foundations in Poland is excessive government bureaucracy. Half of the corporate foundations in the sample raised this issue

and it was equally often described as 'very noticeable' and 'fairly noticeable'. Specifically, this includes unclear legislation, e.g. on public fund-raising campaigns.



- DEFINITELY NOTICEABLE
- FAIRLY NOTICEABLE
- HARDLY NOTICEABLE
- DEFINITELY UNNOTICEABLE
- HARD TO TELL/NOT APPLICABLE

CHART 14. Perceived challenges to corporate foundations over the past two years

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